TO REBUILD CHICAGO'S INDUSTRIAL BASE

A Report to the People of Chicago

by

William S. Singer

Issued October 1, 1974

INDEX

To Rebuild Chicago's Industrial Base

I.

Introduction

On October 15, 1973, I announced my candidacy for the Democratic nomination for Mayor of Chicago in 1975. I pledged then that my campaign would present a full and frank discussion of the vital questions and challenges confronting our city to all the voters.

In announcing 16 months prior to the primary election, I have had the privilege not only of disseminating my views to many of our citizens, but also of listening to them. Our people love Chicago, but their affection does not blind them to our problems. They have eloquently talked with me in particular about the movement of industrial jobs from Chicago to the suburbs and all the effects of this phenomenon on our economy and our tax base, about the deterioriation of our public schools, about the deterioration of neighborhoods, and about crime.

There are certainly other important concerns of Chicagoans, but these are mentioned most frequently. Today in this first Report to the people of Chicago, I will present a program designed to meet the challenge of rebuilding our industrial base. In the next four months, I pledge to present similar Reports on the other challenges for Chicago and its next Mayor.

II.

Summary and Conclusions

A debate rages in Chicago. The Chairman of the Chicago Plan Commission says we lost 232,000 jobs in Chicago between 1960 and 1970.[1/] The Chairman of the Mayor's Committee for Economic and Cultural Development says that Chicago experienced a slight gain during that same period. A noted urbanologist, Pierre de Vise, says we lost 211,000 jobs during that time. The Chicago Association of Commerce and Industry says Chicago had a job gain between 1960 and 1969, but by 1971 Chicago had almost 60,000 fewer jobs than in 1960.

Anyone can play with numbers. Total reliance on either the census or the Illinois Bureau of Employment Security presents certain risks.[2/] But we must not let a numbers game obscure the

---

1. Chicago Plan Commission Chairman Julian H. Levi, speaking to the City Club of Chicago, reported in the Chicago Tribune, July 5, 1973.

2. These are the two primary sources of measuring jobs in Chicago. IBES counts only jobs covered by the Employment Compensation Act, and coverage under this law has varied widely over the years. Coverage of non-manufacturing jobs is not nearly complete and many job categories have never been included. The census takes a direct approach of asking employees to state their place of employment. The census, however, bases its conclusions on a 15% sample. The Levi figure comes directly from the census. Pierre de Vises's conclusion is based on combining the census' "Place of Work" information with the census' "Journey to Work" information. Mr. Paul Zimmerer of the Mayor's Committee on Economic and Cultural Development relies on IBES figures. The CACI's conclusions are based on adjusted IBES figures.

obvious. Virtually everyone agrees that today, the movement of jobs from Chicago to the suburbs continues. We know that:

- From 1955 to 1973, 521 plants left Chicago for the suburbs, while only 22 suburban companies moved to Chicago during that time.3/

- A tour of any Chicago neighborhood with land zoned for manufacturing will yield a large number of vacant and abandoned factories with "for sale" or "for rent" signs.4/

- Chicago area planners, including the Northeastern Illinois Planning Commission, predict a continued loss of jobs for Chicago and an increase in jobs for the suburbs.

- While there has been some growth in jobs in Chicago, particularly white collar jobs in the central business district, those jobs are increasingly held by persons who live outside Chicago; thus to live in Chicago and work in Chicago becomes even more difficult.

- Irrespective of what numbers are used for 1960-1970, the period from 1970-1974 offers no comfort that the trend of movement of industrial jobs to the suburbs will abate.

Chicago cannot afford to ignore these factors nor their consequences:

- Loss of property tax revenue.

- Increased tax burden on residential, commercial and industrial taxpayers who remain in Chicago.

---

3. Report by Commonwealth Edison Company.

4. This is particularly true along our existing expressway corridors, demonstrating that highway access alone is not going to lure industry back to Chicago. Those who would rely on the proposed Crosstown Expressway to spur new factory development should survey the land alongside each of our expressways.

- Loss of residents who move to follow jobs.
- Deterioration of neighborhoods due to the blight of vacant factories.
- Unemployment in the central city.

Thus, the exact number is irrelevant. We know conclusively that jobs have left Chicago from 1960 to 1974, and they will continue to leave unless bold action is taken by our city government. Our economy must continue to grow; it must continue to provide the revenue base to fund city services and programs. Even if our job picture showed a virtual standstill, the net effect would be negative as our cost of government services increases and the demands for new programs are presented.

