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SOUTHWEST IAF VISION FOR WORK

**Short Version 1.3
of February 7, 1994**

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Note to Reader

This Short Version is a "pupil's edition" intended for leaders and allies as an initial introduction to the IAF's vision for work. Its purpose is to establish for the reader our competency on the issue.

Short Version 1.3 remains substantially the same as the previous version. It centers on the theme that IAF organizing enables our families, employers, business leaders, government officials, IAF organizations, and other stakeholders to build local forums where they can dialogue and act.

It updates the Vision to reflect the passage of the North American Free Trade Agreement.

As Short Version 1.2, it offers a historical interpretation of the New Deal social "pact" and a contrasting notion of a more inclusive, collaborative social "compact." This Version incorporates a more nuanced discussion of the role of organized labor, especially given the particular history of labor relations in the Southwest.

Its discussion of Project QUEST highlights the contradictions between families' expectations of paths into jobs and the reality of the current labor market.

Those who have more appetite for the issue can be referred to the Long Version, which will serve as a "teacher's edition," as well as the three background pieces. The latest Long Version remains Version 3.1 of September 9, 1993. However, it needs to be updated in light of the changes incorporated in the Short Version.

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Short Version 1.3

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VISION FOR WORK

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DRAFT FOR COMMENT ONLY

Cynthia Scott is African-American, 35, and a single parent of three teenagers. Ten years ago, she left an abusive husband and embarked on an odyssey in search of a career and economic independence. While working three jobs, she began with a full course load at the community college. She failed two classes.

The next semester she took a reduced load, but continued working as a typist, a nurse's aide, and a fast food clerk. She determinedly kept up with her children's school and Cub Scouts. Piecing together the money and time to take classes when she could, she slowly accumulated credits over several years. Often she could not complete the semester, but kept trying.

She was accepted into a Registered Nurse Program in December 1990. She completed the first semester, but failed all three courses her second semester. Exhausted, frustrated, and discouraged, she began to lose hope.

Her community, meanwhile, had taken action....

I. INTRODUCTION

We, the families and congregations of the Southwest Industrial Areas Foundation Network, are working to build a better future for our communities. We are determined that our children have a decent life in our cities and towns. We are determined that work offer our families dignity, fulfillment, and security.

Our *Vision for Work* is a record to date of our reflections on, and responses to, the dramatic changes in work which have disrupted our families and communities. The pain of our work lives today is as much spiritual as material. The loss of work is as much the loss of one's place in the world as the loss of income and economic security.

This is a document of anger, hope, and action. We draw upon theology, history, and economic theory to provide us with a framework to reflect on what we value in work, to understand its changes, to envision a different future, and to act on the present.

It is important to understand that the present turmoil is the consequence not of a sudden transformation, but of two decades of ongoing economic change and the slow erosion of our families' standards of living. The present turmoil represents not a temporary economic slowdown, but the collapse of an historical social pact which promised dignity and security in exchange for working hard and playing by the rules.

It is also important to understand that the present turmoil reflects permanent, structural changes in our economy and society. While we might be able to return to the rates of economic growth which underlay the promise of the American Dream in the 1950s and 1960s, we cannot return to the mass production economy of that era. We must help the institutions important to work transform themselves into new institutions more appropriate to the needs today of our families and the new economy.

Our organizations have begun to create in their communities the forums for serious conversation and serious action. They are building new relationships among families, broad-based organizations, employers, workers and their organizations, government, training institutions, and the other stakeholders of work. These new relationships enable them together to overcome the obstacles they cannot surmount alone. They are building new mediating institutions in the economy. They are forging a new social compact.

II. THE INDUSTRIAL AREAS FOUNDATION

The Southwest Industrial Areas Foundation Network brings together 400,000 families and 500 congregations in Texas, Arizona, New Mexico, and Nebraska. We join the 1,500,000 families and 1,000 congregations of the Industrial Areas Foundation (IAF) in New York, California, Maryland, Tennessee, New Jersey, Pennsylvania, Oregon, Washington, and the United Kingdom in re-building the power and vitality of our public lives.¹

The IAF trains ordinary families to organize their congregations and communities to take responsibility for their futures. Founded by Saul Alinsky in 1939 in Chicago, the IAF has undertaken a mission to make democracy work for all citizens through the restructuring of power and authority. It teaches ordinary people – primarily from poor communities – to organize their communities to participate as partners with the government bureaucracies, corporations, banks, elected officials and others who commonly exercise power in American society.

We celebrate our pluralism. The IAF draws on the diversity of our faith traditions to struggle for a common good. Our member congregations represent Catholic, Protestant, Jewish, Muslim, and Unitarian traditions, among others. Our leaders come from African-American, Hispanic, Anglo, Asian, and Native American communities. We bring together families of all economic backgrounds.

We believe in the Iron Rule: Never, ever do for others what they can do for themselves.

We believe in the principle of subsidiarity: A local community has the right and capacity to initiate action without arbitrary interference by larger institutions.²

Together in the last two decades our families and congregations have:

- **Re-directed billions of dollars of public investment to inner cities.** IAF organizations have directed Community Development Block Grant, bond, and other moneys to re-build inner-city neighborhoods. In San Antonio alone, IAF organizations have built more than \$800 million of new streets, drainage, sidewalks, parks, libraries, community centers, and clinics over the past 20 years.
- **Created thousands of new homes.** IAF organizations have directed state, local, and federal resources to leverage new housing developments in neglected communities. Nehemiah Projects have built or are building over 3,000 new homes in the most devastated neighborhoods of New York City, Baltimore, and Los Angeles.
- **Revitalized neighborhood schools.** IAF organizations have been working since 1986 with over 100,000 families in over 100 schools in 30 districts in Texas, Arizona, California, and New York to bring schools, families, and their communities together to improve public education. Public-private partnerships in Baltimore, San Antonio, and Houston reward successful graduates with scholarships and jobs.
- **Raised the living standards of poor workers.** The Moral Minimum Wage Campaign in California in 1987 increased the incomes of poor workers by over one billion dollars by raising the state's minimum wage to \$4.25, then the highest in the nation.
- **Brought water and sewer services to the *colonias* in South Texas.** The Texas IAF Network initiated and led two statewide referenda which pledged \$250 million in grants and loans to develop safe drinking water and sewer services in poor, semi-rural neighborhoods – home to over one-quarter million Texans.

III. TO ORGANIZE AND TO ACT

We have begun to act on the issue of work. Leaders have been immersed in conversations, reflection, and action to shape local initiatives to meet the unique challenges and opportunities of their communities. We offer one story as an example of what is possible when we muster our vision, political capital, talent, and energy.

Beginning in 1990, leaders of San Antonio's Communities Organized for Public Service (COPS) and the Metro Alliance pioneered a public-private partnership to create new opportunities for good jobs. Called Project QUEST (Quality Employment through Skills Training), it is now training nearly 600 people for high-skill jobs pledged by employers. The evolution of Project QUEST is unique and important because it begins not with the

specialized knowledge of bureaucrats or academic experts, but the lived experience of ordinary men and women and their organizations.

