Economic Development in Middletown, Connecticut

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Executive Summary

"Economic development" is the aggregate of government-sponsored programs which affect the local economy, as distinguished from the market activity of private firms which comprise that economy. The goals of economic development programs are usually the creation of good jobs for community members and maintenance of a stable tax base. These goals are typically sought through incentives provided to private firms in the hope of attracting them to, or retaining them in, the local economy. Although there is a plethora of different economic development tactics, those tactics can be separated into two exclusive categories: "low road" strategies, which attempt to create economic development through the promotion of lowest possible business costs, and "high road" strategies which emphasize the unique and desirable characteristics of the community in question.

Low road economic development programs focus on attraction and retention of highly-mobile, large, private firms, mainly through the reduction of business operating costs. Such low road programs might succeed in a vacuum. However, nationally, there are hundreds of other local governments administering the same approach. As each local government offers more monetary incentives, the cost of economic development increases beyond the point of cost-effectiveness, making low road strategies financially unsustainable in the long run.

In addition, use of programs which lower business taxes to attract and retain firms increases the demand for city services without increasing funding levels, compromising a city's ability to

without increasing funding levels, compromising a city's ability to provide services. In the long run, the demands for lower taxes from low road firms will result in lower quality education and worker training. Without strong funding for these services, high road firms will not be attracted to Middletown, and the City will be stuck with low road firms, which provide low paying jobs. Thus, the two types of firms are mutually exclusive and low road strategy jeopardizes Middletown's ability to ever create good jobs.

Firms attracted by high road strategies do not compete over mass-manufactured goods produced in the lowest-possible-cost labor market. Rather they utilize highly-skilled workers to produce higher quality goods in smaller quantities, often for special orders. Creation of a highly skilled workforce in Middletown would act as a stimulus for high road firms to locate nearby. Thus, Middletown would escape the loop of forgoing tax revenue to attract low road firms (which offer low wage jobs) which eventually abandon the City for lower costs elsewhere, forcing the City to attract new low road firms.

There are important caveats to the use of economic development tactics. First, the spectrum of politically feasible public action is almost always restricted to stimulation of the market, leaving the actual economic growth to private market actors. This results in conflict between those who create economic development policy goals and the firms which achieve those goals. Second, competition over any scarce commodity creates a monopolistic situation. In the case of communities' desire for economic growth, private firms have the power to locate a business in many locations. With so few firms, firms are increasingly able to control the terms of economic development agreements. This often frustrates the fulfillment of the community's goals. As will be seen, the high road strategy offers the community a better likelihood of achieving its goals.

Middletown is in a difficult position to affect economic development. International trends show the flight of manufacturing out of old industrial areas like Middletown toward lower cost areas around the world. In addition, Connecticut is perceived to have a poor business climate because of its high business costs, including relatively high prevailing wage, workers compensation and unemployment compensation.[1] Finally, a recent report in Connecticut Magazine (Sept, 94) rates the quality of public education in Middletown as alarmingly low, compared to comparably sized, but more affluent, cities in the state.

A general problem with low road programs is that in delegating creation of new economic activity to private firms, the city's goals will be altered by the private firms since the firms have goals of their own (profits). Recognizing that firms are driven by the profit motive and that this influences their actions, the city should monitor the costs and benefits of economic development programs, to guarantee that the city's minimum goals are met. The idea is not to shift power away from the private firms, but rather to assure that, through market forces, the City gets that for which

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[1]A recent study found Connecticut to have the highest unemployment compensation costs in the nation.

Of course, the City's goals for economic development are really the goals of the community, as interpreted by its elected and appointed officials. Just as there are conflicts between the goals of a city and those of private firms, there are also conflicts between the community and the public officials who create and implement programs. These conflicts will exist whenever public officials allow their policy goals and programs to be modified in the interest of their own political careers. Thus, there is a need for community oversight of the actions of officials and community involvement in the planning process.

Recommendations

From a theoretical perspective, traditional, low road economic development strategies have two basic flaws which preclude sustainable economic growth. First, these policies rely on outside agents to achieve the principal actor's goals. Because of the inherently conflicting goals of low road firms and the community, it is difficult for a community to get what it is due without any monitoring of or conditions on the interaction between private firms and local government. Second, while these policies create characteristics of the economy which are attractive to businesses, these policies do not improve a city's bargaining position in economic development arrangements. Based on the material presented above, the following recommendations are presented. They will be developed further in the Recommendations section at the end of the paper. Middletown should:

paper. Middletown should:

1. Monitor the costs and benefits of all economic development programs employed by the City
2. Ensure community participation in planning, oversight, and evaluation of programs through more attention to community organizations involved in economic issues and the creation of oversight boards
3. Place conditions on all incentive programs which guarantee minimum benefits in return for incentives granted
4. Create neighborhood Job Banks and entrepreneur training programs for loan recipients
5. Support regional and county-level economic development programs, and sectoral targeting of select industries and discouragement of undesirable industries.
6. Support programs which enhance Middletown's image as a cultural center.

Introduction -- Why This Paper Was Written

Economic development should not be seen as limited to the direct efforts at attraction and retention of industry by local public officials. Rather, it should be viewed more broadly as encompassing many aspects of quality of life for local residents, including the quality of jobs, education, basic government services, housing, environment, cost of living, and recreational options. It is arguably the area of public policy in which government has the most ability to improve the quality of life for local residents. But budget constraints make it impossible to do everything. Each community must prioritize its use of programs based on each program's costs and benefits, and its compatibility with the community's goals. In creating economic development programs, public officials are restricted by the power that private firms have to dictate the terms of the deal between an individual firm and a community.

For this paper I have focused on the actors in Middletown who affect economic development, their motivations, beliefs, and activities. My main source of information on local activities has been interviews with City officials, business and labor leaders, and community activists. The purpose of this paper is to elucidate some of the policy options available to the City and to evaluate those options from a theoretical perspective. While I do not have experience in economic development work in Middletown comparable to that of my interviewees, I can place Middletown's programs in a larger conceptual framework. I begin by describing economic development as an important public policy issue, both locally and nationally. I then turn specifically to Middletown's current economic development initiatives. After outlining alternative development strategies, I offer some possible approaches for changing the current strategy to help Middletown to get the most out of its public policy efforts.

