

Reindustrialization: Brownfield or Greenfield?

STAUGHTON LYND

Each autumn from 1977 to 1979 in Youngstown, Ohio, a major steel mill announced its intention to close.

At 8 A.M. on a Monday in September 1977, the presidents of local unions representing production and maintenance workers of Youngstown Sheet & Tube in the Mahoning Valley received phone calls. They were asked to come to the company's offices at 10. On arrival they were handed a statement simultaneously being released to the media. It said that more than 4,000 workers at Sheet & Tube's Campbell Works were to be permanently terminated. The layoffs began by Friday of that same week.

In November 1977, the Lykes Corporation, the conglomerate that owned Youngstown Sheet & Tube, and the Ling Temco Vought Corporation, the conglomerate that owned Jones & Laughlin Steel, announced plans for a merger. The merger had to be approved by the U.S. Department of Justice. The United Steelworkers of America and the Ecumenical Coalition of the Mahoning Valley formally requested that if the merger of Lykes and LTV were approved, the following conditions should be attached:

1. The merged corporation would commit itself not to close permanently any substantial producing unit of any of its plants without first obtaining permission from the Justice Department.
2. The Justice Department would make it clear that permission for such closure of a substantial producing unit would be given only upon a showing by the merged corporation that (a) severe losses would be experienced if the facility were not closed, and (b) there was no way to obtain funds for modernization of the facility (including community or government loans or loans guaranteed by the government).

In June 1978, the Department of Justice approved the merger without attaching conditions. That same month Local 1462 of the Steelworkers, representing production and maintenance workers at the Brier Hill Works of Youngstown Sheet & Tube, requested to meet with J & L officers to discuss the fate of Brier Hill after the merger. Workers at Brier Hill were concerned because the product they made there, a component for seamless pipe, was manufactured more effi-

ciently at a J & L plant in Aliquippa, Pennsylvania, less than seventy-five miles away. The workers feared that the merged steel companies would require only one of the two mills and that Brier Hill would be closed. J & L officers refused to meet with them at that time. In October 1978, the merging companies sent a joint prospectus to their stockholders stating that Brier Hill would indeed be closed after the merger. That was how the Brier Hill workers got the news.

A little over a year later, in October 1979, local union officers at U.S. Steel's Ohio Works in Youngstown became concerned about rumors that their mill might be closed. A forum was held in Cleveland on November 1, 1979, attended by several local union officers from Youngstown and by Frederick Foote, a public relations representative for U.S. Steel. Bob Vasquez, president of Local 1330, the Ohio Works local, asked Mr. Foote whether the Ohio Works was to be closed. Mr. Foote answered, as he was quoted in the paper the next day: "We have said all along that the plant has been profitable, and there are no plans for a shutdown."¹

Twenty-six days later U.S. Steel announced that the Ohio Works and its sister mill in Youngstown, the McDonald Works, would be closed by June 30, 1980. There was no advance notice to the workers. Upon hearing the news they immediately sought to set up a meeting with national U.S. Steel management in Pittsburgh. Finally, on December 20, a meeting took place between two representatives of U.S. Steel labor relations, and the presidents of the two production and maintenance locals at the Ohio and McDonald works. The workers offered to give up \$500,000 a month, or \$6 million a year, in incentive pay if the company would reconsider its decision. A week later they received a phone call to the effect that the company did not believe further discussion would be fruitful, because the decision to close the mills was irrevocable.

I have a friend and neighbor in Youngstown who worked in the open heart at the Brier Hill Works for twenty-odd years until it closed in December 1979. He was the vice-president of the Steelworkers' local union there.

One day in late August or early September 1977, John and I were talking, and he asked me if I'd seen a story in the paper about a speech given by Stewart Udall, the former Secretary of the Interior. John said that Udall had thrown out the concept that it was preferable for industrial modernization to take place in what he called a "brownfield," as opposed to a "greenfield."