Their efforts began when Levi-Strauss Company closed a factory on the South Side of San Antonio and moved its machinery to the Caribbean. The factory had provided a generation of San Antonio families moderately-paid, low-skill employment. Most of the workers were Mexican-American women. Few had more than a grade-school education. Reacting to this closing, which was only the latest of a string of factory closings, COPS leaders began a series of conversations which led to Project QUEST.

- Over 40 key leaders met every two weeks for six months to educate themselves about job training and economic changes.
- Several hundred leaders met in nearly 100 house meetings to discuss their experiences with work and job training. They uncovered stories of the loss of many middle-class jobs like the Levi-Strauss jobs and the failures of the public job training system and proprietary schools to equip students for work.
- COPS and the Metro Alliance conducted research actions with educators, the trainers in job training institutions, researchers, and others.
- COPS and Metro Alliance organized conversations among business leaders and employers in which they discussed their employment needs. They found to their surprise that there were many high-skilled, reasonably-paying jobs for which employers were importing workers. Hospitals were ready to hire literally hundreds of nurses and technicians.
- They secured the commitments of the business community to hire over 600 trained workers from their communities.
- They organized conversations with local and state policy makers to seek commitments of funding for an innovative strategy linking employers and trainees. They secured commitments of \$2.6 million from the local Private Industry Council, \$2 million from the City Council, and \$2.3 million from the Governor from her discretionary Wagner-Peyser funds.
- The Governor made her commitment to the strategy at a meeting of 1,000 leaders. She and the COPS and Metro leaders pledged to hold themselves mutually accountable for the success of the project.
- They designed an innovative public-private project in collaboration with leading businesspeople and employers, experienced manpower experts from the University of Texas, the Governor's State Job Training Coordinating Council, the Texas Employment Commission, the San Antonio Works Board, the Alamo Community College District, social service agencies, the City's Department of Community Initiatives, and others.

- Over 3,000 leaders attended a public meeting with the Governor in which the first 150 trainees entered Project QUEST. Currently over 600 participants are in training for specific, guaranteed jobs which offer at least \$7.50 an hour, benefits, and career advancement.
- Project QUEST has experienced less than a five percent annual attrition rate, with only 12 trainees leaving training in the first six months. One-third of its participants were on the honor roll of the community college in the summer of 1993.

The year 1994 will mark Project QUEST's second year of full operation. COPS and Metro Alliance leaders will expand it to 1,000 participants by fall of 1994. Inspired by the success of COPS and the Metro Alliance, leaders of the Dallas Area Interfaith Sponsoring Committee, Allied Communities of Tarrant in Fort Worth, The Metropolitan Organization in Houston, and Valley Interfaith are shaping their own unique initiatives.

IV. THE THEOLOGY OF WORK

Work is much more than income. As our families face the turmoil and challenges of today's economy, we draw on our faith traditions for guidance and strength. Though we belong to diverse communities, we find that our faiths all offer us hope in what they teach about work and what we should expect of society, of one another, and of ourselves. They all teach us about justice. They all call us to action.

Our faiths teach us that work is the means by which we human beings share in creation. The very first book and chapter of the tradition shared by Jews and Christians holds that the most sacred part of creation is the human person, created in God's image and likeness, and that we are called to be co-creators with God through human labor. (Genesis 1:27, 28). The Wisdom literature calls us to be stewards of God's creation "to govern the world in holiness and justice and render judgment in integrity of heart" (Wisdom 9:3).

As stewards of creation, we enter moral relationships as we take up our work. The great teacher Maimonides, leader in the Egyptian Jewish community and physician to the Muslim Sultan Saladin of Cairo, counseled us 800 years ago that work endows workers, families, and employers with both rights and obligations: "Just as the employer is enjoined not to deprive the poor worker of his wages or withhold it from him when it is due, so is the worker enjoined not to deprive the employer of the benefit of his work by idling away his time...."³

The Presbyterian tradition teaches that work binds us in family and community: The *Book of Confessions* calls, "...every man to use his abilities, his possessions, and the fruits of technology as gifts entrusted to him by God for the maintenance of his family and the advancement of the common welfare."⁴

As well-developed in the Catholic tradition, a fundamental obligation of the work relationship is a living wage which allows families to live in dignity and security. Pope Leo XIII in 1891 affirmed that wages should not be determined solely by the market or by even free agreement between workers and employers.⁵ Catholic leaders following him have insisted that work provide a "family wage" adequate for one worker to support a spouse, children, and a home in dignity.⁶ John Paul II re-affirmed the "family wage" as a fundamental right of family life.⁷

The centrality and sacredness of work places on our society an obligation to provide for employment with dignity. The Methodist *Book of Resolutions*, echoed by the Catholic pastoral *Economic Justice for All*, teaches that, "society should provide employment under safe and decent conditions so that the dignity of the workers can be elevated and their creativity exercised."⁸

V. THE FORGING AND SHATTERING OF A SOCIAL PACT

Our families approach work seeking the opportunity to enjoy the rewards and obligations of the American Dream. We expect that if we work hard, pay our dues, and play by the rules, work will enable us to earn an income sufficient and stable enough to support a family, buy a home, send our children to college, and retire with dignity.

This American Dream is an important wellspring of hope, even for those of us who have been discriminated against and disadvantaged. While African-Americans, Hispanics, Native Americans, other minorities, the poor, the unorganized, and women of all backgrounds have struggled much harder in work than Anglo men, the American Dream still affords them hope. Many working parents have faith that even if they cannot reach the American Dream themselves, their children can reach it -- with sufficient education or a good job. Many excluded by our nation's shameful history of injustice and discrimination believe that they can gain equal opportunity -- given intervention by civil rights movements, law-makers, or judges.

Now, as we seek the American Dream, families of all backgrounds encounter confusion and frustration. Even though we are working harder, we are earning less. Even though we play by the rules, we can no longer count on the rewards or security of work. Even though we are willing to invest in ourselves, government and employers are not. In the words of an African-American leader of the Metro Alliance, "We finally are getting to the pie....but the pie is gone."

Our expectations of work are the product of our nation's history from the end of the Depression until the 1970s.⁹ The steady economic growth which underlay the American Dream was a consequence of an historical social pact and a particular kind of economy. President Franklin Roosevelt chose the words "New Deal" carefully to characterize the transformations begun while he was President. The federal government, major corporations and organized workers resolved the bitter, bloody struggles of the 1930s in a "deal" which was part new partnership and part truce.