In sum, we have a serious problem--one that affects every citizen. Every citizen is directly affected by the health of our economic base, particularly our industrial base, upon which this city was built. We need the revenue from productive industrial land so as to reduce the burden on the residential taxpayer. We need industrial development to provide jobs for our people within Chicago's neighborhoods. We need to rebuild the once-used industrial land to enhance our neighborhoods and to eliminate the blight that now exists as a result of the abandoned and dilapidated buildings. We need a plan to rebuild an industrial base.

Industry has left Chicago for a variety of reasons: outmoded plant facilities, crime and a lack of adequate security, unavailability of large tracts of land for present and future needs, expensive land and business discouraging tax policies. At bottom, however, when a business relocates in a modern industrial park in the suburbs, it is because it is to its financial advantage to so do.

There is only one way to increase the number of jobs in Chicago: to compete on every level with the suburbs. As Mayor, I would fight to prevent the loss of any Chicago job, to expand current plants within Chicago, and, most importantly, create new jobs within our city.

To compete with the suburbs requires a financial package attractive to business. Therefore, I am proposing today the following seven-point program to rebuild our industrial base. It is a program that can work. It is a specific program, at the heart of which is the concept of building new, modern industrial parks, with government assistance, inside the city of Chicago. It is a program which is needed now. This is a program to rebuild Chicago's Industrial Base:

1. Creation of a Chicago Economic Development Authority (CEDA) with the power to acquire and prepare suitable sites for development as industrial parks and to assist in their development.

2. Creation of a private, not-for-profit Economic Development Authority (EDA) composed of representatives of business and labor to develop and operate CEDA's industrial parks.

3. The assemblage and preparation of industrial park sites by CEDA and the sale and lease of such sites to EDA for redevel-

opment at realistically competitive prices. CEDA will bear the burden of making the site cost attractive to the ultimate purchaser or lessee by way of contributions of city-owned land, utility relocation costs and other site preparation costs.

4. Providing CEDA with the authority to issue up to $300 million in revenue and general obligation bonds to cover site assembly and preparation costs and to provide lower-than-market interest rate loans to business willing to locate in the new industrial parks or willing to expand and upgrade their existing facilities in the city.

5. Providing CEDA with the authority to guarantee loans obtained from private lending institutions and providing CEDA with the power to grant second mortgages on qualifying industrial facilities.

6. Adoption of sensible tax policies, including repeal of the employee head tax.

7. The elimination of extra costs of doing business in Chicago resulting from corruption, shakedowns and solicitation of bribes by public officials.

III.

When Industry Moves

Cities develop and grow for quite different reasons. Every school child learns of Chicago's growth and its inextricable ties to industry, the railroads, the steel mills, the stockyards, the printing industry, the clothing industry and many more. Chicago unlike many other cities, has relied on heavy industry as the backbone of its economy for decades.

Technologically outmoded plants, neighborhood deterioration, high real estate taxes, crime and lack of adequate security, and the unavailability of reasonably priced land for expansion have all caused the movement of industrial jobs from Chicago to the suburbs. Because of our reliance on industry, the impact of the movement of jobs is felt in every section of our city and in every facet of city life. Therefore, reversing the outward flow of jobs will provide enormous benefits for Chicago in the future.

Even the briefest analysis of what happens when the jobs move should cause any city administration to take note of the drain on our economy and the impact on those who remain.

Probably the most obvious impact is on our tax revenues. Vacant, unused or undeveloped industrial property means the loss of tax revenue needed to finance city services. From 1962 to 1972 the combined budgets of Chicago governmental units more than doubled, going from 1.45 billion to 3.45 billion. The taxpayers who remain in Chicago, residential, commercial and industrial, bear the burden of this increase in cost without any substantial increase in services.

In 1962 the tax rate per $100 of assessed value was $5.32. Ten years later the rate was $8.00. Not only have the rates been forced up, but so have the assessments. Without a parallel growth in real estate to match the increase in costs of government services and programs, it is obvious that those who remain behind are required to pick up a larger share of the cost.

The movement of jobs, and the lack of growth in Chicago also creates a special effect. When jobs move, people move to the jobs. When jobs move and the burden becomes greater for those who remain, they too may move. We know that from 1960 to 1970 the census reports a loss of 200,000 residents from the city, many of whom were taxpayers.