I. The View from Middletown

1. The Local Economy in the National Perspective

In 1990, the City of Middletown had 42,762 residents--25,247 of these people were counted in the labor force (employed and actively seeking employment). Middlesex County has 143,196 people. The Middletown metropolitan area is defined as its own Primary Metropolitan Statistical Area (PMSA) with 90,320 people. The Bureau of Labor Statistics has developed a system of categorization of economic regions. The Middletown PMSA is part of a Labor Market Area (LMA) which includes the Hartford, New Britain, and Bristol PMSAs. The LMA has 1,085,837 residents (Municipal Data sheet; Middlesex County Revitalization Commission, 1994).

As of June 1993, there were 27,000 jobs in Middletown. Manufacturing accounted for 4,620 (or 17%) of these. The entire county had 12,820 manufacturing jobs in 1992, which was a decline from its 1987 figure: 16,620 (Department of Labor).

Economic development in Middletown is necessary to deal with immediate problems in the local economy. Sister Pat McKeon, at St. Vincent de Paul, noted the shortage of jobs in the North End. Mark

Masselli, director of the Community Health Center, commented that Connecticut's economy is at a "low tide" and wondered whether economic development programs will "put enough water in" to reinvigorate the City's economy. Virtually all interviewees noted the retail vacancies on Main Street, especially the larger storefronts: Sears, Waldbaum's, and Woolworth's, to name a few. Mel Quinones, former president of the Maplewood Terrace Tenants' Association, said that the "economy is better than a few years ago, but Pratt & Whitney layoffs have had an effect...and [in new retail sector jobs, people] do not make the same amount of money as before...." Middletown has not been affected as drastically as other Connecticut municipalities (especially the Naugatuck Valley) by deindustrialization and defense cutbacks. However, the above quotations from the interviewees reveals that there remains a real need for more jobs, improvement of residential areas, and reinvigoration of commercial areas.

The City's blue collar manufacturing base has been lost for good. Indeed, only one of the five largest, and three of the eleven largest, firms in the city are manufacturers.

Middletown Employers of 1,000+ people
Aetna Life Insurance Company
Connecticut Valley Hospital
Middlesex Hospital
Pratt & Whitney*[2]
Wesleyan University

Middletown Employers of 500-1,000 people
City of Middletown
Department of Children and Youth
Marriott Management Services

[2]* denotes a manufacturing firm

Raymond Engineering*
Tex Tech Industries*
Tri-Town Sports

The data is reflective of the growing importance of "high-tech" industrial sectors in the economy (Raymond and Tex Tech are high-tech firms). High-tech firms are recognized for their development and exploitation of new technologies. Middletown's efforts to diversify away from manufacturing firms, which favor low labor costs and unskilled labor, is promising. As many interviewees noted, compared to other regions of the country, Middletown has a reputation of having a competitive advantage in workforce skills and a higher prevailing wage.

2. Middletown's Goals for Economic Development

Middletown's goals are very similar to those of most other localities. As Robert Bourne, the Mayor's assistant, noted: the goals of economic development in Middletown are to maintain a stable tax base and to create and maintain good jobs--not just any jobs that come along. With a stable tax base, public policy-makers can count on a predictable budget and residents can count on provision of basic services. As for creating and maintaining good jobs, Bourne cited the jobs at Pratt & Whitney as good jobs because of their high wages, relative job security, health benefits, and pensions. Bourne also cited the jobs at Pratt & Whitney as desirable because of the presence of a union there.

3. Middletown within the National Political Economy

In the interest of lowering production costs, U.S. firms have "globalized" their production, transferring manufacturing jobs abroad or to the American South. The transition from reliance, for durable goods production, on the labor markets in the core industrial nations to a more globally integrated labor market for durable goods production has restricted the ability of workers in the Northeast to compete with the newly-integrated workers in the Third World and the American South. The new jobs created in the northern states have been mostly in the service sector.[3] Because these jobs have not been as high-paying as the jobs they replaced, there is a general mood across the U.S. that more economic growth must be fostered. It is out of this context that intense local and state government involvement in economic development has arisen.

Since the late nineteenth century, Southern states have attempted to attract industry away from the North. Historically, this has been achieved through a "low road strategy" of cost minimization through low tax rates, labor costs, and land costs.

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[3]It is necessary to differentiate between high wage and low wage service sector jobs. Much of the literature I have reviewed (LeRoy, 1993 & 1994; Gordon, 1990; Campaign for a Sustainable Milwaukee, 1994) concerning a post-industrial economy and the effects of deindustrialization begins with an assumption that all service sector jobs are worse than those jobs in the manufacturing sector because they neither pay as well, nor are they as secure. Service sector jobs are portrayed as "burger flipping" requiring almost no training for a new employee. However, the service sector also includes many high wage, relatively secure jobs--usually managerial or professional positions. However, when firms relocate, managers engineers and other professionals are usually transferred with the firm. Seldom does a firm hire new employees from the community for these positions. Thus, high wage service jobs are unlikely to be created by traditional economic development strategies.

The low road allows a firm to reduce costs while maintaining output. There are hundreds of examples of firms, and entire industries, which have fled the Northeast for the low costs of the South. Consider the brass industry of the Naugatuck Valley. For over 100 years, Central Connecticut was the center of brass production. Many of these firms were sold out, milked for their capital, and forced to shut down after a few years with profits being diverted from reinvestment to new corporate owners. This devastated the cities of "Brass Valley." What should Middlesex County do to develop its economy? As author Mary McLean noted in Understanding Your Economy, local economic development is a constant struggle to keep up with the competition:

> Competitive pressures afford little margin for simply maintaining the status quo. To get ahead or stay ahead... communities seeking economic growth must look for ways to encourage [constant innovation] among the employers and industries that underpin the local economy....

The response by Northern states has been, increasingly, to offer similar incentives to counteract those offered by their Southern competitors.

Job migration has already had serious effects on the economies of Northern cities. The evidence is readily apparent in the neighborhoods that used to contain the production facilities of some of the largest companies in the world. The decay of the economies of places like Detroit, Michigan; Pittsburgh, Pennsylvania; Newark, New Jersey; New Britain, Willimantic, Torrington, Bridgeport, and Waterbury, Connecticut was caused by deindustrialization.[4] Middletown is the last Connecticut town to be affected by the severe decay due to heavy dependence on declining manufacturing.

4. Current Local Economic Development Efforts in Middletown

Municipal Development Office

The Mayor's office affects economic development policy across the City through the Municipal Development Office, which is pursuing economic development by attempting to improve the business climate. "If J.L. [Pizarro, Downtown District Manager] can bring them downtown, we can talk to them about incentives," said Director of Municipal Development, William Kuehn. The major incentive programs which the office administers are the REINVEST program, the JOBS program, and the Tax and Business Incentive Ordinance. Because the Tax and Business Incentive Ordinance is less than a year old, no performance data exists for the program yet.