In a "greenfield" industrialization, a company goes into a hitherto rural area and builds not only a new industrial facility, but also the surrounding social

¹ Local 1330, *USWA v. U.S. Steel Corp.*, Transcript of Proceedings, pp. 57-58. *Warren Tribune Chronicle*, November 2, 1979.

community—the roads, the sewers, the schools: all of the things that are necessary for people to live as well as work. An example of greenfield development is the huge new steel mill proposed by U.S. Steel in Conneaut, Ohio. In the “brownfield” model, one goes into an area (if we’re thinking of steel) like Pittsburgh or Youngstown or Lackawanna, and seeks a way to rebuild the industry without disrupting the community that exists there.

And John said, “Staughton, this is what we ought to be thinking about the steel crisis. A brownfield rather than a greenfield model is preferable, if possible.”

Under cover of arguments about the obsolescence and noncompetitiveness of particular mills and particular locations, the American steel industry is giving up the steel business altogether. The United States is losing the ability to supply its steel needs because steel companies are investing outside the steel industry. Investment in steel is profitable; indeed, it appears that the American Steel industry may be the most profitable in the world.² But investment in steel is not *as profitable* as investment in, say, the chemical industry or downtown realty, and therefore U.S. Steel and other steel companies have been putting their new investment dollars elsewhere than in steel.

In the case of U.S. Steel, 37 percent of its investment in the years 1975–1979 was in expansion and growth of nonsteel businesses.³ In the latter four of these five years, the company’s nonsteel assets grew 80 percent to \$4.7 billion, while

² In 1977 the Federal Trade Commission found that for the period 1961–1971 the United States had the highest profit rate, Japan the second highest, and the European Community the lowest, when profit was measured by net income as a percentage of sales. When profit was measured by net income as a percentage of equity, the profit rates of the United States and Japan were approximately equal, and that of the European Community again the lowest. *The United States Steel Industry and Its International Competitors: Trends and Factors Determining International Competitiveness*, Federal Trade Commission, 1977, pp. 504–05. In 1980 the federal Office of Technology Assessment (OTA) reported that in the period 1969–1977 net income as a percentage of net fixed assets in five major steel-producing countries was:

United States	6.7
Japan	1.7
West Germany	2.9
United Kingdom	–5.3
France (1972–1976)	–8.3

Technology and Steel Industry Competitiveness, Office of Technology Assessment, 1980, p. 126.

³ U.S. Steel *Annual Report*, 1979, p. 9.

steel assets increased only 13 percent to \$5.9 billion and steel-making capacity actually decreased.⁴ In 1979, the same year in which the shutdowns of the Youngstown Works and other steel facilities were announced, the company opened a new joint-venture shopping center near Pittsburgh containing the largest enclosed mall in Pennsylvania and, a few weeks after the Youngstown shutdown announcement, signed a letter of intent with Tenneco Chemicals, Inc. to build world-scale chemical facilities in Houston.⁵ Of the steel facilities whose closings were announced in 1979, at least the New Haven wire mill appears to have consistently turned a modest profit of about \$500,000 a year.⁶ It fell victim to the philosophy reaffirmed by David Roderick, chairman of the board of U.S. Steel, in February 1981, that "new spending will go to those businesses that provide the highest rate of return."⁷

Publicly, Mr. Roderick bemoans the possibility that the United States may become dependent on steel imports as it has become dependent on foreign oil.⁸ Yet in the meantime the company continues to cut back its steel capacity. There is at least the possibility that the industry, led by its largest company, is deliberately *restricting* steel output so as to be able to charge higher prices. Certain financial analysts recommended this strategy just before the wave of shutdowns began in 1977. Charles Bradford, steel analyst for Merrill Lynch, advised: "The announced expansion plans of the United States steel industry do not make any sense to us unless an equal amount of antiquated facilities are closed."⁹ The Argus Research Corporation of New York City was more blunt:

By contracting their capacity base, American steel producers will concede a still larger share of the U.S. market to foreign suppliers, but along with this will go increased power to set pricing patterns. This is not unlike the situation that developed in the domestic oil industry earlier in this decade, after which petroleum prices soon began to rise sharply. We expect the same pattern to occur in steel prices.¹⁰

4 "Big Steel's Liquidation," *Business Week*, September 17, 1979. *Technology and Steel Industry Competitiveness*, OTA, p. 80.