When jobs move not everyone can move with them, however. Thus, another substantial impact of job movement is the high unemployment rate in the central city. The reasons for not following the jobs are many: inability to afford or obtain suburban housing; inability to commute long distances because of the lack of adequate mass transportation facilities; inability to hold on to a job because of competition from residents of the plants' new locations. The result, however, is the same, namely high unemployment.

In addition to these direct costs to Chicago residents, the actual physical deterioration of neighborhoods caused by the blighting influences of vacant factories is substantial. Vacant factories are attractive nuisances. Fires, rapes, and narcotics offenses are common in vacant industrial property. Neighborhoods cannot survive under these circumstances.

IV.

The City Fails To Act

The brief analysis of the impact of job movement out of the city does not contain any startling revelations. Nor is the problem a new one. The trend has been unmistakable for years. It was predicted by planners, who continue to forecast increased movement out of Chicago unless new policies are adjusted to reverse the trend.

Yet the response of the city administration has been to quarrel with the figures and those who cite them rather than the presentation of a positive program. Acknowledgment of a problem is not a cause for shame, indeed it is the reason for the existence of government.

Chicago has well over 1,000 acres of never developed industrially zoned land. It has more land, often in large contiguous strips separated only by city streets and alleys, of once developed but now abandoned industrial property. A tour of Chicago's industrially zoned property shows a large number of vacant factories. This phenomenon occurs in all areas of Chicago, particularly along our expressway corridors.

The response of the city has been to take no action at all and to rely instead on assistance from the federal government. But we cannot rely on the federal government, because what programs are offered are meager indeed. One program, administered by the Department of Commerce's Economic Development Administration, provides loans to industries in "economically lagging areas" of the nation. Amounts up to 65% of required funds are provided. Only the Stockyards area of Chicago and Lawndale, have been reserved funds under this program.

Similarly, the Small Business Administration programs are not capable of assisting in large scale industrial expansion in Chicago. Although the SBA can make loans in any area of Chicago, it only can appropriate amounts up to $150,000 for each loan. These loans, as well as the SBA program of guaranteed loans, are available only to small businesses which are incapable of carrying out comprehensive industrial growth. In addition, the limited amount of funds available to both the EDA and the SBA on the national level make these sources inadequate to finance industrial growth in Chicago.

In these times of concern about balancing the federal budget, it is unrealistic to expect the federal government to institute and fund extensive programs for central city industrial redevelopment.

It is therefore necessary for those who will benefit the most by the redevelopment of Chicago's economic base to take matters in their own hands and join together to promote the revitalization of the city's economy. The City of Chicago and its businesses must join to develop and implement an economic redevelopment program.

It is not sufficient to merely make a large tract of land available for redevelopment. Much more is required. A complete financial package is necessary. Business will stay, expand, and relocate in Chicago only when it is financially attractive to do so. The following detailed program is an action program which will attract business to Chicago and thereby ease the tax burdens on all Chicagoans. This program will provide jobs for our citizens, and enable our government to meet its obligations to future generations of Chicagoans.

V.

A Program to Rebuild Chicago's Industrial Base

Since a lack of an aggresive response to industrial decline by the present city administration has helped get us where we are, it is incumbent upon the next Mayor of Chicago to set forth a program for industrial revitalization for public consideration and debate. The program I envisage involves the creative use of the new freedom given the city by the home rule powers of the Illinois Constitution of 1970 and the use of existing provisions for industrial stimulation contained in the Internal Revenue Code of the United States.

The heart of my program lies in two fundamental concepts: (1) the creation and funding of a public industrial development authority to assemble and prepare large sites for development as industrial parks through the use of tax-exempt financing measures; and (2) the establishment of a private not-for-profit industrial development authority to take on the actual responsibilities for development and operation of the newly created industrial parks. By having a private authority representing interested city groups bear the responsibility for marketing and developing industrial parks, we get the government out of the businessman's way as far as day to day dollars and cents operational negotiations are concerned.

1. Creation of a Chicago Economic Development Authority (CEDA).

The success of any program designed to rejuvenate the economy of Chicago depends on a coordinated and active effort on the part of the city itself to encourage businesses to remain or locate within the city's boundaries. To help achieve this goal, the City of Chicago should establish a Chicago Economic Development Authority which would be charged with the task of organizing and administering programs directed toward encouraging businesses to create more jobs in the city.