The REINVEST loan offers any interested Middletown business a 5 year loan for physical improvements at 3% interest. The loans cannot exceed $50,000 and must be matched 1:1 by private investment. It is geared toward small businesses which cannot get capital to fund expansions from existing lending institutions. As of October 31, 1994, five loans were denied, 10 did not make it to the approval process, and 11 businesses had been granted REINVEST loans (eight of these were restaurants). The mean loan was

[4]Between 1989 and 1993, Connecticut lost over 200,000 jobs. This was more than 10% of the jobs in the entire state in 1989 (source: Paul Bass, "Green Tech", New Haven Advocate. 11-25-93).

$16,383.22, and the range was $6,704.17 to $25,000. Through the City's General Fund, $180,215.42 has been spent while private firms have invested $712,043.75 (a 4:1 ratio). The program has created 41 full-time jobs. Five loan applications have been aborted before the approval stage because of inadequate technical management by the firms' owners.

The JOBS loan program is also a five year loan, with an interest rate fixed at 80% of the market rate. Approval is granted through an advisory committee made up of local banking, business, and labor leaders; the City's Common Council has final approval. Funding comes from the US Department of Housing and Urban Development. For each public dollar invested, 4 private dollars must be invested and one new, full-time job must be created for each $10,000 loaned. Preference is given to growth industries, research and development, and high technologies. However, no firm has been rejected for not being in a preferred industry. Since April 1994, there have been 5 approved loans. Currently, four are pending approval. The loans ranged from $10,000 to $50,000.

The recent designation of Enterprise Zone status for the North End, with the substantial state-funded tax incentives, will become the main selling point for locating in Middletown. Only a month after designation, two firms have already expressed interest in moving to Middletown because of the zone. One is already located in the City, but plans to relocate to the zone and create 9 new jobs. The other will move to Middletown, but not into the zone. This move will relocate one hundred jobs that already existed in the labor market (Middletown is part of the Hartford LMA) to Middletown and 90 new jobs will be added. Although neither of these firms will meet the necessary requirements for receiving state tax abatements, it is expected that some incentives will be extended to the firms in spite of this.

INFORM

Another arm of economic development in Middletown is Industry for Middletown (INFORM). INFORM has been a private organization for much of its existence, although recently it has entered into contract with the City as a way to fund its activities and to find support for its role in economic development. INFORM fills an important role in economic development by providing firms with information about available sites for location and expansion.

Downtown District

In addition to the activities of the Municipal Development Office, the local business community has initiated its own economic development initiative, the Downtown District. Its goal is, "To revitalize Downtown with economic activity," (Downtown Business District Data Sheet, p.1). Limited to the central business district, it is a voluntary membership organization of downtown businesses interested in improving the business climate on Main Street. The organization's plan is to create a self-taxing district, under which commercial residents in the downtown district would voluntarily pay more taxes to the City. The City would use the extra funds to promote district businesses, advertise special events, attract new businesses to the district, and improve the infrastructure and image of the district.

Other Projects

The City is also involved in urban revitalization projects. Examples include the Armory Community Cultural Center project, the renovation of the Arriwani Hotel, and the North End Municipal Development Plan. These projects focus on improving the safety of neighborhoods, improving the quality of the housing stock, supporting the proliferation of small businesses which provide services to local residents, and improving the quality of life in Middletown by increasing cultural opportunities.

Bringing a space for arts and music to downtown Middletown may not seem like economic development. However, supporters of the project point to the indirect impacts such development could have on downtown retail trade. Elizabeth Morgan, director of Oddfellows Playhouse, noted that each afternoon over fifty children come to the playhouse. Parents who drive their children to the playhouse often shop on Main Street rather than in their own towns while they wait to take their children back home.

The availability of cultural activities may be a significant factor in locational decisions. Russell D'Oench, former owner of the Middletown Press, noted that studies confirm the belief that location decisions are often made based on factors which may not directly relate to a firm's bottom line. Factors include quality of life, proximity to a CEO's home, and availability of cultural and recreational opportunities in a city. Cultural activities are even more important for a city pursuing corporate headquarters or administrative offices, as is Middletown, especially when managers themselves will be living in the city in which the firm is to locate.

5. Current Regional Economic Development Efforts

Middlesex County Revitalization Commission

The City is also involved in county-level economic development policy-making. It is only logical that economic development around the issue of jobs would occur on the level of the local labor market area. As author Timothy Bartik notes, "[these areas] can legitimately be thought of as economic regions because they have quasi-independent labor and housing markets" (1991, p. 3). For this reason, policies on this level will be most capable of creating sustainable economic development that does not merely poach jobs from neighboring areas.

The outcomes of programs targeted at narrow areas, like cities, are affected by commuters. To avoid this, it is necessary to target larger areas which more closely approximate valid labor market. Programs which do not do so often create jobs which do not employ community residents. In The Rise of the Entrepreneurial State, Eisenger noted,

> [N]ew local employment opportunities tend to attract migrants or commuters from outside the city to fill the

> new jobs (Pack, 1973; Fields, 1976; Clark & Ferguson, 1983)...During 1984 the number of jobs in New York City rose by approximately 80,000. At the same time, however the number of jobless also increased from 229,000 to about 300,000, driving the unemployment rate up by 2.4 percentage points. The new jobs...attracted new commuters to the city (Eisenger, p. 43).

This can be due to the creation of jobs which do not match the labor market's skills, the commuting patterns within the labor market, and the mobility of workers between labor markets over time. When economic growth results in increased commuting, municipalities may bear more costs (in the form of direct economic incentives given to firms) than they receive in benefits (i.e. increased tax revenue).

Another reason for economic development on the county level is the negative results of economic development. The two most obvious examples are traffic congestion and pollution. An influx of more commuters can lead to traffic congestion which discourages retail trade and truck traffic, as well as eventually forcing the city to make large infrastructure improvements to alleviate the congestion. The municipality which has paid the price for economic development now must pay for the lowered quality of life caused by commuting, in the form of flight from the city by richer taxpayers to less congested areas, and a need for increased road repairs, signs, and traffic lights, and/or a modernized transportation system. Regarding pollution, economic development near municipal borders can affect air and water quality along both sides of the border. A municipality which has chosen not to promote economic development so that it might avoid the costs of pollution may be forced to accept those costs anyway because of its neighbor's economic development. The negative externalities concomitant with economic development are especially apparent along the Connecticut River. Here, the effluent from Middletown industry affects the quality of (and possible uses for) river water in Deep River and other municipalities downstream from Middletown.