Their compromises stabilized their relationships enough to enable the American economy as a whole to capitalize upon the promise of mass production.¹⁰ As the economy recovered from the collapse of the 1930s, their deal became embodied in legislation, labor contracts, and customary understandings that defined a model of the relationships among our families, employers, and government. This model, which can be called the New Deal social pact, came to outline important responsibilities, obligations, and boundaries throughout the economy, including in non-union, public, and service sectors.¹¹

- **Employers.** By the end of the 1930s, leading corporations relented to intense pressure and gave organized workers a voice in the terms of work. The labor-management agreements they developed over the next dozen years as the economy strengthened created a model in which employers agreed to undertake substantial responsibility for the economic security of our families. They stabilized wage structures. They instituted grievance procedures to regulate dismissals and other workplace actions. They took on responsibility for insuring their workers' and retirees' health care.¹² They financed pensions. They institutionalized sick leave, paid holidays, and paid vacations. They structured entry level jobs and on-the-job training for inexperienced workers, relying heavily on referrals from our families in hiring new workers. Most importantly, following the contracts between General Motors and the United Auto Workers in 1948 and 1950, they agreed to share the rewards of increasing productivity and economic growth, enabling a growing number of workers to support two adults, children, a home, and a rising standard of living with just one paycheck.
- **Workers.** In exchange, organized workers agreed to boundaries to their role in the workplace. They deferred to management on strategic business decisions, such as product design and pricing. Workers deferred to management on important workplace decisions, such as hiring, choice of organization and technology, and investment. Companies were entitled to lay off workers during slow economic periods, generally in accord with seniority rules. Many companies were ceded control of workers' retirement investments. Union contracts and shop stewards helped to structure and manage the organization of work in many workplaces.
- **Government.** The federal government became an integral part of our families' work lives and the relations between employers and workers.¹³ It has played a number of roles which have changed over the years.
 - **Referee.** The Wagner Act of 1935 created a legal structure governing the relationship of employers and unions, giving legitimacy to workers' role as partners with employers. It and following legislation, such as the Taft-Hartley Act of 1947, defined a shifting balance of power between employers and union organizations. The federal government plays an ongoing role in labor-management relations through institutions such as the National Labor Relations

Board, the National Mediation Board and the legal power of Presidents to intervene in strikes.

- Minimum standards. Government at federal and state levels sets minimum standards for employment.¹⁴ The Fair Labor Standards Act of 1938 established the minimum wage and the forty-hour week, and prohibited child labor. The Occupational Safety and Health Act of 1970 set standards for workers' safety at their jobs. The Equal Opportunity Act of 1972 and subsequent legislation began broadening the promise of the American Dream to many who had been excluded.
- Safety net. The federal government insured basic standards of living for those who could not work. The Social Security Act of 1935 taxed both employers and employees to provide retired workers a minimum standard of living, extended assistance to widows and orphans, and created unemployment insurance to provide for unemployed workers during economic slowdowns. In 1965, the federal government took on responsibility for the health care of the elderly and poor through the Medicare and Medicaid systems.
- Investment in our families. The federal government created the Federal Housing Administration in 1934 to guarantee mortgages to help families own their own homes.¹⁵ The Housing Act of 1949 committed the nation to "a decent home and suitable living environment for every American family." It steadily expanded its assistance through FHA programs, tax deductions for mortgage interest, and other programs such as those of the Veterans Administration. After World War II, the G.I. Bill opened higher education to millions of working people. The federal government expanded its assistance through student loans and grants to non-veterans.
- Creation of opportunity. The federal government took on responsibility to create opportunity for working families both indirectly and directly. Beginning in 1938, it adopted taxing, borrowing, and spending policies designed to regulate the economy and create full employment. Both Democratic and Republican Administrations utilized these "Keynesian" policies, which enlisted increases in the national debt during economic slowdowns as a tool to stimulate economic activity and employment. The Employment Act of 1946 explicitly gave the federal government responsibility for promoting employment.

The federal government directly provided jobs in the 1930s through the Works Progress Administration, National Youth Administration, and Civilian Conservation Corps. It again provided direct employment through emergency action in 1971 and the Comprehensive Employment and Training Act in 1973.

This was not an era of peace and harmony. In fact, the New Deal social pact was more to institutionalize and regulate adversarial relationships between employers and

organized workers than to create collaborative relationships.¹⁶ Beyond this institutionalized conflict, African-Americans, Hispanics, Native Americans, other minorities, women, the poor, and the unorganized were largely excluded from the New Deal social pact, and fought sometimes bloody battles for inclusion. Many employers and elites in less economically central sectors and geographic regions – particularly in the Southwest – never accepted labor unions as legitimate and struggled against even recognition of workers' organizations.

Nonetheless, the social pact of the 1930s and 1940s defined a national understanding of how our economy could and should structure the rewards and obligations of work. It was the central model of what was desirable and just in work. Many employers copied the stable wage structures, grievance procedures, seniority rules, and health care and pension benefits as structured first by the labor-management agreements of unionized employers. Access to this social pact defined the goal of equal opportunity and affirmative action policies.

Most importantly, national leaders of both political parties until 1980 conceived of the management of the economy as a partnership among management, labor, and government. They acknowledged the federal government's central role as economic referee, regulator, safety net, stimulator, and creator of economic opportunity for our families. President Harry Truman outlined the Fair Deal. President Dwight Eisenhower appointed a union official as Secretary of Labor. President Lyndon Johnson created the Great Society. President Richard Nixon's Secretary of Labor proposed innovations in labor market policy. President Gerald Ford attempted to bring together labor and management to negotiate economy-wide wage and price stabilization.

The New Deal social pact came under increasing stress in the 1970s as the economy's steady growth began to slow, inflation accelerated, and unemployment increased. The number and intensity of strikes increased in the early 1970s as tension between employers and workers rose. Racial and social conflict over affirmative action policies intensified.

Then in the last year of the Carter Administration and the first year of the Reagan Administration, the federal government began to abandon many of its roles in the social pact. Reacting to the high and sustained inflation of the late 1970s, President Carter's Chairman of the Federal Reserve, Paul Volcker, deliberately choked economic growth.¹⁷ In October 1979, he announced that the Federal Reserve would take strong actions to prevent lenders from extending credit until inflation was brought to low levels. In effect, the federal government abandoned its Keynesian commitment to maintain employment in favor of a monetarist commitment to maintain the value of money.

Short-term commercial interest rates rose to a record high 17 percent in May 1981. Businesses, unable to pay such high rates, laid off workers. Unemployment rose to 10.8 percent in December 1982, the highest level since the Depression.

The firing of striking air traffic controllers in August 1981 made the shattering of the social pact official. While it was only one of many bitter labor disputes in the late 1970s, it marked an important symbolic turning point in the relations among government, employers and organized workers. During six previous strikes and slowdowns by controllers, the government had always reached compromises with their labor organization, the Professional Air Traffic Controllers' Organization (PATCO).¹⁸ Even President Nixon, shortly before his re-election in 1972, re-hired 40 controllers who had been fired for participating in an illegal 1970 "sick-out".

The federal government no longer offered to compromise when PATCO struck in 1981. Playing out a script first drawn up by President Carter's Administrator of the Federal Aviation Administration (FAA), President Reagan immediately fired the 11,000 striking controllers. The FAA brought in replacement workers from the Defense Department and expanded its training facility to prepare permanent replacement workers. The government and the Air Transport Association filed a flood of legal actions which bankrupted the union. The FAA sought and received the de-certification of PATCO as the authorized representative of air traffic controllers. President Reagan banned the re-hiring of striking controllers.