CEDA should be a governmental entity independent of the City of Chicago's present administrative departments. It would be governed by a board of directors of seven citizens appointed by the Mayor for three-year staggered terms. Its structure would be patterned after similar governmental bodies elsewhere in this country, such as the Connecticut Development Authority and the Rhode Island Industrial Building Authority. The citizen board would appoint a manager who would oversee the daily operations of the Authority's programs.

CEDA would also replace the Mayor's Committee on Economic and Cultural Development. The public funds saved from the expenses of this ineffective body would help cover administrative expenses of CEDA. Cultural Development programs of this abolished committee would be handled directly by the Office of the Mayor.

CEDA would finance its activities through the issuance of revenue and general obligation bonds, issued in such a mixture and at such times as to minimize any significant adverse impact on Chicago area taxpayers.

2. <u>Creation of a Private Not-For-Profit Economic Development Authority (EDA)</u>

While a successful economic development program requires active governmental participation through the issuance of tax-exempt securities, the foundation of a healthy economy also rests upon the cooperation of labor and the private business community. To direct this cooperation towards increasing the industrial base of the city, the Mayor of the City of Chicago should bring together the city's major business and labor leaders and promote the creation of a private Economic Development Authority (EDA) which would be charged with the task of developing and managing CEDA's industrial parks.

This private not-for-profit development group would be composed of representatives of Chicago's leading labor unions, financial institutions, utility and transportation companies, retail organizations, industries, and insurance companies. These labor unions and businesses, which have already made a commitment to Chicago, would be brought together to help the city and themselves by encouraging and aiding in the rejuvenation of the city's economic base. The businesses will benefit if the city's tax base increases because their tax burdens will decline. Furthermore, labor leaders of our city will be attuned to the factors which influence the location of businesses in Chicago thereby producing more jobs.

EDA would be financed initially through a combination of CEDA seed money and private investments. Marketing and developmental functions would be performed by EDA staff where appropriate or by contracting out specific developmental requirements to existing private entities already active in the process of industrial development in the Chicago area.

EDA's businesslike approach to private industrial park development combined with CEDA's use of governmental powers of eminent domain and tax-exempt financing will insure a strong first step towards creating substantial new employment opportunities within the city.

3. Assemblage and Preparation of Industrial Park Sites.

One of the greatest problems having to do with business expansion and development within the city limits is the lack of sufficient land on which to build the most economically efficient facilities for the production of goods with the use of modern technologies. A corporation that desires to expand or build a new plant is often frustrated by the difficulty of assembling many small parcels owned by a number of separate owners, or by the need to undertake the time consuming alternative of carrying out expensive demolition of large, abandoned structures. In contrast, if the corporation turns to the suburbs, it often finds a large, vacant tract of land easily acquired from its sole owner. Thus, a major responsibility for CEDA will be the development of suitable industrial parks within the city.

CEDA's first task along this line will be to identify unused industrial land within the city's boundaries. A preliminary survey, consisting of a review of Commonwealth Edison's Area Development Department studies, data prepared by the City of Chicago's Department of Development and Planning, and on-site inspections by members of my staff, indicates that there are at least 1900 acres of vacant or near vacant land in the city available for industrial development. Not included in this survey were the large number of potential industrial park sites currently occupied by abandoned and deteriorated warehouses and factories. It should be noted that most of the industrial park sites are well served by various modes of public transportation facilities. Most of this vast, untapped, valuable industrial land bank is already zoned for industrial purposes. Thus, redevelopment would not necessitate new encroachments on residential neighborhoods.

CEDA's second task will be to assemble and acquire these industrial development sites. As a governmental entity, CEDA will be empowered to undertake land acquisition by use of the power of eminent domain. This power permits the condemnation of privately owned land and its acquisition by a governmental entity after the owner has been paid the fair market value of the property. In addition, CEDA would be authorized to make direct purchases of industrial park sites where negotiations can be successfully concluded with property owners.

Another important feature of CEDA's land assembly powers would be the City of Chicago's cooperation in vacating streets and alleys which inefficiently divide what would otherwise be large "super-blocks" suitable for today's one level industrial buildings. When the city vacates streets and alleys and deeds these rights-of-ways without cost to CEDA, it in effect lowers the cost of industrial park sites to the final industrial consumer. The corporation that buys a site in a CEDA industrial park will acquire at a competitive price a site increased from its previous inefficient size through the vacation of street and alley circulation patterns.