Worker Training Programs

The Meriden-Middlesex Regional Workforce Development Board and the Chamber of Commerce workfare programs are not economic development programs. However, their activities can have considerable impact on the success of the City's various economic development tactics. The Workforce Development Board is funded by state of Connecticut and by the Job Training Partnership Act through the Private Industry Council. With $2.1 million in 1994, the Board subcontracted for seventeen training programs to develop workers' "SCAN" skills (working in teams, critical thinking, decision making, English and math), rather than job-specific skills.

The Worker Participation program run by the Chamber of Commerce is targeted to government assistance recipients only. Funded by HUD Community Development Block Grant funds, the City, Aetna, and SNET, the program received $40,650 for fiscal year 1993-94. It is a standard workfare program which attempts to teach people on welfare basic employability skills (like showing up to work on time every day) in an effort to help them get jobs and reduce the City's social services burden. Participants are given a temporary job by the City. The Chamber of Commerce monitors their progress and helps them find a permanent job. As of December 1994, 152 people had moved through the program and were placed in permanent, private sector jobs.

II. The Economic Perspective

1. Low Road Versus High Road Tactics

As Joseph Carney, the former director of INFORM (Industry for Middletown) noted, "Middletown's future isn't in mass production ...If you're talking about producing a widget that's the same as all the others in the world, Connecticut isn't the place." Carney said that Middletown's competitive advantage lies in fostering small, specialized, high-tech firms which will reinvest in themselves through research and development. A good local example would be Raymond Engineering which employs 500-1,000 people.[5] Also, as a spinoff from Wesleyan's science departments, Raymond typifies the possibilities for high-tech R&D partnerships between private firms and Wesleyan.

As the number of high road firms in a labor market increases, the demand for high road workers increases. In other words, the labor market becomes tighter. The effect of the presence of a significant number of high road firms in a labor market is upward

[5]High-tech firms are judged by the degree of financial commitment to research and development, not whether the firm is engaged in the production of high-tech goods (Riche et al, 1983; Malecki 1986 in Eisenger,1988).

pressures on wages within the rest of the labor market. This is the achievement of one of the city's main goals. In the short-term, low and high road firms utilize separate labor markets within a labor market area. (High road firms are interested in the highly skilled, more expensive workers.) In the long-term, however, if high road economic development programs are successful, the workforce becomes increasingly skilled, through a dynamic link created between the higher tax revenue associated with these firms and the increased ability to create a skilled workforce through an improved education system. The labor market becomes dominated by high road workers. In this way, the City would create a unique and attractive characteristic of the local labor market.

Primarily interested in cost minimization, low road firms do not focus capital on research and development. Instead, they use capital savings available from incentive programs to reduce the firm's overall investment of capital. Once the cost of using capital inputs has been reduced, firms interested in cost minimization will favor capital inputs over labor inputs. Economic development policies which lower the cost of capital raise the relative cost of labor. The result is an increase in automation, and a decrease in employment (Herzog, p. 35-6). This is especially the case when incentives (especially manufacturing machinery, corporate income, and property tax abatements) are given to firms which are already in place. While these incentives may foster additional economic growth and may benefit the tax base, the City will not attain its primary goal: creation of quality jobs through these programs.

A major advantage of high road firms is that their significant investment in worker training is a deterrent to relocation (A firm which has invested heavily in worker training will be disinclined to reinvest in an entirely new workforce in the new location). This allows a locality to compete with the rest of the world in labor skills rather than wage rates. High road strategy tends to focus on creating, rather than attracting, new businesses. Such tactics include small business loans, incubator programs, public-private partnerships in research and development, and building industry networks. An example of this type of incubator program is Connecticut Innovations Incorporated, a quasi-public entity which works with the state Department of Economic Development to create and support emerging firms in nine select high-tech fields.[6] As Linda Ozga, Assistant Director of Municipal Development noted, it is the small businesses which are growing and need new employees. These small businesses, which are dependent on local technical and financial assistance, are more likely to remain and grow in Middletown because they have originated from the specific mix of programs that Middletown has to offer. In addition, while large corporations can easily shift resources between divisions in different states, it is much more difficult for a small business, owned by a local resident, to relocate.

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[6]Advanced Marine Applications, Advanced Materials, Aerospace, Applied Optics and Microelectronics, Biotechnology, Computer Applications, Energy and Environmental Systems, Medical Products and Instrumentation, and Telecommunications

Tax policy is closely associated with business climate because of the drive for cost minimization by low road firms. As Bartik (1991) notes, this is why subjective measurements of "business climate" tend to weight a locality's tax policy as the primary variable. When computing business climate in this way, analysts only assess the lowest common denominator of business interests. However, tax policy is not equally important for all firms. For high road firms, a supportive business climate might be based on high levels of investment in infrastructure, education, and job training.

2. Monopoly and the Emergence of a Low Road Strategy

By the end of the 1960s, the rate of growth in the U.S. economy began to slow down. As productivity increased and as production work left the U.S., communities' desires for increased economic growth could not be met by the private firms in place.[7] Increasingly, localities interested in increasing the economic activity within their borders were forced to steal each others' businesses. In essence, governments pay private firms so that the firms will provide jobs and a stable tax base. Governments have been put in the position of competing for a pool of firms which is not large enough to satisfy all demand. The "price" governments pay firms for new jobs is a reduction in tax revenue.

In perfectly competitive markets there is a large pool of

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[7]Between 1983 and 1988, 10 million U.S. manufacturing jobs were lost in mass layoffs, plant closings, and relocations.

buyers and sellers. With so many competitors, market actors must act as price takers--no market actor can dictate prices higher than those of the going rate, lest that actor not complete a transaction at all. In the market for economic development, there are so few inputs into economic development (private firms), and so many potential buyers (communities) that the market for economic development fails to settle at an "efficient" price. The price sellers are able to get is artificially raised by the fact that there are so few of them (a monopoly). An example is the large incentive package Swiss Bank was able to demand from the state of Connecticut in 1994 to encourage the firm to relocate from New York City to Connecticut.

