



Cornell University
ILR School

Labor Research Review

Volume 1 | Number 9
Labor Tackles the Local Economy

Article 3

1986

Greenhouse: Why a Good Plan Failed

Dan Weisman

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Greenhouse: Why a Good Plan Failed

Abstract

[Excerpt] In June 1984, Rhode Island voters went to the polls to decide the fate of an ambitious economic revitalization plan. Two years in the making, the plan was based on the most comprehensive study of a single state's economy ever conducted. It was overseen by a broad-based commission, including AFL-CIO leadership, and was authored by a leading authority on industrial redevelopment, Ira Magaziner, who infused it with a liberal philosophy.

Called the Greenhouse Compact, the plan was a tapestry of public policy changes and strategically targeted public investment to create jobs in selected industries, and it included concessions from both business and labor. It was presented to the electorate a half-year before the actual vote. At 800-plus public meetings and in the media, it was heralded as pro-labor, modestly liberal but balanced, appropriately priced and financed, and a can't miss, sure thing to resuscitate the state's failing economy. The program was actively promoted by the governor and most of the state's business, civic, political and labor leadership. When the vote came, however, Greenhouse was defeated by a 4-to-1 margin.

Keywords

Rhode Island, Greenhouse Compact, revitalization, economic development, job creation, economic growth, labor movement, progressivism

Greenhouse: Why a

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The Greenhouse Compact was, on balance, advantageous for working people, the poor and minorities. It could have been better for these constituencies, but compared to most other economic development programs, it was unusually progressive. The Compact sought to create 60,000 new jobs, *at higher than prevalent wages*, and this would have represented almost full employment in this small state.

Economic growth would have been pursued without endangering the environment, weakening unions, reducing workers' standard of living, raiding other states or eroding social services. Instead, particular R.I. industries with an inherent but unrealized competitive edge would have qualified for free or low cost public investment funds. The plan proposed specific policies, governmental services, tax incentives, improved infrastructures, workforce retraining and business management consulting to improve targeted industries' opportunities for stability, growth and new product development.

Labor's concessions, while greater than industry's, paled in comparison with experiences in other planning efforts and in relation to the potential benefits of the package. Business agreed to closing some unproductive tax loopholes and to some accountability for how investment money would be used. Labor agreed to surrender the state's little-used but symbolic Strikers' Benefits law, which provided unemployment benefits after the eighth week of a strike. Labor also allowed a business tax freeze and, in the political process preceding the referendum, reductions in workers' compensation benefits.

One year after Greenhouse was defeated, the Strikers' Benefits law was repealed. A year later, the state was subsidizing private industry without the performance criteria or social protections contained in the Compact. None of the business concessions or labor benefits has yet been enacted.

Good Plan Failed

Given the complete package (jobs, higher pay, accountability, and scientific rather than random or politicized public subsidies), the plan was, overall, good for workers and meritorious of their support. The alternative was continued stagnation, low-paying jobs, dead-end careers and the exodus of young families. Most voters abandoned their economic self interests. Why?

An analysis of the election data, collected by randomized telephone interviews within 24 hours of the referendum, revealed that the plan encountered fatal voter mistrust based on the planning process rather than the plan. When asked if they felt represented by the commission, 88% of the no-voters said "no" (compared with 39% of the yes-voters); about 90% of all voters indicated that they thought they should have been represented.

The process had begun as representative. The governor, in 1982, named a 19-member Strategic Development Commission (SDC), including leaders of industry, labor and government. But SDC members built their consensus (no small accomplishment for a group representing traditionally opposed interests) by isolating themselves from their own constituencies and from the general public. The 19 members found common objectives and made "reasonable" concessions. They released the final report as unamendable economic scripture. The public needed only to adopt it.

As a result, rank-and-file unionists, many business leaders, state legislators and working and poor people felt alienated, and rejected the Greenhouse Compact. The planners failed to follow the rules of coalition work—involve constituents during the concession-trading process in order to insure shared understandings and joint ownership.

Minorities, women, poor and elderly people were not represented on the SDC. Nor, it appears, was a significant portion of the business community. When a consumer-based group formed and presented its concerns to the planners, its modest proposals for more aggressive anti-bias measures, day care, neighborhood revitalization and representation were rejected. The group was rebuffed as a "special interest." Instead of supporting a plan that could only help them, consumers were disaffected and worked actively for the Greenhouse's defeat.

In sum, the plan was both feasible and fair, albeit disproportionately expensive for labor. It was also justifiably beaten. For labor, the lessons are not subtle: organize rather than exclude memberships; reach out to unrepresented workers, minorities and others who are a prime target for anti-union sentiment; undertake internal economic education so members can critically assess economic development programs rather than relying on others; and support an open process which involves workers and citizens at every stage. ■

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- Dan Weisman is Director of Labor Studies at Rhode Island College. This article is based on a much more extensive study, "The Rhode Island 'Greenhouse Compact': A Labor Perspective on Industrial Policy Development," by Weisman and Tracy Fitzpatrick, published in *Labor Studies Journal*, Spring 1986.