The willingness of the federal government to end a long-standing relationship with a labor organization and to punish its members marked an important historical turning point in the social pact. It symbolized how far government had retreated from its role of balancing the interests of employer and employee toward a role of endorsing employer control of the workplace. It dramatically underscored the reduced power of organized labor. It marked the growing willingness of employers to fire striking workers and fill their jobs with permanent replacements. It encouraged employers who sought to eliminate altogether their relationships with organized workers.

Now the social pact of the New Deal is in pieces.¹⁹ All the participants share blame. Employers are renegeing on the responsibilities they had assumed. Unions are struggling more to defend the past than to shape the future. Government is cutting back on its investment in families, dismantling regulatory protections of workers and consumers, shifting more power to employers in their negotiations with workers, and shifting more income to the wealthy.

The disarray of the New Deal social pact creates a need to negotiate a new social pact or, rather, something more like a social compact. We seek to institutionalize not adversarial relationships, but collaborative ones. We seek more fully inclusive relationships among all the stakeholders of our society. We have much to do. We cannot surrender the responsibility for a new social compact to others. Too often in the last two decades our families were abandoned to struggle on our own as our standards of living steadily deteriorated.

VI. THE DECLINE OF THE MASS PRODUCTION ECONOMY

It is important to understand just how fundamentally the conditions underlying the New Deal social pact and the American Dream have changed. While we might return to the economic growth of the 1950s and 1960s, we cannot return to that era's mass production economy. We must forge a new social compact under new constraints and with new opportunities.

According to economist Paul Krugman, productivity growth — increasing output per worker — is the foundation of increasing standards of living.²⁰ He notes that from 1947 to 1973 output per worker increased at an annual rate of nearly 2.5 percent, and median family income increased at slightly more than 2.5 percent per year. From 1973 to 1988, productivity increased at less than one-half of one percent per year and median family income stagnated.²¹

A central factor in the stagnation of productivity growth, as discussed by economist Michael Piore and sociologist Charles Sabel and echoed by professor Ray Marshall, is that the mass production system underlying the core American economic and political institutions has become uncompetitive in markets it once dominated.²² From the 1920s onward, American firms succeeded by selling standardized goods to mass markets around the world: as long as they could increase revenues by selling more of the same few products, they could easily increase their productivity by increasing the volume of production. For example, Ford Motor Company built as many as 2.3 million Model T cars a year during 20 years of production — all essentially identical.²³

Success in many global markets today, however, comes with the sales of non-standardized goods in smaller, more specialized markets. Firms increase their productivity less by increasing their volume of production of a few core, standardized products such as the Model T and more by increasing their ability to respond quickly to changes and produce a variety of specialized products — such as today's varieties of automobiles, light trucks, sports cars, mini-vans, sport utility vehicles, and so on.

Consequently, productivity growth began to slow in the late 1960s as U.S.-based mass producers found that their standardized goods sold more poorly than foreign competitors who developed "flexible specialization," "mass customization," "lean production," and "diversified quality" techniques which could produce much greater varieties of products.²⁴ For example, General Motors in 1988 abandoned its two-seater sports car, the Fiero, because it was able to sell only 47,000 per year while its mass production assembly line required sales of about 100,000 copies to break even. Mazda, in contrast, scored a big success with just 40,000 sales of its two-seater Miata because it could assemble other models on the same assembly line.²⁵

The American economy thus faced dramatic challenges in the 1970s and 1980s: decline in productivity growth, high inflation aggravated by inflationary energy and food price shocks in 1973 and 1979, and growing competition from more efficient Europe-

and Japan-based competitors. Record high interest rates in the 1980s further discouraged long-term investment and, by keeping the dollar's value high, cheapened imports and eroded the competitiveness of domestic producers.

American business, labor, and government responded poorly to these economic challenges. Rather than investing intensively in new organizations, techniques, and production technologies, much of American business complained that foreign competitors were succeeding because of lower wages abroad. They attempted to maintain high levels of profit by cutting the wages of their workers, moving production offshore, engaging in financial speculation, leveraging new tax breaks, securing protection against imports, and concentrating on the lucrative but economically unproductive defense sector. Government facilitated this short-sighted strategy.

- Corporations borrowed a net \$1.2 trillion from 1982 to 1990, but invested only \$183 billion of the new debt in new plants, equipment, and other productive investments. They diverted over one trillion dollars into mergers, acquisitions, leveraged buyouts, takeovers, and other speculative investments.²⁶
- The savings and loan industry, which had been created to help working families save and buy homes, became a source of government-guaranteed funds for speculation in real estate and other shaky ventures. When the industry collapsed in the late 1980s, it left over \$200 billion in bad debt to be financed by taxpayers and the remaining solvent institutions.²⁷ Cost of the savings and loan bailout amounts to \$60 billion a year and eventually may total as much as \$500 billion of repayments and interest.²⁸
- Congress and Administrations steadily cut taxes for business. Corporate taxes fell from 3.8 percent of GNP in the 1960s to only 1.7 percent in 1990.²⁹
- The Reagan Administration began a massive increase in defense spending, which rose from \$187.1 billion in 1980 to \$258.8 billion in 1992 (in constant 1987 dollars).³⁰ Although manufacturing employment grew by 600,000 in defense sectors in the first five years of the Reagan Administration, it shrank by 1.6 million in the civilian sector.³¹
- The Reagan Administration financed the tax cuts, the federal government's current operations, and the massive defense build-up by borrowing. The Reagan and Bush Administrations more than quadrupled the annual federal deficit from \$73.8 billion in 1980 to \$290.2 billion in 1992.³² The total national debt quadrupled from \$930.2 billion in 1980 to over \$4.3 trillion today.³³ The cost of servicing this debt now absorbs over \$200 billion a year in interest payments.³⁴

Not only did the economy's underlying productivity growth slow during the late 1970s and 1980s, but the wealthy siphoned off what little growth the economy experienced. Paul Krugman estimates that 70 percent of the growth in average family income in the

1980s went to the top one percent of families.³⁵ The income inequality between rich and poor, which had been moderating in the post World War II era until the late 1960s, began widening in the 1970s and has increased more sharply since 1979.³⁶

VII. RELENTLESS PRESSURE ON WORK

Our families are now paying for the accumulated debt and squandered investments of the 1970s and 1980s with lower wages, fewer jobs, and disrupted communities. All too often, employers attempt to protect their profits by cutting the incomes and security of workers. Our families experience the downward pressure directly, as employers lower our wages, cut our hours to part-time, trim back our health care insurance, or lay us off.