5 U.S. Steel *Annual Report*, 1979, p. 11.

6 "U.S. Steel Closing Down," *New Haven Advocate*, December 5, 1979.

7 "The Turnaround at U.S. Steel," *New York Times*, February 19, 1981.

8 David Roderick, "Is There an OSEC In Our Future?" Speech before the Purchasing Management Association, Houston, Texas, September 11, 1979.

9 Charles A. Bradford, "Japanese Steel Industry: A Comparison with Its United States Counterpart," June 24, 1977, p. 26.

10 "Steel: An Industry in Flux," Argus Research Corporation, August 31, 1977, p. 2.

Tax incentives for investment have been offered by some as a potential solution to steel industry problems. However, there is absolutely no assurance that the kind now under consideration in Congress for industry in general¹¹ will result in steel industry modernization. Steel companies may take such windfall dollars and invest them outside steel. Joel Hirschhorn, project director for the Office of Technology Assessment steel study, comments:

Federal policies toward the steel industry mostly benefit the large integrated companies. Nevertheless, these producers are likely to continue to diversify and get out of steelmaking. . . . Measures such as refundable tax credits may only hasten non-steel investments by large steelmakers who have decided to diversify. . . .¹²

As a piece of social planning, the pending tax legislation in Congress is like throwing paint at a wall and hoping for a picture.

The steel industry defends its practice of facility and community abandonment as follows: Plant closings, we are told, are unpleasant but necessary, just like surgery. American industry must be modernized so as to compete with European and Japanese imports. The way to modernize, according to industry spokesmen, is to close down old facilities and build from the ground up in new locations. And government must do its part by removing restrictions on steel industry price increases, relaxing overzealous programs to clean up the environment, and reforming tax laws to make more capital available.

Beneath the surface of the industry's analysis is the long-standing conventional wisdom that capital should have unrestricted mobility. Only if businesses are free to shut down, and free to move elsewhere, it is argued, will entrepreneurs make investment decisions most calculated to keep industries like auto and steel competitive in the world economy. In this view the factors of production should be located wherever they will yield maximum profit.

Many voices urge this way of looking at things. Mayor Richard Caliguiri of Pittsburgh concedes that Pittsburgh has no concrete plans for retraining laid-off steelworkers or teaching skills to unemployed blacks. He suggests, in fact, that it

¹¹ The Jones-Conable bill, H.R. 4646/S.B. 1435, would permit industry to accelerate depreciation of new investment for tax purposes. At present, investment is depreciated over an estimated useful life of about fifteen years. Jones-Conable would permit depreciation of buildings in ten years, with 70 percent taken in the first five years; and depreciation of machinery in five years, with 52 percent taken in the first two years. Congressman Vanik (D.-Ohio) has estimated that this bill would cost the federal government \$122 billion in taxes over the first five years. *Congressional Record*, November 27, 1979.

¹² Joel Hirschhorn, "Putting Steel into Steel," *New York Times*, December 17, 1980.

may be better for the city's disenfranchised to go elsewhere. "I'd rather have less people with high incomes than more people with relatively low earning and spending power," he has said.¹³

This argument was echoed by the company attorney for U.S. Steel at the close of the trial in Youngstown. He claimed that workers who had lost their jobs could transfer to other U.S. Steel plants if they desired, adding:

They don't know what . . . being out in the street really means, not like some lawyers do. They are not out of jobs. They only have an inconvenience of moving.

Millions and millions of Americans every year move for better jobs and move from one city to another city but these Plaintiffs insist they have a contractual right not to move. . . .¹⁴

Confronted with this logic, Youngstown workers and their advocates struggled for words to express another viewpoint. Ed Mann said in meeting after meeting, "We're not gypsies." John Barbero recalled how Aneurin Bevan of the British Labor Party had described the uprooting of his family from Wales and had asked, "When do we stop running?"