This type of economic development sacrifices one of the community's primary goals--a stable tax base. Concerning tax abatements and the forgoing of tax revenue, William Kuehn, Director of Municipal Development says, "Twenty percent of something is better than nothing." This is true, however, one must question whether 20% of something is enough to offset the increased demand on community resources created by the new corporate resident. By continuing to seek economic growth via the low road, granting ever larger concessions to private firms which offer economic activity, localities compromise the ultimate benefits the city receives from economic development.

III. Middletown's Programs: A Critical Look

1. Critique of the Effects of Specific Programs

Currently, Middletown is completely reliant on private firms to create the good jobs and stable tax base desired by the community. This creates a situation in which private firms may not be providing the benefits to the city that the city has hoped they would provide. This type of problem (known as a principal agent problem) occurs when one party (the principal) relies on another (the agent) to work on his behalf. When the agents' actions are not monitored... the agents have greater scope to pursue their own interests (Milgrom, p. 240). This leaves the City paying for benefits that it never receives.

The creation good jobs and a stable tax base by Middletown's loan and abatement programs are compromised by a lack of well-defined requirements for firms receiving incentives, and a lack of incentives targeted to those specific industries which hold the most promise of growing in Middletown's economy. The only program which targets particular sectors of the economy is the REINVEST loan program, which targets small businesses in need of capital for expansion. The REINVEST program has identified and filled a gap in those services provided by local banks. However, the City should not be forced into the position of lender of last resort. A better policy might be to put more pressure on local banks within the City to meet these businesses needs. An example of this type of program is Working Capital Inc. of Cambridge, Massachusetts, which has been successful at creating a micro-lending program (between $500 and $5,000) with an entrepreneurial peer support group in which local banks pool the higher risk associated with these loans. Farmers and Mechanics recently began a local initiative of this type, which should be supported by the City.

Neither the REINVEST loan nor the JOBS loan requires a specific number of jobs to be created per dollar of incentive. The Tax Abatement and Incentive Ordinance does stipulate that there must be at least 5 new jobs. However, according to the language of the ordinance, a firm which receives a seven year abatement of $15,000,000 per year could create the same five jobs as a firm which receives a two year abatement of $100,000 per year. While the abatement ordinance stipulates that "to the extent feasible, the applicant shall commit to hire City residents...", that language is deliberately vague and there are no enforcement teeth. It is doubtful that this clause will cause more hiring of City residents than if the clause were not in the ordinance.

Presently, the City is paying the same costs for very different benefits. Substantive wording should include a formula for giving out incentives to firms based on the wage scales paid to employees. There should also be stronger wording which minimizes the presence of undesirable industries (like those which are low-paying or are excessively pollutitive) from receiving incentives. Exceptions could be made for firms which hire low-skilled workers at low wages only if they invest in upgrading those workers skills, and give raises to those workers. This would be an example of economic development strategy which promotes high road growth.

General criticisms concerning tax abatements center around the fact that these programs are not as effective at attracting small firms as they are at attracting large ones (Eisenger, 1988; LeRoy, 1994). Since Middletown officials have expressed most interest in small to mid-sized firms because of their better growth potential, it would seem inconsistent to use the abatement as the centerpiece of an economic development strategy. Middletown "hasn't developed a strategy reflective of smaller scale efforts." notes Mark Masselli, director of the Community Health Center, "It's a big company strategy. Those companies aren't creating new jobs, they're trimming. We need smaller seed money for smaller companies." Other interviewees questioned the necessity of tax abatements to wealthy corporations. John Olsen, President of the Connecticut State AFL-CIO said, "There's too much in the way of abatements...We need a better strategic approach."

There is also general criticism about the track record of the Connecticut Enterprise Zone program, specifically in reference to the type of jobs encouraged. The Department of Economic Development's own analysis (1985) suggests that the zones may not be an effective economic development tool. Between 1982 and 1985, of 4,304 jobs created in Zones, 77% were in the service sector. This is in spite of the fact that the programs favor manufacturing operations.[8] These statistics are important because the skills possessed by zone residents do not allow them to enter high-wage service sector positions. Thus, the only new jobs created in the

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[8]Manufacturing firms are eligible for an outright grant of $1,000 per job created. They are eligible for a sales tax exemption on manufacturing machinery replacement parts, and there is a special worker training program for zone workers in manufacturing.

service sector which will employ zone residents will be low paying. Service sector growth in enterprise zones may create jobs for zone residents, but these will not be the good jobs that Middletown hopes to create. Enterprise zones were created to alleviate the acute economic problems within the zones. The programs implemented should do just that. Since zone residents will not be able to move into high-wage service sector jobs, their creation with EZ incentives will not help zone residents.

Since only 68 of the 4,304 jobs created by firms operating in Connecticut enterprise zones went to zone residents, the potential for the Enterprise Zone to act as a job creation tool for zone residents is questionable (ibid., 1985). The data specific to the industrial sectors further calls into question the effectiveness of the program. Over 70% of the 3,431 industrial jobs that were credited to the Enterprise Zone program were retained, not created (ibid., 1985). While there are a host of economic incentives available to firms which meet the EZ criteria, several factors contribute to the sparse applications for these incentives: 30% of the new employees must be zone residents; leasees cannot take advantage of property tax abatements; and service sector firms (78% of the firms) are not eligible for many of the incentives (Eisenger, p.198). The Department of Economic Development concluded that investment in Zones was the result of a "psychological boost" which was caused by the prestige that local politicians, businesspeople, and residents attached to these areas (CT DED, 1985).

It is necessary to note some of the negative results that arise from economic development planned on the county-level. The most important issue for local politicians is the loss of autonomy for individual municipalities. The Middlesex County Revitalization Commission may restrict Middletown from pursuing its own economic development goals since the voting system for the Commission is based on a one town, one vote policy. Thus Middletown's substantially larger population and level of economic activity are not taken into account. In addition, as mentioned above, Connecticut has been without county-level governance since 1960.

2. Do Middletown's Tactics Amount to Strategic Policy?

Interviews with Middletown officials made it clear that Middletown does not have a clear strategic plan for economic development. In the absence of a strategic plan, the sum total of Middletown's programs takes the form of 'Shoot anything that flies, claim anything that falls'. No specific industries or types of firms are targeted, and only a handful of vague criteria are used to exclude certain firms from locating in Middletown. There is a generally defined goal: the desire for an unspecified number of new jobs and stabilization of the tax base. However, there has been no analysis of where the City is now in relation to its goals, or how cost-effective individual development policies have been in the past in Middletown or nationally. Furthermore, there has been no comparison of the merits of the tactics employed vis a vis other possible alternatives.