- **Falling wages.** Wages for the 80 percent of the workforce who are production and non-supervisory workers have fallen to 1969 levels. Real hourly earnings rose from \$10.06 an hour in 1967 (in 1991 dollars) to a peak of \$11.37 in 1973, and since have fallen to \$10.34 in 1991.³⁷
- **Shrinking minimum wage.** The purchasing power of the federal minimum wage has declined dramatically since the 1960s, as intermittent increases have failed to keep pace with inflation. Its value in 1993 dollars peaked in 1968 at \$6.13 an hour and averaged \$5.42 in the 1970s. Now it is only \$4.25.³⁸
- **Shrinking health care.** In 1986, 59 percent of employers paid full health insurance premiums for individuals and 30 percent paid the premiums for families. By 1991, only 45 percent paid the premiums for individuals and 24 percent for families.³⁹
- **Declining pensions.** The percentage of workers covered by employer pension plans dropped from 50.0 percent in 1979 to 42.9 percent in 1989.⁴⁰
- **Disappearing factory jobs.** Manufacturing jobs, which often offered above-average wages and opportunities for upward mobility, have declined from 26 percent of all jobs in 1970 to only 17 percent in 1991.⁴¹

More often, our families experience the pressure less directly as we seek but cannot find the opportunity enjoyed by the previous generation.

- **Less stable, less secure employment.** Many employers are choosing to replace payroll employees with "contingent" workers of various types to whom they make much less generous commitments of earnings, benefits, and stability. For example, IBM of Austin reduced its regular workforce by 1,000 workers in 1992 and by 800 workers in 1993, but now employs 2,100 "contract" workers – many of whom were former IBM employees.⁴²
- **Part-time workers.** Companies may now split full-time jobs into several part-time jobs, often to avoid paying benefits and to reduce wages. In May 1993,

over 21 million Americans, or 18 percent of all workers, worked in part-time jobs. Nearly 5.5 percent of all workers worked in part-time jobs because they were unable to find full-time work.⁴³

- **Temporary workers.** Companies now often contract for employees with other companies rather than hire them directly. Over 1.2 million workers in 1990 were "temporary" and "leased" employees. Their employment grew at three times the rate of overall employment from 1982 to 1990.⁴⁴
- **"Independent contractors."** Some 9.5 million workers worked solely as "independent contractors" or "self-employed" in 1988, up from 6.2 million just three years earlier.⁴⁵
- **Entry into dead-end jobs.** More employers are targeting entry-level jobs to experienced workers, forcing younger, inexperienced workers to enter poor quality jobs in small firms, temporary labor agencies, and menial positions in large employers.⁴⁶
- **College degrees less reliable.** The percentage of college graduates working in non-college-graduate level jobs has doubled from 10 percent in the 1960s to 20 percent in 1991.⁴⁷
- **Career ladders disappearing.** Employers are increasingly concentrating their down-sizing and layoffs on the middle level managerial and supervisory positions which once promised steps up career ladders. A survey of major U.S. companies representative of one-quarter of the workforce recently found that more than half of jobs eliminated in recent down-sizings were white-collar positions.⁴⁸

Our families have been feeling these pressures for 20 years, during which the living standards of many of our families have fallen. Young men, whose incomes have been traditionally the backbone of families' income, faced especially dramatic declines. In 1980, 80 percent of young men 18 to 24 years old earned enough to keep a family of three out of poverty. By 1990, only 60 percent did.⁴⁹

That even more families have not experienced a fall in their living standards is only because we increasingly send both spouses into the workforce, have fewer children, and work longer hours.⁵⁰ Although the incomes of women have risen during this period of time, the increases have been barely sufficient to offset the decline of men's wages -- leaving families with (at best) a stagnated income and fewer options for either mother or father to be a full-time caretaker for children.

Without two wage-earners, families are unlikely to escape poverty. Half of single-parent families live in poverty.⁵¹ The number of families headed by just one parent has grown to the point that fully one-half of all children will spend at least part of their childhood with just one parent.

Compounding the economic pressure is the dramatic loss of time adults have for their families and communities. Harvard sociologist Juliet Schor estimates that men in 1987 worked the equivalent of a month a year more than in 1969, and that women in the labor force worked the equivalent of three months more. Free time for adults has fallen from a median of 26 hours a week in 1973 to just 17 hours today.⁵²

One of the most dangerous consequences for the social fabric of our cities and nation has been the growing social isolation of entire communities. While those families with jobs find themselves working themselves into exhaustion, others find no work at all. Sociologist William Julius Wilson notes that the disappearance of low-skill factory jobs leaves African-Americans and other minorities in inner cities few equivalent opportunities in legal labor markets.⁵³ They become trapped at the bottom of the hiring queue by a complex history of racism, lack of education and skills, and lack of access to the informal hiring networks provided by already-employed friends and relatives. Many of our families find themselves increasingly isolated in neighborhoods of concentrated joblessness, poverty, social and racial conflict, and despair.

VIII. BRAVE NEW ECONOMY

The turmoil of the economy and work will likely remain an enduring feature of our families' lives. The economy today depends upon the effective management of instability as much as the mass production economy depended upon efforts to manage stability. In fact, as Peter Drucker advises us, we need to embrace turmoil and organize our economic and social institutions for continuous innovation.⁵⁴

The capacity to manage change and adjust to its demands depends more upon the vitality of relationships among the stakeholders of work than upon traditional economic factors. It depends fundamentally upon not the physical capital of tools and factories, the financial capital of money and assets, nor even the human capital of accumulated knowledge and skills, but rather the social capital of communities. The capacity to innovate, to re-adjust, and to maintain common efforts in the face of uncertainty depends upon the trust and mutual commitment among work's stakeholders — front-line workers, managers, workers' organizations, entrepreneurs, researchers, technicians, engineers, owners, shareholders, bondholders, families, employers, teachers, bankers, and many others.

The IAF has much to offer this new economy. For 50 years, we have been re-weaving the social fabric of American communities.⁵⁵ The IAF's mission is to teach ordinary citizens to build broad-based organizations to fill the vacuum left by the deterioration of the mediating institutions of their communities — families, neighborhoods, congregations, local unions, local political parties, neighborhood schools, and other civic associations. It teaches them to re-build damaged institutions, fashion new ones, and enter into the public relationships of democratic politics. It teaches them the skills of listening, respecting differences, arguing in good faith, negotiating, compromising, and holding themselves and others accountable for their commitments.

We bring also an organizational culture which understands, values, and practices innovation. The IAF teaches that all organizing is constant re-organizing. The building of a democratic public life is first the dis-organizing of old relationships and then the re-organizing of new ones. It demands the strategic assessment of not only what we must do, but also what we must discard, and how we agree upon the mutual responsibilities of action.

Most importantly, we bring an understanding that vital, effective relationships are guided by values. Managing uncertainty is not a matter of technique but of value. As Drucker asks, "Who will take care of the Common Good? Who will define it?"⁵⁶ The IAF teaches people to ask and to answer this question. They learn to probe the values which enable diverse persons to collaborate and maintain solidarity in the face of uncertainty. They reaffirm the community's inclusion of the marginalized and disadvantaged, drawing on their contributions to a common good.

The most effective competitors in the new global economy understand much of this -- particularly in Japan and Germany. They practice what economist Lester Thurow calls "communitarian capitalism."⁵⁷ For them, success is a group rather than an individual achievement. They stress social responsibility for skills, teamwork, and loyalty. These employers treat workers not as disposable inputs to the production process, but as their central investment. They provide more training for front-line workers. During downturns in business, they train workers rather than lay them off. They cut back dividends rather than wages and training.

