

Local officials advised:

Use economic incentives carefully

By Suzie Rollins Singer
staff writer

Goals are the days when only the private sector was responsible for economic development.

Today, the responsibility belongs to government as well, said J. Downs Herold, director of the industrial development division of the University of Michigan.

"Communities have to retain the existing businesses and industry as well as expand their economic base. Watch that incentives are correctly used. Encourage positive community attitudes," Herold told an audience of local officials when the Southeast Michigan Council of Governments met last week in Livonia's Holiday Inn.

STATE GOVERNMENT has developed many economic development programs, and it's up to communities to administer them.

"Economic development programs are designed to insure adequate job opportunities and improve the well-being of communities," Herold said.

"Its central purpose is to increase control of community growth."

"The idea, never offer a new company what you have not offered an existing company," is a good idea but not always practiced," Herold said.

"Between 70 and 80 percent of the new jobs come from within the community, and two-thirds come from companies with 20 or fewer employees," he said.

Confidentiality is imperative if municipalities are serious about building

their economic base, he said.

"If a company reads about its proposed decision to move into a certain community in the newspaper before it's final, they're liable to scrap the whole project," said Herold.

IN MICHIGAN, Herold said, it is important for community leaders to advertise their strengths.

"We've got terrific education facilities in this state, great natural resources, skilled labor and a lot of financial backers," he said. "An empty plant is an available place for an industrial building."

To further economic development, Herold advised the professionals to increase their personal education by reading business journals, working with local decision makers, establishing a community network, encouraging local government support and helping existing industry.

With those ideas in mind, economic development is on the right track, he said.

And he added what economic development is not: "Economic development is not planning, social welfare or business welfare."

'Economic NATO' is urged by Ford for West, Japan

Henry Ford II is urging Western allied nations and Japan to develop the equivalent of "an economic NATO" in their common interest and for their mutual protection.

Speaking to the American Chamber of Commerce in London, the chairman of Ford Motor Co.'s finance committee said, "The time has come for members of the Western Alliance — including Japan — to develop a collective approach to economic matters that parallels what we most notably have done about defense matters."

Ford cited the Siberian-pipeline dispute as a "classic example" of the failure to establish closer Western coordination on economic policies.

"WE PERMITTED it (the pipeline affair) to escalate into a serious dispute because, as Western allies, we never fashioned a common NATO-like position based on consultation and shared understandings of what the pipeline is — and what it is not."

Among questions that must be answered, he said, are these: "Is the pipeline merely a normal business deal? Or is it fraught with security risk to the West?"

Ford said the same questions could be posed about U.S. grain sales to the Soviet Union.

"Even as the pipeline issue disappears as an irritant among the Western allies," he said, "a basic question still remains: What should be the bottom line in the West's economic relations with the Soviet Union and the Soviet bloc?"

"UNTIL EAST-WEST economic relations are determined by European and American government leaders, commercial enterprises in the Free World will be uncertain as to whether, how or to what extent they can deal with Moscow and its satellites."

"More than anything else, the pipeline controversy has served to underscore a new precept that the nations of the world need to notice: There is more economics in foreign policy and more foreign policy in economics than ever before — much more than we ever used to believe."

"The time has come for the countries in the Western Alliance to sit down together and develop a strategy and a mechanism for enhancing our economic security in the same way we fashioned NATO in 1949 to enhance our military security."

"In the three decades of NATO's existence, the emphasis on both sides of the Atlantic has been almost entirely on military security. Scarcely a thought has been given to the development of a companion strategy for economic security."

THE AMERICAN industrialist said he favored establishing guidelines governing economic relations with Eastern-bloc nations to minimize competition for credits and trade among Western members of the Alliance.

"It makes little sense to me," he said, "as a Western businessman who believes in competition among companies, to witness competing between countries that results in economic advantage for Eastern-bloc countries — and on terms more favorable than between nations of our Alliance."

"Sauce for the Eastern goose," he said, "should not be sweeter than sauce for a Western gander."



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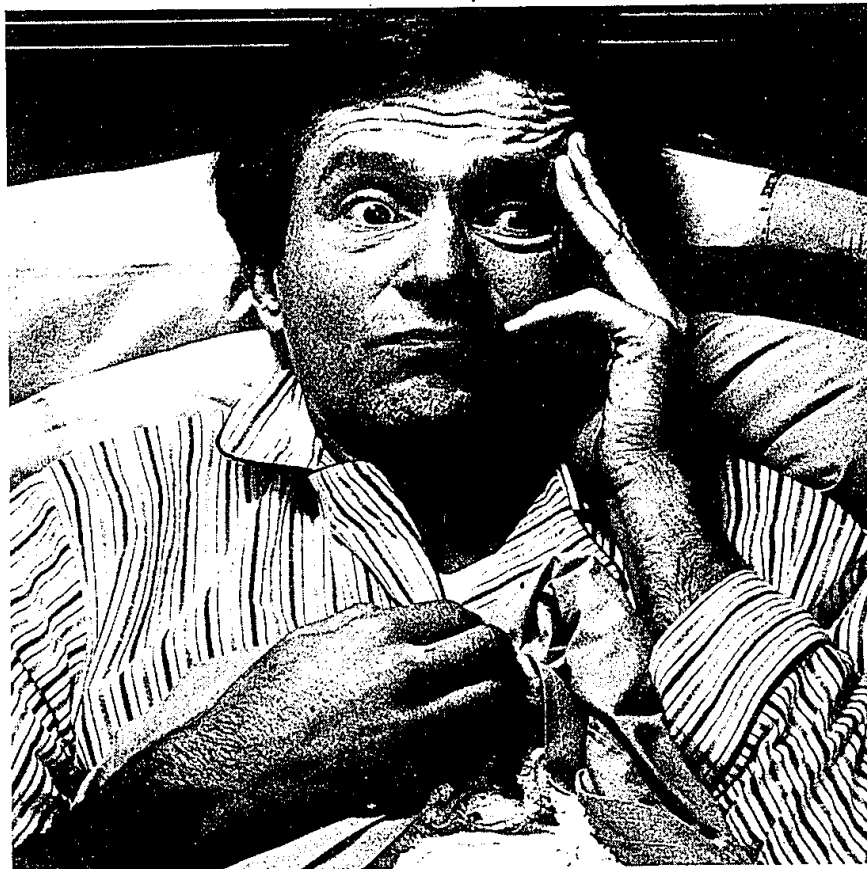
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