Even though Middletown does not pursue economic development based on a clearly understood strategic plan, the programs that are in place amount to a de facto low road strategy--that is trying to make the cost of doing business within the municipality sufficiently cheaper than the costs of doing the same business in another location. When Middletown uses this strategy it enters into competition with all other low road strategy areas: the American South, Third World nations, and increasingly other Northeastern cities. It is impossible for Middletown, with its standard of living and tax needs, to ever offer lower costs than these areas. Because of this, firms which pursue the low road will almost always be interested in moving away.

3. Why the Low Road Strategy Will Not Work

There is nothing inherently wrong with the low road strategy as long as it is able to efficiently deliver the goods to the buyer of economic development and that that ability does not decline over time. Will the low road strategy deliver a stable tax base and good jobs more efficiently than other strategies? Because the City has no monitoring system for measuring performance of individual initiatives, it is difficult to assess this in relation to Middletown's specific policies. Nevertheless, one can evaluate whether, from a theoretical standpoint, the low road strategy will be able to achieve Middletown's goals.

Effects of The Low Road Strategy On the Tax Base

Firms that are able to convince a city to grant them abatements receive city services without paying for them, making themselves more competitive at the expense of other businesses within the city. These other firms are forced to fill the revenue gap between city services demanded and tax revenue, a gap which was caused by the abatements.

Those firms which are attracted primarily by the provision of lowest production costs are the most difficult to retain. Upon locating some of its operations in Connecticut, a low road firm will continue to look for ways to cheapen production. When another municipality provides low road incentives large enough to offset the costs of relocation, the low road firm will abandon the City.

<u>In-Migration</u>

Another important consideration in economic development is the effect of in-migration, which often accompanies job creation, on the stability of the tax base. The conventional argument is that when a firm receives tax abatements to locate in a city, and brings along workers who will live in that city, the city benefits from a rise in the income taxes paid by these new residents. The cost benefit ratio only favors in-migration when the in-migrants are young, high-income professionals without children. Only this population group has less demand for government services than the taxes it pays. However, when in-migrants take newly-created jobs, city residents are still without jobs and the city's social service burden remains unchanged.

Type of Jobs Created

Rather than promoting any job that comes along, Middletown's development strategy should only encourage the creation of good jobs. One might suggest, "Well at first, any economic development is better than none, right?" Not necessarily! The prominence of low road firms in a labor market causes the City to create an economic climate unsuitable for high road firms. Firms which locate in Middletown to find lower costs will not provide high wages to employees, nor will they be interested in raising the skill-level of their workforce. These firms fear that retraining would allow the workers to demand higher wages or take their newly-acquired skills elsewhere, thus leading them to lose the value of having spent money on training. Consequently, low road strategies will attract firms which provide low road, entry-level jobs. Low road firms tend to assert their influence by making demands which foster low road firms and deter high road firms (i.e. lower taxes through cutbacks in worker training). Low road firms will try to prevent a high road firm from locating in a city in order to suppress demands for higher wages at their own firms.

When a city pays for a job through tax abatements, low interest loans, or raising the tax burden on non-commercial property, it may cost more to create jobs than is received in benefits from those jobs. Ten dollars per hour has been suggested as an hourly wage, below which it costs a municipality to have created the job (The Campaign for a Sustainable Milwaukee p. 12). One way for a city to ensure that it will not lose money by creating a job might be to mandate that any job created with the help of financial incentives not pay less than $10/hour. Another way is to follow an economic development strategy which is unlikely to create low paying jobs.

The fact that low road firms are categorically less interested in creating good jobs becomes even more pressing with the dedication of much of the North End as an Enterprise Zone in which business costs will be lowered drastically by the state through tax abatements. Because these incentives tend to attract low road firms, the best possible assumption is that any new jobs created will be low road jobs. Some might argue that the costs to Middletown are minimal since it is almost entirely the state's money that will be used for abatements. But this obscures a more important criticism: It is doubtful that Middletown residents, especially those who live in the zone, will benefit from EZ designation in the North End because of the inability of EZ designation to affect the number or quality of jobs created for zone residents.

What Happens When the Abatement Period is Over?

The centerpiece of a low road strategy is the tax abatement ordinance, which reduces the tax paid on land. The present tax abatement period only lasts seven years. As Joseph Sbona, Vice-President of the Middletown Central Labor Council asks, "What happens after seven years? They might go somewhere else." Is Middletown uncompetitive once the abatement period is over? If firms are truly swayed in location decisions by marginally higher costs, Middletown would lose firms to other locations after the seven year abatement period is over...Unless the lack of an abatement did not raise the individual firms' costs enough to merit relocation. If this is the case, it becomes difficult to justify the original abatement. The abatement must have been relatively insignificant, since its effects will only be felt for a few years. There must be other reasons that firms choose to locate in Middletown.

Implications of a Low Road Strategy for the U.S. Economy

A final note on the inevitable problems with low road economic development policies: Throughout this essay, I have detailed the possibilities for Middletown acting on its own, and acting in conjunction with the rest of Middlesex County. The economic development policies that Middletown (and other municipalities) pursue can have serious impact on the broader economies of the state, the nation, and the world. The low road strategy is particularly harmful. When localities pursue a low road strategy they do all other localities a disservice. For one town to lure a firm away from a locality which was already following the low road strategy, the new locality has to up the ante. As more is offered, even more is demanded and the incentive ante rises quickly.

During the last two decades direct incentive packages have become far more widespread (see Appendix A). The amount of relocation incentives offered by states has increased between two and seven fold in the last ten years. (LeRoy, 1994. p. 2). This says nothing of the rising costs of relocation incentives. As noted in The Rise of the Entrepreneurial State:

> Even programs long available in principle show sharply increased rates of use in the 1970s and 1980s... In 1975 cities, states, and other public authorities issued a total of $1.3 billion [of tax exempt, industrial development financing bonds. This shows modest incremental growth since the 1950s]... By 1984, however, the volume had risen to $17.4 billion, an explosive increase of more than 1200 percent (Eisenger, p. 18-9).

Localities are being forced to pay ever-higher prices for ever-shrinking benefits.