Workers in these workplaces are essential partners with management in problem-solving, innovations of processes, re-design of products, repairs of machines and tools, and all aspects of the production process.⁵⁸ Employers trust their workers to a degree alien to most traditional mass production firms. In a traditional mass production automobile factory, for example, the senior line manager is the only person with the power to stop the assembly line to fix a problem. In a Toyota lean production factory, every assembly line worker has a pull cord to stop the line if he or she judges it necessary. Then every one in the plant has a responsibility to help fix the problem.⁵⁹

As the changes in the economy continue and the competition from non-mass production producers intensifies, many employers of our families will face choices which become harder, not easier. They can continue to lay off workers and cut wages, with disastrous consequence for us and uncertain consequences for them. Or they can learn -- from the IAF as well as from leading edge employers -- how to build the work relationships demanded by the new economy.⁶⁰

IX. JOBS, THE MARKET FOR LABOR, AND PROJECT QUEST

A generation ago our families by and large did not understand the quest for economic security as an uncharted journey through a market for labor. They sought instead access to well-understood and straightforward paths from families into large, well-known employers. They sought opportunities for themselves and their children in work such as unionized blue-collar jobs at Texas Steel in Fort Worth, white-collar managerial careers at large corporations like EDS in Dallas, civil service careers at Kelly Air Force Base in San Antonio, maintenance work on the refineries of Port Arthur, or unskilled work at the meat packers in Omaha. Once hired through an entry level job, one could hope to advance up a ladder to earn greater rewards, responsibility and security. In short, one "started at the bottom," "paid one's dues," and "worked one's way up."

Now the good jobs and good employers seem to be disappearing. Texas Steel has shrunk from 1,500 workers to 500. The large unionized meat packers in Omaha are closed, replaced by small automated plants hiring workers at barely above minimum wage. Kelly Air Force Base (AFB) is cutting personnel. EDS is laying off workers. No equivalent opportunities replace them. It is as if the ladders are gone and the rewards for loyalty, patience, and seniority have vanished with them.

The disappearance of the entry-level jobs and job ladders familiar to our families represents the deterioration of a particular type of "structured" labor market.⁶¹ Structured labor markets are places of employment and occupations in which employers and employees rely upon relatively defined rules to govern the terms of work. These rules might be created by contracts negotiated between unions and employers, by legislation, by personnel policies, or by customary practice. They define fair (and unfair) hirings, firings, wages, hours, benefits, promotions, dispute resolution processes, and other aspects important to the workplace. Many of these rules were embodied in the New Deal social pact.

Labor markets a generation ago were so highly structured and stable that families could take their rules for granted. They did not pause to think that their paths into work could become as rapidly unstable as they have. One discussion of the labor markets in the late 1950s estimated that 65 percent of all employed workers were in labor markets structured by labor-management contracts; personnel policies of large non-union employers; or legislation affecting public employers.⁶²

Now the institutions which once regulated labor markets are undergoing dramatic changes. The labor unions whose contracts once structured so many labor markets no longer have the power they once had. Their proportion in the workforce has declined from a peak of 32 percent of the non-agricultural workforce in 1953 to 16 percent in 1992.⁶³ The large employers whose personnel policies, union contacts, entry-level

jobs, and career ladders once structured good jobs for working families are now adopting different, leaner forms of organization. The 500 largest manufacturing companies have reduced their employment steadily from nearly 20 percent of all workers in 1969 to barely over 10 percent in 1991.⁶⁴ Whereas once they grew more powerful and productive by employing larger workforces, they now grow by becoming leaner and more flexible. In the words of Labor Secretary Robert Reich, they are becoming "webs of enterprise" in which core corporations still control the commanding heights of the economy, but subcontract many functions with profit centers, contractors, consultants, temporary labor pools, foreign subsidiaries, and business services.⁶⁵ Retail and service companies, like Sears and Aetna, are following their lead. Public employers, seized with the passion to "reinvent government," are also "privatizing" functions to reduce employment.

To say that labor markets have been de-structured is not to say that good jobs do not exist. As leaders have discovered in their research and conversations with employers, the economy is creating a number of good jobs and opportunities. However, it seems that our families increasingly cannot gain access to them through the paths that the previous generation relied upon. Moreover, employers increasingly demand that new hires enter work with skills, capacities, and experience that families cannot provide without substantial support from other social institutions.

PROJECT QUEST. Project QUEST, the IAF pilot project in San Antonio, constitutes one strategy to create new paths into good jobs by forging new linkages among the institutions of the labor market — families, employers, and training institutions. It provides an important story of how employers, government, and families' mediating institutions can collaborate to overcome the obstacles which neither families, individuals, nor employers can surmount alone.

Since employers commit jobs to Project QUEST participants, entry into Project QUEST constitutes entry into a high-skill job. However, this path is not directly into employment, as it traditionally has been for those who found entry-level jobs into large employers such as Kelly AFB or EDS. Rather the path is multi-staged, proceeding through a series of institutions which work together to prepare people for both traditional and new demands of work:

Community. Applicants for Project QUEST first meet for a half hour or so with a committee of three or four leaders from their community. The committee makes no decisions about an applicant's acceptance by Project QUEST, but explains the careers available and their demands. The committee also explains the demands of training and participation in Project QUEST and the accountability of participants to the community. Entry into Project QUEST is not the immediate receipt of a paycheck, but entry into two or more demanding years of education, weekly counseling, testing, and hard work with no guarantee of success.

Unified Intake, Assessment, and Employment Development. Participants enter into a relationship with a Project QUEST counselor who works as an advocate, teacher, and guardian angel throughout training and initial employment. The counselor and applicants develop individualized plans laying out the vocational preparation and needed support services. He or she assists the applicant in registering for training and applying for social services from the Project QUEST office. He or she conducts mandatory, weekly group counseling sessions on the occupation's demands, life skills, and academic skills.

Strategic Brokers. The IAF organizations and Project QUEST play active, initiatory roles in removing what otherwise present employers and individuals with difficult obstacles. Backed by the political capital of the IAF organizations and their allies in business and government, Project QUEST ensures that training is appropriate to the needs of work. Project QUEST's staff builds "occupational advisory committees" to draw in strategically-placed managers and supervisors to design training curricula and negotiate needed changes with training institutions. They have increased the available training in some occupations by arranging for employers to help fill teaching vacancies in the community colleges. Project QUEST has created several consortia of employers who collectively make hiring agreements which individually they would be unable and unwilling to enter into.

Family support. Now that many paths into good jobs lead through one or two years of training rather than directly into entry-level employment, families face steeper challenges in preparing their members for work. Inspired by the example of the G.I. Bill, the IAF organizations and their allies ensured that Project QUEST had the resources and flexibility to supplement family resources during long-term training. Child care alone amounts to a quarter of all expenses and is a close second to the costs of training.