Out of the meetings, the kitchen-table arguments, the leaflet writing, and the lawsuits, there has emerged a more fully articulated argument for brownfield modernization. It makes the following points:

1. Even from the standpoint of the single firm, greenfield modernization is more expensive than brownfield modernization.
2. When costs to the community as well as costs to the firm are considered, the case for brownfield modernization becomes overwhelming.
3. In the last analysis the case for brownfield modernization rests on values that cannot be measured, and expresses an ethical and political choice for a society in which "an injury to one is an injury to all." There is no economic invisible hand that makes the reindustrializing of America in new locations rather than older ones necessary or desirable. Next to antiunionism, the strongest motivation for flight from existing industrial cities would appear to be the American penchant to abandon last year's car, last year's spouse, and last year's community. The concern for family and community so much talked about nowadays should express itself in a contrary presumption that modernization in existing sites is socially preferable.

¹³ *Pittsburgh Press*, November 7, 1980.

¹⁴ *USWA v. U.S. Steel*, transcript, p. 939.

Two comprehensive federal studies in the past five years have reached the conclusion that it is cheaper for the individual steel company to modernize in existing locations than in new, greenfield sites.

In October 1977, the Council on Wage and Price Stability concluded that "replacement of existing plants by efficient, new greenfield operations is simply uneconomic at today's capital costs." What the Council termed "rounding out"—that is, adding some new facilities to existing plants—is a more profitable strategy of expansion. Although greenfield expansion results in steel production at an *operating cost* somewhat lower than that of brownfield ("round-out") expansion, brownfield's vastly lower *capital cost* makes the difference: it is approximately \$60 cheaper per ton of finished steel. The Council set out its results in the following table:

	AVERAGE EXISTING CARBON STEEL PLANT	ROUNDING OUT OF EXISTING PLANT	NEW GREENFIELD CARBON STEEL PLANT
Operating Costs	300	260	240
Additional Capital Charges (including Equity Returns)	—	100	177
Total Additional Costs per Ton	—	60	117

All figures in 1976 U.S. \$/net ton.¹⁵

A report by the federal Office of Technology Assessment released in the spring of 1980 came to similar conclusions. The report states:

It is accepted that greenfield expansion provides the greatest opportunities for installing optimum new technology and plant layout and offers maximum production cost savings. These advantages, however, usually will not offset the large capital costs. . . . There is agreement that greenfield expansion cannot be justified, either on the basis of the price necessary to obtain an acceptable level of profitability or in terms of the *net* increase in costs. The case of energy conservation exemplifies this conclusion: by spending \$11/tonne on retrofit equipment, a

¹⁵ Council on Wage and Price Stability, *Report on Economic Conditions within the American Steel Industry*, 1977, p. 82.

steel company could save 1.1 million Btu/tonne; a greenfield replacement of the same productive facilities could save 8 times that much energy, but it would cost at least 120 times as much to accomplish. Given current policies and price levels, the capital and financial costs are too high relative to the benefits from the best available integrated steelmaking technology to favor greenfield expansion.¹⁶

This conclusion is supported with convergent data from government, university, industry, and consulting-firm studies. The following table is from the OTA report:¹⁷

Integrated Carbon Steel Plant
Capital Cost Estimates
for New Shipments Capacity
1978 dollars/tonne of capacity

	YEAR	ROUNDOUT	GREENFIELD
A. D. Little	1975	\$628	\$1,296
Fordham	1975	880	1,474
COWPS	1976	710	1,502
U.S. Steel	1976	NA	1,220
Marcus	1976	630	1,514
Inland Steel	1977	520	956
Mueller	1978	715	1,210
Republic Steel	1979	372-636	1,367-1,317
American Iron & Steel Institute	1980	743	1,287

The comparison can be made even more concrete by considering the Ohio Works at Youngstown. William Kirwan, superintendent of the mill, proposed a plan to his corporate superiors for modernization of the Ohio Works by building electric furnaces and a continuous caster. The estimated cost was \$208 million. The annual production was estimated at 700,000-800,000 tons of steel, so that

¹⁶ *Technology and Steel Industry Competitiveness*, OTA, p. 312. A "tonne," or metric ton, is 2,204.6 pounds.