IV. Alternative Strategies and Recommendations for Middletown

1. Monitoring

The best way to ensure that the City achieves its goals through funding of economic development is to monitor the benefits to the public provided by economic development programs. Current programs save Middletown firms hundreds of thousands of dollars, annually. However, currently there is almost no monitoring of, evaluation of, or accountability for, the results of these programs. Admittedly, monitoring and evaluation may be expensive. However, there is a large potential savings to be found in adjusting future policy decisions based on the past experience. City policy-makers might apply to the state Department of Economic Development for funding to support monitoring staff, since much of the money spent on development in the near future would be in the form of abated state taxes and Middletown incentives paid for by state dollars. Also, Wesleyan economics professors and undergraduate economics majors may be able to help gather and assess data. Another option might be to create regulations which would place requirements on industry to provide information in connection with use of public incentive programs.

Monitoring is also important in evaluating whether a firm has complied with its agreements. For instance, in Middletown's new Tax and Business Incentive Ordinance, under Section 28-9 F. there is a clause which states,

> All agreements shall contain a provision that any business granted a tax incentive abatement, shall repay the city the dollar amount of any incentive contained in such agreement if such business does not meet obligations contained in such agreement.

Nowhere in the legislation is there a method for keeping track of whether or not a firm has fulfilled its obligations. The City has no means to evaluate whether continuation of the program is in its best interest.

2. Community Participation

Economic development is supposed to be pursued in the interests of the community as a whole. In Middletown, only business owners (organized within the Middlesex Chamber of Commerce) and a handful of labor leaders are involved in shaping economic development policy. In addition, business owners can voice their concerns to local politicians through public-private initiatives (like INFORM and the Downtown District) and professional contacts. "Community development works best when the community affected is involved and committed to the project."

(Brecher, 7/18/93, p. D1). If economic development is to achieve the community's goals, policy makers must be certain that they understand those goals. All City loan and grant programs should have a community oversight board to review applications and conduct publicly-announced open meetings concerning proposed incentives. An oversight board would be similar to the REINVEST loan Approval Board, which has representatives from banking, business, and labor. In addition the community board would draw from other sectors of the community: academics, religious leaders, neighborhood and tenant leaders, representatives of citizens' groups. The opinions and concerns of all interested community members should have an affect on the decision-making process.

3. Conditions

Although conditions placed on subsidies to private firms are viewed as indicators of a "bad business climate", these variables are not so heavily weighted by high road firms to be prohibitive economic development tools. Also, the evidence from the Enterprise Zone program, detailed above, shows that even in the face of strict conditions on incentives, the existence of incentives are viewed as an indicator of a good business climate. Better enunciation of a firm's obligations would amount to more benefit to the community from use of public subsidies. Loan and abatement agreements should contain more detailed provisions concerning:

* A minimum public subsidy dollar/job ratio.
* Requirements that jobs created be full-time positions, with a

minimum wage which can sustain a family of four, health benefits, a pension, and a promise by the firm that it will remain neutral in the case of a union election. (see Appendix B for examples of legislation in other states).

* An agreement between the City and individual firms to establish community stakeholder audits. People who live near, or work in, a given facility need to be allowed to oversee the activities of the firm which is their neighbor. Stakeholder audits serves as a check to ensure that development is in the interest of the community.

Economic development is also a defensive tactic--to ensure that what is currently in place is not lost. Safeguards such as early-warning plant closing legislation can be helpful in averting mass layoffs and easing worker dislocation through job training. Such legislation will draw criticism as having a negative effect on the business climate, but economic development is pursued by the City for the sake of maintaining a stable tax base and providing additional good jobs. This may partly rest on the use of private firms as agents of economic development, but the ends of economic development (good jobs and a stable tax base) should not be replaced by the means for achieving those goals (creating an attractive business climate).

4. Job Bank and Worker Training

To raise the level of employment in some of the poorer neighborhoods in the City, there needs to be a greater effort to meet local residents' needs where they live, and to facilitate the use of available services. The Labor Department Employment Center does not close the gap on the need for jobs in the community. Middletown needs job banks in all those communities with high levels of unemployment. Think of how difficult it is for a single mother with small children and no car to get to Main Street to look for job openings. A job bank could also serve as a location for worker training programs and continuing education programs. In many cases, the physical space for these programs already exists and is under-utilized.

Linda Ozga noted that in trying to develop a program similar to the one pioneered by Working Capital Inc. (the lending risk pool described above) Middletown needs to improve the availability of technical assistance resources which will hopefully improve prospects for success for small, new businesses in the City (those same firms which would receive money from the City or from the banks in a Working Capital-type program). At present, the Municipal Development Office is compiling a list of academic courses through the high schools and local technical and community colleges. The City should recruit Wesleyan's assistance, too, in providing free classes to entrepreneurs.

5. Sectoral Targeting and Regionalism

Sectoral Targeting

Sectoral targeting attempts to identify industries offering the best potential for enhancing the strength of the local economy. The most promising economic sectors, compatible with the skills of the local labor market, are selected. Next, plans for local growth within the most promising six to ten sectors are created. Usually, this process includes local development officials, industry representatives, industry specialists, and community members (Carlson, 1994; Dulberger, 1994; Piore, 1984).

The goal of sectoral targeting is to build on the already existing strengths within a community. The main tactic is to make backward (supplier) and forward (customer) networks within an industry operating in conjunction within the local economy (Piore, 1984). This tactic is based on the belief that proximity to suppliers and customers will be so economically advantageous, that a business will be less interested in marginally lower costs in a different location. Targeting efforts are usually limited to developing select sectors which already have a strong presence in the local economy (Dulberger, 1994).

Firms with strong backward and forward links are less likely to fail, and less likely to leave the local economy for lower costs in a different labor market, because they have developed ties difficult to replicate quickly elsewhere.

None of the development officials interviewed mentioned any effort at sectoral targeting. Mr. Kuehn emphasized that the Development Office, "can't create jobs. [It] can only assist entrepreneurs." In fact, Mr. Kuehn was opposed to sectoral targeting because he felt that it came too close to the assumed role of businesses.

Regionalism

The Connecticut Department of Economic Development has been encouraging municipalities to plan economic development on a county-wide basis. Since Connecticut has been without county-level governance for thirty four years. The process is a difficult one. There is no viable administrative apparatus in place to oversee economic development across the county, and cooperation between municipalities is no longer natural.

Regional economic development has inherent advantages beyond those which Middletown receives from its own economic development efforts. By pooling their resources, the municipalities within a local economy are able to exert more control over that economy than the aggregate of individual municipalities' can exert. Acting on its own, the City has relatively little power to control the state of the local economy. When resources are focused on enhancing select sectors of the county's economy, those targeted sectors receive incentives best suited to their industries' specific needs. In addition, with numerous towns working together the possibility for cooperative links between customer and supplier firms becomes stronger, just because there are more potential firms to be cooperating with each other in the county than in a single town.