X. OPPORTUNITIES

Despite the painful changes in work and the accompanying uncertainty, leaders of our institution-based organizations have found some new opportunities. The economy has created many new jobs, and a substantial portion offer decent levels of income and opportunities. In San Antonio, COPS and Metro Alliance leaders found that over 40 percent of net new jobs in the 1980s were in industries that paid average wages over \$22,500 a year and that their share of the labor market is increasing.⁶⁶ These include:

Health Care Occupations. Health care occupations have grown dramatically over the last decade, adding nearly three million jobs to the national economy and representing one in six new jobs. Health care industries offer higher-than-average earnings and have continued steady and strong growth despite the ups and downs of the business cycle. Although national health care reform and other pressures for cost savings may reduce the overall growth in health care occupations, researchers expect that health care employers will continue to demand increasingly high-skilled workers.⁶⁷ San

Antonio hospitals, which hire 2,500 new staff a year, have pledged over 400 well-paying jobs to Project QUEST trainees.

"Technicians" in New and Old Occupations. The increasing importance of technology and the demands that front-line workers be more creative, flexible, and initiatory are dramatically increasing the demand of many occupations for knowledge and theory which cannot be learned informally on the job.⁶⁸ Highway contractors in San Antonio are discussing with Project QUEST the need for diesel mechanics skilled in new technologies. Companies of all kinds need technicians familiar with electronics and computers. One survey of employers in the Rio Grande Valley estimated that there are currently 5,000 vacancies for skilled workers such as machinists, computer-aided design technicians, electro-mechanical technicians and office technology specialists.⁶⁹

Public Works Opportunities. The need to invest in the nation's physical infrastructure creates new opportunities for the employment of semi-skilled workers and the training of skilled workers. Much of the continuing deterioration of the nation's roads and bridges can be avoided by investment in timely maintenance, which creates many more relatively semi-skilled and unskilled jobs than replacement of infrastructure.⁷⁰

A Cautionary Note. Discovery of opportunities takes intensive research and a willingness to suspend judgment while examining the familiar. Opportunities such as these will vary from community to community – even those near each other. For example, while there is a strong demand for new nurses in San Antonio, Austin hospitals are laying off personnel.

XI. FAILURES OF THE JOB TRAINING SYSTEMS

The previous generation relied little upon formal job training systems because most entry-level jobs required little formal preparation. Even if they required minimum credentials such as high school diplomas or college degrees, most employers sought entry-level workers with only general preparation and little if any experience.⁷¹ Most needed skills were routine, specific to the workplace, and could be learned informally on the job from peers and supervisors. Employers sought workers with good attitudes and a willingness to learn rather than experience or polished technical skills.

Now our families must rely more and more on formal job training systems and other labor market institutions to prepare us for good work. More entry-level work is with smaller employers, who have fewer resources for formal training and offer less stability for workers to acquire skills informally. More work requires systematic backgrounds in algebra, statistics, science, specific technical areas, and computer skills, all of which are difficult to acquire informally. Moreover, our families need more support in sustaining themselves while working-age members are in long-term training.

Since fewer and fewer employers offer straightforward career ladders, our families will need more support in discovering the information needed for job searches, upgrading of skills and employability, and career planning. Because career advancement tends increasingly to be among a number of employers rather than within a single large employer, workers will need new credentials to certify their skills for new employers.

The job training institutions as they exist now are ill-prepared for these new demands. Our families consistently find that the institutions have little connection to work.

Public Education System. Public education tends to focus primarily on college-bound students, despite the fact that only 25 percent of its graduates will eventually earn a degree. Job prospects for dropouts are so bad that labor economist Richard Freeman suggests that crime should be considered not a marginal activity, but rather their major occupational opportunity.⁷² A male high school graduate can expect to see his earnings decline over his career.⁷³

Employers complain bitterly about the skills and values of applicants with high school educations.⁷⁴ They seek good basic skills. They also seek good work skills. Work also demands more sophisticated interpersonal skills, verbal and communication abilities, initiative, flexibility, and creativity.

Community College System. Despite their importance to our families, and the enormous public subsidies from federal, state, and local taxpayers, community colleges have proven to be a less than reliable means of economic advancement. A recent study has shown that enrollment in a community college has little impact on students' earnings unless students complete certificate or associate degree programs.⁷⁵

Job Training Partnership Act. The Job Training Partnership Act (JTPA), which largely offers short-term training for unskilled jobs, is the federal government's primary job training program. The program is structured to encourage short-term training rather than long-term training, and has little connection to good jobs. One national study by Abt Associates found that male trainees actually suffered reduced earnings over 18 months by participating in the program.⁷⁶ Oftentimes, funds are directed to vendors based on their local political relationships rather than their effectiveness.

Proprietary School Training. Many families place their hopes of advancement in training at the private trade schools which advertise heavily with promises of new careers. They go into debt to finance members' education, only to leave training without the certification or preparation needed to become employed. One COPS leader spent nine months and \$4,100 to attend a private school to become a pharmacy technician, only to learn that his diploma was worthless because his instructors were not certified. Worst of all, he was left with a \$4,100 debt.

Training institutions, government, and employers who participate in public training programs, and others have legal and moral obligations for the responsible use of our

public resources. They have responsibilities to our families, and we have the right and power to hold them accountable.

XII. ARENAS FOR ACTION

Our task is to build anew the social capital our communities need for the new economy. Our organizations and allies in business, government, education, and labor seek to re-orient public moneys to build effective linkages among our families, employers, and training and other labor market institutions.

Local: Public-Private Partnerships. Public-private partnerships on the model of Project QUEST can institutionalize new relationships among employers, training institutions, and government job training programs. These partnerships create forums where the stakeholders of a community can meet to understand the dynamics of their local economies, plan, and act. They can muster the political will and savvy to re-direct public resources to effective strategies for training, counseling, and family support. They can bring training institutions and employers into relationship to ensure that curricula is more relevant to the demands of the workplace. These partnerships can create new paths from our families to good jobs.

State: Job Training Funds and Policy. State governments administer numerous job training funds, which represent substantial investments of public moneys in their own right and are important resources for innovative public-private partnerships. The State of Texas, for example, controls \$500 million of federal funds and allocates \$668 million of its own revenue. These include \$200 million of JTPA funds, nearly \$400 million of vocational and adult education moneys, \$250 million of assistance to higher education, \$130 million for vocational rehabilitation, and nearly \$100 million for the Employment Service. Some of these funds have very flexible applications, such as Texas' new Smart Jobs Fund and the 10 percent of the federal Wagner-Peyser moneys which fund state Employment Services.

Federal: Innovative Job Training Pilots. The federal government is soliciting proposals from states for pilot projects in school-to-work transition, "one-stop shopping" integration of services, other training initiatives, and "empowerment zones." Efforts like Project QUEST could use these funds to leverage commitments of jobs, support services, and other resources from employers, local governments, and other stakeholders.

Federal: Making Work Pay. The recent expansion of the Earned Income Tax Credit (EITC) brings both good and bad news. The good news is that the expansion will approximately double the average \$800 credited to a working poor family through the income tax system, and represents a \$20.8 billion increase in income for poor families over five years. The bad news is that the expansion will not raise most working families

above the poverty line -- much less to a decent standard of living -- unless the federal government raises the minimum wage substantially from its current \$4.25 an hour.