¹⁷ *Ibid.*, p. 315.

the cost per ton of modernization would be \$350-\$400 per ton. By contrast, U.S. Steel proposes to build a greenfield mill at Conneaut that would produce about 4 million tons of steel and cost about \$4 billion to build, resulting in a cost per ton of modernization of about \$1,000 per ton.¹⁸ In Mr. Kirwan's words, his plan recommended that "a greenfield plant be built on a brownfield site" that would cost "one helluva lot less dollars than a Conneaut" and be "a far more desirable short and long range alternative to the tremendous cost and the socio-economic impact involved in phasing out the plant."¹⁹

There is no reason to suppose that the comparative figures for the cost of brownfield and greenfield modernization will change significantly in the foreseeable future. They have been relatively constant for the past quarter century. For example, in 1958 Bethlehem Steel estimated that an entirely new fully integrated plant in the Chicago area of 2,500,000 tons ingot capacity would cost \$300 per ton ingot capacity as compared to \$135 per ton ingot capacity for expansion of Youngstown Sheet & Tube's existing plant in the area.²⁰

A comparison of the costs to the company of greenfield modernization and brownfield modernization is only the first step in an adequate analysis. One must also consider social costs. Even if greenfield modernization were cheaper for the company, it might be more expensive for society as a whole.

Late in 1978 an analysis was conducted of socioeconomic effects of the Campbell Works shutdown. It found that in addition to the 4,100 employees at the works who were terminated, at least another 3,600 jobs would be lost through the secondary multiplier effect on suppliers, retail businesses, and others. Loss of wages to the former Campbell Works employees during the first three years after the shutdown was estimated at \$50-70 million, and loss of wages to those in

18 Cost data for the Conneaut plant are confused for several reasons: first, the company projects two (privately, four) stages of construction; second, capital costs have increased dramatically since U.S. Steel first made public statements about the proposed plant; and, third, estimates are sometimes made per ton of raw (liquid) steel and sometimes per ton of finished (shipped) steel. The figure given above was provided by Edgar B. Speer, then chairman of the board, in 1976 (*Industry Week*, April 15, 1976).

19 "Youngstown Works: A Fresh Look" and "1980 Facility Budget Youngstown Works," Plaintiffs' Exhibits 69 and 70 in the U.S. Steel trial in Youngstown.

20 *United States v. Bethlehem Steel Corporation*, 168 F. Supp. 576, 616 (S.D. N.Y. 1958). The question may arise, why then should a U.S. Steel prefer greenfield expansion? The answer appears to be that once a greenfield plant is built, it can produce steel more cheaply than a modernized brownfield facility. Thus, if the company can induce the government (that is, the taxpayer) to build the plant for it by means of tax incentives, this becomes the desirable option for the firm.

other businesses during the same period at \$63.5 million. The study projected costs to the public sector during the same three years of \$60-70 million. About half of these public costs were expected to take the form of local, county, state, and federal tax losses: in the city of Campbell, for example, the Campbell Works provided about 65 percent of the city's property-tax revenues. The other \$35 million in projected public costs was expected to derive from various benefit programs, particularly the federal Trade Readjustment Assistance act, which provides benefits to workers held to have lost their jobs because of imports.²¹

By January 1981, unemployment in the Youngstown-Warren Metropolitan Statistical Area had reached 15.4 percent, the highest level since the Depression.²² City after city in the Mahoning Valley has experienced a budgetary crisis followed by wage cuts and layoffs for public employees, and cutbacks in social services. For example, in May 1980 nearly all of Youngstown's 1,000 municipal workers, including firefighters and police officers, went on strike for pay increases the city said it could not provide because of revenue lost in the shutdown of the Valley's steel mills.²³

In Great Britain, because the steel industry is largely owned by the national government, it is possible to compare the savings to the government as entrepreneur from mill shutdowns with the costs to the government as provider of social services that the shutdowns entail. The Department of Applied Economics and Faculty of Economics at Cambridge University made such a calculation of the costs and benefits over five years of a shutdown program undertaken by the British Steel Corporation in December 1979. The calculation was as follows:²⁴

21 Policy and Management Associates, Inc., "Socioeconomic Costs and Benefits of the Community-Worker Ownership Plan to the Youngstown-Warren SMCA," 1978.