By cooperating with other municipalities throughout the labor market, Middletown's sectoral targeting will not be nearly as effective as it could be if Middletown limits the scale of sectoral analysis to the municipal level. Currently, Middletown is at a disadvantage compared to the rest of the county for development of high-tech firms. There is little undeveloped, commercially-zoned land left in Middletown, and the existing industrial structures from turn of the century manufacturing cannot adequately meet the needs of high-tech firms. In many cases, there is too much risk of high clean up costs on old polluted sites to merit extensive re-development projects on abandoned sites. Joseph Carney relayed to me the difficulty in finding an appropriate site for Zygo, when they decided they wanted to expand. In the end, a suitable site could not be found in the City and the firm moved to Middlefield. The Zygo example provides reinforcement for the importance of sectoral targeting paired with a regional development approach. Although the Middletown residents who worked for Zygo were able to continue to do so after the firm moved, and the City did not lose personal income taxes, the City did lose corporate and property taxes from the move. The City should work with some of the less-densely developed towns of the county to find undeveloped, commercially-zoned land as it begins to create high-tech industries parks similar to the one being created in Mansfield.[9] This would allow the county to create a critical mass of high-tech firms, networked together.

6. Middletown as a Cultural Center

The urban revitalization and cultural enhancement projects can be seen, together, as a larger economic development strategy which

[9]UConn has begun construction on a 92,000 square foot technology park (Hamilton, Robert."Construction Nears on a Technology Park at Storrs" New York Times.

I will call "Middletown as a Cultural Center." The idea behind this strategy is that by creating the type of institutions near which people are interested in living, Middletown would foster economic development in two ways. First, directly: People who would ordinarily travel to Hartford, New Haven, or never experience the events at such places as the Buttonwood Tree or the Armory Community Cultural Center Project would be drawn to Middletown, more specifically Main Street. Day tourism and retail sales would flourish under this plan and retail sector jobs on Main Street would increase. As noted previously, children from around the region participate in Oddfellows' programs each afternoon, and hundreds of people attend performances there.

If Main street becomes livelier again, it would become more enticing to managers considering locating their firms in Middletown. Josh Freeman, director of the Armory Community Cultural Center Project, asserted that if economic development were going to be successful in the City, it would be necessary to foster a better quality of life, and to attract people to the downtown area. Indeed, promotion of the City as a cultural center might provide another uniqueness which could be an enticement to firms thinking about locating in Middletown (Connecticut Magazine, p.57). In addition, the vehicle for economic development (the arts) enriches the community. Draft plans for the Armory project allow for participation from Middletown school children's programs as a supplement to the present offerings available in the public school.

Although Wesleyan University has a diverse calendar of events open to the public, including visual arts, film, music, and theater, interaction between City residents and students is minimal, making economic development based on Wesleyan's Center for the Arts unlikely. Furthermore, Wesleyan is too far from Main Street to support the same level of increased foot traffic for retail traffic as the Armory Cultural Center or Oddfellows.

Since the Revitalization Commission has endorsed efforts to promote Middlesex County's tourism appeal, it would only make sense that Middletown capitalize on this economic development. The City should focus on developing those projects which enhance the City's image as an urban cultural center. Efforts already underway, such as the Armory project, provide a development strategy most compatible with the City's position in the County. In addition, these facilities can enhance the quality of life for local residents by providing more opportunities for cultural activities.

A serious concern regarding the cultural center strategy is that the direct service sector jobs created, tend to be lower-paying, part-time, without benefits, offer minimal opportunities to increase one's skill level, and are often seasonal. The cultural center alone probably would not help Middletown achieve its economic development goals. The cultural center tactic must be pursued in conjunction with tactics which have a high probability of resulting in good jobs and a stable tax base.

APPENDIX A: THE PROLIFERATION OF STATE DEVELOPMENT INCENTIVES

Incentive Program	1977	1988	1993
Property and Tax Abatements, Land & Improvements	23	35	36
Property Tax Abatements, Machinery & Equipment	28	39	41
Corporate Income Tax Exemptions	21	31	36
State Loans for Machinery & Equipment	13	37	42
State Loans for Building Construction	19	38	40
State Revenue Bond Financing	20	44	44
Research & Development Tax Exemptions	9	25	34
State Sales Tax Exemptions on Equipment	33	44	47
States Enabling Cities and Counties to Lend for Machinery & Equipment	7	32	45
States Enabling Cities and Counties to Lend for Building Construction	8	34	45
Accelerated Depreciation, Industrial Equipment	25	35	40

(Source: LeRoy, p. 3)

APPENDIX B:
In **Iowa**, in order for a firm to receive subsidies, its wages must be at least 75% of the county average. The higher the wages, the more likely that a company will receive public support.

The **Mississippi** Business Investment Act Program ties the interest rate a business must pay to the wages it pays its workers. The interest rate is lowered 0.5% for each dollar per hour that the recipient pays its employees above the state's average hourly wage.

Delaware seeks to subsidize high-wage jobs by doing a cost-benefit analysis on all incentives it considers. The rule, according to the Delaware Development Office, is that the state must recoup its investment within two years. In determining profits from the investment, the office considers only direct taxes from the recipient business and its employees. This includes state corporate income taxes, state personal income taxes, and state gross receipt taxes.

Companies, in **North Carolina**, which receive industrial revenue bonds must agree to pay above the county average manufacturing wage or 10% above the state's average manufacturing wage, unless the jobs are located in an area that suffers from "especially severe unemployment."
(Source: LeRoy, p. 84-6)

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Russell D'Oench, Dormers Corporation; Former Editor & Owner, Middletown Press
Joshua Freeman. Director, Armory Community Cultural Center Project
William Kuehn. Director, Municipal Development Office
Mark Masselli. Director, Community Health Center
Lawrence McHugh. President, Middlesex County Chamber of Commerce
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John Olsen. President, Connecticut State AFL-CIO
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Steven Petruccio. President, Connecticut Public Employees' Union
J.L. Pizarro. Downtown District Manager
Mel Quinones. Former President, Maplewood Terrace Tenants' Association
Joseph Sbona. Vice-President, Middletown Central Labor Council
Sister Pat McKeon. Director, St. Vincent de Paul Place

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