Local/State/Federal: Infrastructure. Federal, state, and local governments are responsible for construction and maintenance of public infrastructure such as roads, streets, highways, drainage systems, sewer systems, and water supplies. An expansion of maintenance can be an important strategy to invest not just in infrastructure, but in employment and training for semi-skilled workers.

Local/State: Public Education. IAF organizations work to bring neighborhood schools back into relationship with families, communities, and employers. They also work at district and state levels to create public policy which supports such efforts with the resources and regulatory flexibility, while assuring schools' stakeholders of their accountability.⁷⁷

Local: School-to-Work Transition. A wide variety of local projects across the country create opportunities for young people still in high school or the first years of higher education to combine classroom study with on-the-job experience. These include "tech-prep," "academies," "occupational high schools," "youth apprenticeships," and "cooperative programs," among others.⁷⁸

Local/State: Post-Secondary Education. Universities, four-year colleges, and community colleges can be held more accountable for the results of their programs. Community colleges in particular need better links with employers so that they are able to prepare their students with the social, academic, and technical skills needed for contemporary workplaces. They need better links with families to adapt program schedules to allow students to complete their programs as expeditiously as possible.

Federal: Preparation for the North American Free Trade Agreement. The public debate on the North American Free Trade Agreement (NAFTA) and the ongoing integration of the United States and Mexican economies have focused attention on the ongoing economic changes and anxieties about the turmoil in work. The public discussion of regional development banks, environmental compacts, labor compacts, and retraining assistance have important relevance even for communities distant from the Border.

XIII. SUMMARY AND CONCLUSIONS

When Cynthia Scott was discouraged, a Metro Alliance leader in her church encouraged her to interview for Project QUEST. She was accepted. For the first time, she had supporters in a training program who worked with her on what she could do, not what she could not do. For the first time in her education, she did not have to worry how to pay for her books and still keep the utilities on. She completed her final semester without problem.

Cynthia Scott is Project QUEST's first graduate. She received her Licensed Vocational Nurse certificate on August 5, 1993. She left nearly a decade of public assistance to begin work at \$8.66 an hour.

Her ambitions have not ended with Project QUEST. A "bridge" program with her employer will enable her to earn her RN certificate within a year.

Thousands of conversations in our communities have enabled our leaders and organizers to develop in-depth understandings of the unique opportunities and challenges of our local labor markets. We have identified weaknesses in most of our training institutions – public schools, community colleges, private trade schools, and public job training programs. We have found new opportunities for good jobs.

The principal stakeholders of the economy once joined in a social pact to reward hard work with increasing standards of living. Despite its limitations, that pact underlay the institutions and relationships which contributed to over four decades of steady economic growth. Now that the New Deal social pact and the economy upon which it was based are in pieces, there is a need to forge a new understanding among the stakeholders of work. It must be the means to enable them to adjust quickly to change. It must be a social compact which is more inclusive and less adversarial.

The new economy and this new compact demand a renewed investment in the social capital of our communities – the vitality and robustness of relationships among persons and their institutions. They demand the re-building of institutions important to work and the forging of new linkages among them – our families, employers, government, training institutions, workers organizations, investors, entrepreneurs, civic institutions, and others.

Project QUEST teaches us that a labor market is not an immutable creation of nature. A labor market is a human creation, based on socially-created rules and composed of socially-created institutions which can be changed if we choose to do so. In this spirit, the IAF believes with economist Arthur Okun that "the market needs a place, and needs to be kept in its place."⁷⁹ Given the importance of work to the dignity of the human person, it is especially important that we create a just market for labor, and keep it just.

The IAF has much to offer in this task. For fifty years, we have taught families and institutions how diverse persons can listen respectfully, discuss, argue, negotiate, compromise, and come to agreements which enable them to collaborate and to act. Project QUEST teaches us how much is possible when we apply this to the turmoil of work. We are able to create new forums where our families, employers, government, and others can meet and marshal the vision, political capital, and energy to re-shape the relationships and institutions of our labor markets.

FOOTNOTES

- ¹ For more background on the Industrial Areas Foundation, see Industrial Areas Foundation, *IAF 50 Years: Organizing For Change*. (Franklin Square, NY: Industrial Areas Foundation, 1990); Texas IAF Network, *Vision, Values, Action*. (Austin TX: Texas IAF Network, 1990); and Mary Beth Rogers, *Cold Anger: A Story of Faith and Power Politics*. (Denton, TX: University of North Texas Press, 1990).
- ² The principle of subsidiarity is an important principle of Catholic social thought articulated by Pope Pius XI in his 1931 encyclical *Quadragesimo Anno*. He asserted the value of intermediary associations between families and the state, insisting that the state not usurp any more power over them than necessary for the common good. Later Catholic leaders and thinkers, including John XXIII in *Mater et Magistra* and *Pacem in Terris* and the authors of the Vatican II document *Gaudium et Spes*, reaffirmed the principle. Interestingly, a popular business writer recently used the principle as part of an argument for the decentralization of corporations; see Charles Handy, *The Age of Unreason*. (Boston; Harvard Business School Press, 1990), pp. 126-129.
- ³ Maimonides, *Code*, "Laws Concerning Hiring," Chapter 13, section 7.
- ⁴ Presbyterian Church, U.S.A., *Book of Confessions*. (1992), no. 9.46.
- ⁵ Leo XIII, *Rerum Novarum* (New Things): *On the Condition of the Working Classes*. (Boston: Daughters of St. Paul, 1942 (1891)), nos. 61-63.
- ⁶ *Bishops' Program of Social Reconstruction, 1919* in *The National Pastorals of the American Hierarchy (1792-1919)*. (Westminster, Maryland: Newman, 1954), pp. 265ff.
- ⁷ *Charter on the Right of the Family*. (Vatican City: Vatican Polyglot Press, 1983), cited in Robert J. Daly, S.J., ed., *In All Things: Religious Faith and American Culture*. (Kansas City: Sheed & Ward, 1990), p. 93.
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- 12 On the development of health insurance, see Paul Starr, *Social Transformation of American Medicine*. (New York: Basic Books, 1982).
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 - 15 On the history of federal housing policy, see Rachel G. Bratt, *Re-building a Low-income Housing Policy*. (Philadelphia: Temple University Press, 1989).
 - 16 See Barry Bluestone and Irving Bluestone, *Negotiating the Future: A Labor Perspective on American Business*, (New York: Basic Books, 1992).
 - 17 See William Greider, *Secrets of the Temple: How the Federal Reserve Runs the Country*,. (New York: Simon & Schuster, 1987), pp. 32-47; and Benjamin Friedman, *Day of Reckoning: The Consequences of American Economic Policy Under Reagan and After*. (New York: Random House, 1988), chap. VI, pp. 146-8.
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- ²⁹ McIntyre, "Inequality and the Federal Budget Deficit," p. 4.
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