22 *Youngstown Vindicator*, March 5, 1981. In Bucks County, Pennsylvania, where U.S. Steel's Fairless Works is the largest employer, Andrew Moody of Chase Econometric Association has forecast that a gradual shutdown of the works over a two-year period would result in the loss of 8,000 jobs at Fairless, 1,600 jobs in other manufacturing industries, and 11,000 jobs in non-manufacturing, with a resulting unemployment rate in Lower Bucks County of 10 to 15 percent, just as in Youngstown. Don Wolf, "Fairless Works: What's on Road Ahead?" *Bucks County Courier Times*, December 2, 1980.

23 *New York Times*, May 3, 1980.

24 Iron and Steel Trades Confederation, *New Deal for Steel*, 1980, pp. 76-79. On p. 177 this study cites B. Rowthorn and T. Ward, "How to Run a Company and Run Down an Economy: The Effects of Closing Down Steel-making in Corby," *Cambridge Journal of Economics*, December 1979. The Iron and Steel Trades Confederation is the leading trade union in the British steel industry.

Political Economy

	BRITISH STEEL CORPORATION	OTHER NATIONALIZED INDUSTRIES	TOTAL
Annual savings to industry	£231 million	£77 million	£308 million
Annual cost to industry in unemployment benefits, etc.	57	19	76
Net annual savings to industry	174	58	232
Tax loss to national government	—	—	408
Additional welfare payments	—	—	134
Total lost to Exchequer	—	—	542

Therefore, the estimated effect of the shutdowns on the national government considered both as entrepreneur *and* as provider of social services would be £542 minus the savings of £232, or £310 million (about \$600 million) *lost per year*. There is no reason to believe that a calculation of benefits and costs would be significantly different in an American shutdown setting.

To fully comprehend the comparative social costs of brownfield and greenfield modernization, one must also consider the increased social cost of modernization at the greenfield site. For example, Conneaut has a present population of about 15,000. Although U.S. Steel estimates that construction of the proposed mill would cause the population to double, others have estimated that the increase in population might be close to 60,000. Further, U.S. Steel has assured local officials that the coming of the mill might make it possible to do away with property taxes entirely.²⁵ But James Williams, a partner in Philadelphia's Murphy-Williams Urban Planning and Housing Consultants, estimates that the development of the mill could cost each resident of Erie, Crawford, and Ashtubula counties \$6,500 a year over a period of twenty-five years. This is his estimate of what it would cost the community to develop services like sewer plants, water

²⁵ U.S. Steel Corporation, "Highlights of U.S. Steel Corporation's Proposed Lakefront Plant," 1979.

plants, fire and police protection, and school operations, including busing, roads, government administration, utilities, libraries, health care, and recreation.²⁶

Felix Rohatyn, the financier who engineered New York City's "survival," has said essentially the same thing. Rohatyn's words directly confront the investment strategy of the American steel corporations:

The currently fashionable notion of backing the winners instead of losers is as facile as it is shallow. The losers today are automotive, steel, glass, rubber, and other basic industries. That this nation can continue to function while writing off such industries to foreign competition strikes me as nonsense. . . . We cannot become a nation of short-order cooks and saleswomen, Xerox machine operators and messenger boys.²⁷

Still more specifically, Rohatyn echoes the analysis developed by Youngstown steelworkers:

In a world where capital will be in shorter supply than energy, is it really a valid use of resources to have to build anew in the Sun Belt the existing schoolhouses, firehouses, transit systems, etc., of the North for the benefit of the new immigrants in the South, instead of maintaining and improving what we already have in place here? Is it rational to think that northern cities teeming with the unemployed and unemployable will not be permanent wards of the federal government at vast financial and social cost? . . . Doesn't the notion of "taking the people to the jobs" completely ignore that many of those people, in large parts of this country, are unwilling and unable to move?²⁸

Even the inclusion of social costs in an analysis of the greenfield and brownfield alternatives is not enough. Cost-benefit analysis does not wholly address the issues in the debate over steel modernization, no matter what costs are considered. Some things simply cannot be quantified. The challenge to advocates of brownfield modernization is to find a precise way to talk about values that cannot be measured.

²⁶ Williams is the principal author of a federal Department of Energy report on methods to use for computing the socioeconomic impact of large industrial projects.

²⁷ Felix Rohatyn, "Reconstructing America," *The New York Review of Books*, March 5, 1981, p. 16.

²⁸ *Ibid.*, p. 20.

To do this, it is necessary to step outside the political philosophy that derives social decisions from individual rights, and considers merely as another cost, albeit "social" cost, the destruction of "the complex nexus of family, neighborhood, religion and work that has provided the framework in which most people live out their lives—our communities."²⁹

The effects of investment decisions are similar to impacts on the natural environment: one must consider the *ecological* effect of actions, not merely the aggregate of the action's effects on separate individuals, or on separate aspects of the environment, such as air, water, wildlife, and the like. This is a case where the whole is more than the sum of parts. The impact of a shutdown on a community cannot be found by treating separately the effect of the shutdown on employment, crime, alcoholism, the divorce rate, and suicide. The effect of a shutdown on a family cannot adequately be assessed by calculating the effect on each family member separately, and deriving a resulting compound trajectory of family behavior.

Further, although we in this country have an old and useful tradition of discourse about individual rights and the obligation of government to protect them, we lack a language to talk about harm to the community. Steelworkers expressed this in the course of the litigation connected with the closing of U.S. Steel's Youngstown Works. We tried to invoke the idea of a "community property right" that is violated when a company comes into a community, dirties its air, fouls its water, asks for and receives tax breaks and other benefits to smooth its way, sucks up the energies of the community's young people for generations, and then tries to throw the community away like an orange peel and walk off. But under existing law what is damaged in this situation is not a right and not property. Harm to the community is a fact that does not give rise to enforceable claims.

The political philosophy of possessive individualism cannot help us, but perhaps the experience and tradition of the labor movement can. The most sacred concept of the labor movement is solidarity, or, more fully, that "an injury to one is an injury to all." This sense of connectedness, of choosing what benefits all of us rather than what helps one and hurts another, is the fundamental reason for brownfield reindustrialization.

The greenfield model of modernization reminds one of how the rebuilding of cities was envisioned twenty-five years ago. At that time it was supposed that the best way to rebuild a city was to bulldoze areas several square blocks in size, disperse the residents to the four winds, and completely replace the housing stock. Only gradually did it become clear that this was a crude and in the long run self-defeating approach, tending to replace old slums with new ones. The newer vision of how to remake a city is to rebuild the structures gradually without relo-

²⁹ Roberta Lynch, "Reagan Campaign Themes Are Now Going South," *In These Times*, March 18-31, 1981.

cating the people or destroying the social fabric of neighborhoods. Let the churches, settlements, and traditional meeting places of the community remain. Begin to rebuild in the least densely populated parts of an area. As new housing becomes available on the first micro-sites, relocate residents *within* the neighborhood. Proceeding in this fashion with, so to speak, a scalpel rather than a sledgehammer, cities can be rebuilt without losing their social identity.

Twenty-five years from now, no doubt too late for many, many Youngstowns and, perhaps, Pittsburghs, this is how every civilized nation will also be modernizing its industry. Several of us in Youngstown had a glimpse of that future when we talked with the editor of the journal of the Swedish metalworkers' union, Per Ahlström. He began by emphasizing that Sweden, like the United States, is a capitalist economy. Then he went on to describe the Swedish steel crisis and how it was resolved. Several years ago, he said, Sweden faced the same problems of overcapacity and low profitability that now exist here. There were three Swedish steel companies, two privately owned and one owned by the government. Each was trying to carry on the whole steel-making process from blast furnace to rolling mill, and all were losing money. Accordingly, the Swedish government insisted that the three enterprises rationalize their activities. At the same time, however, it was decided as a matter of principle that rather than concentrate all steel-making in a single location, it would be socially preferable to preserve each of the three, traditional steel towns if a way could be found to do so. The resolution was that each company remained where it was, but each henceforth was responsible for a single phase of steel-making. The mill closest to sources of iron ore in northern Sweden did the initial processing. The mill located on the seacoast did most of the finishing. And so on. Meantime, since all modernization and rationalization tends to eliminate jobs, imaginative programs were designed to help people leave the steel industry, not in shock and defeat, but with a sense of moving forward in their lives. Swedish employers were required to list all job openings, and a computerized printout was posted each day in the mill itself. Persons desirous of visiting other communities where there were job openings were paid to do so, as were their spouses. Every steelworker was guaranteed two years' pay during the period of transition. The social objective, our visitor stated, was that no one ever be compelled unwillingly to leave a job.

Sweden does what it does for essentially "political" reasons. In an article in *The Nation*, Helen Ginsburg quotes an unnamed Swedish official: "Swedes are not particularly religious but one thing we do hold almost sacred is everybody's right to work." The result, she continues, is that the unemployment rate in Sweden was 1.7 percent from 1960 to 1970, and 2.1 percent from 1971 to 1979. This is not because the Swedish economy in general or its steel industry in particular are immune to the shocks affecting other capitalist economies. On the contrary, Sweden is more dependent than the United States on exports, and has no coal or oil of its own.

The answer is that the Swedish commitment to full employment is politically unassailable. Even though it has traditionally been regarded as an important means of raising the output of goods and services, and hence living standards, it is not viewed solely in economic terms. It is also linked to other vital social goals. . . . [T]he concept of "normalization" is fundamental to the Swedish social welfare system; that is, the goal is to enable everyone to live as normal a life as possible and "to reduce the risk of isolation, loneliness and alienation." And work is considered the key to a normal life. In short, a job is considered a basic right.³⁰

Listening to Per Ahlström in Youngstown, Ohio, was like hearing a fairy tale. For instance, early retirement, which is the *objective* of the United Steelworkers of America in its collective bargaining about shutdowns, is, according to Ahlström, considered a *defeat* in Sweden because it deprives a person of years of contribution to society as a worker.

The principle is not that industry should always be modernized where it presently exists. A company might carry out brownfield industrialization in such a way as to sacrifice social values to profit, as General Motors has in Detroit, where the new Cadillac assembly plant they are building will destroy 1,021 homes and apartment buildings, 155 other businesses, several churches, and one hospital, and displace 3,500 people, thereby eradicating a traditional and racially integrated neighborhood.³¹ The principle is that economics and technology should be subordinated to the preservation and nurturing of community. This principle may be expressed in the presumption that it will ordinarily be preferable to rebuild in one place, rather than to scrap and move on.

30 Helen Ginsburg, "A National Commitment: Full Employment the Swedish Way," *The Nation*, December 6, 1980.

31 Karl Greimel, dean of the Lawrence Institute of Technology school of architecture and an experienced industrial architect, testified in court that the plant could be built in a much smaller space so as to save most of the "Poletown" neighborhood. For instance, instead of placing a mammoth parking lot adjacent to the plant, General Motors could build a multilevel parking structure or provide parking on the plant roof. General Motors has refused to make such changes. David Moberg, "Detroit: I Do Mind Moving," *In These Times*, February 4-10, 1981. See also William Serrin, "Huge New G.M. Plant, Like Many, to Get Subsidies," *New York Times*, February 25, 1981.