After assembling the new industrial sites, CEDA, as its third task, would assume responsibility for developing the necessary water, sewer, electrical, transportation, and other public services required for a modern industrial park. CEDA would also provide for thoroughly adequate perimeter security for each industrial park. This site preparation work would be financed by revenue and general obligation bonds, as discussed below.

At the completion of site preparation work, CEDA would sell the new industrial parks to the EDA which would then assume responsibility for placing tenants and seeking purchasers of individual sites. EDA would also construct industrial facilities and buildings—with CEDA's assistance.

Finally, EDA would manage the park and its facilites, with CEDA guaranties against tenant lease breaches where appropriate.

4. Revenue and General Obligation Bond Issue Financing of CEDA Activities.

The industrial park, building development, loan guaranty, and second mortgage programs discussed herein, all require a source of funds for their implementation by CEDA. CEDA should be authorized to raise these funds through the issuance of four types of revenue and general obligation bonds.

It first should be noted that the city is authorized to issue revenue bonds by virtue of the 1970 Illinois Constitution, Article VII, Section 6, which deals with powers of a home rule municipality. See particularly People ex rel. City of Salem v. McMackin, 53 Ill. 2d 347 (1972). Furthermore, Article VII, Section 6 of the Illinois Constitution expressly authorizes the City of Chicago to issue, or guarantee CEDA's issuance of, general obligation bonds.

The feasibility of issuing tax-exempt municipal bonds to finance the programs specified above arises from Section 103 of the Internal Revenue Code of the United States. This provision allows owners of certain types of municipal bonds to exclude the interest income they receive on these bonds from their gross income. To the bond holder, a dollar of interest on a municipal bond is worth more than a dollar of interest on a bank savings account or a dollar of dividend income.

For example, if the bond holder is a person whose marginal income tax bracket is 50%, one out of every two dollars of extra interest income is paid over to the federal government. If, on the other hand, the interest income is derived from certain types of municipal bonds, the income is not taxed at all. Thus, for such a person, a return of 8% on a tax-exempt municipal bond provides as much after-tax income as a return of 16% on some other investment. Even though a municipal bond carries a lower face interest rate, it is still an attractive investment as a result of this tax provision.

When the municipal bonds are sold, the proceeds which investors provide become available to support the various industrial development programs proposed in this report.

CEDA would initially use the proceeds of general obligation bond issues to engage in necessary industrial site development work. Once an industrial park became fully prepared for sale or lease of individual sites, CEDA would sell the park in its entirety to the private EDA. EDA, in turn, would agree to the repayment of site development and industrial facility revenue bonds issued by CEDA at the time of sale.

Thus, assemblage and site acquisition costs would initially be financed through the used of general obligation bonds. Subsequently, revenue bonds covering a large portion of the site preparation and structural development costs would be issued. These revenue bonds would be secured by the land, buildings, and improvements comprising the industrial park development, and they would be retired by the income stream generated through installment sale payments made from

EDA TO CEDA. CEDA would have the immediate benefit of revenue bond proceeds for further site preparation work elsewhere. This revolving fund concept reduces to a minimum the general obligation funding requirements for this program. EDA would generate revenue bond repayment monies from the sale or lease of sites to individual industrial tenants or purchasers.

Not only would the bondholders and businesses benefit, but equally important, the taxpayer of Chicago incurs no added tax burden beyond limited general obligation bond expenditures not recouped through subsequent revenue bond proceeds. This is possible because repayment terms for conditional sales contracts, loans, and rents from leases of industrial sites and buildings will be set at such levels as to fully cover the expense of paying interest and principal on revenue bonds that are issued.

It is proposed that four types of bonds be issued by CEDA:

(1) $100 million in pollution control revenue bonds;

(2) $50 million in general obligation bonds;

(3) $50 million in industrial site development revenue bonds; and

(4) $100 million in industrial facility development revenue bonds.

First, Section 103(c)(4)(F) of the Internal Revenue Code provides an exclusion from gross income for interest on bonds issued to provide air or water pollution control facilities. The City of

Chicago presently does not utilize this tax opportunity. Its failure to do so contributes to Chicago's economic problems. Many businesses are faced with the need for installing pollution control facilities in order to bring existing plants into compliance with state and federal pollution control laws. To install such facilities, corporations are faced with the need to divert funds that might otherwise go into expansion of existing plants. Furthermore, the expense of such devices often is not justified in old buildings and plants. By issuing $100 million of pollution control revenue bonds which take advantage of this tax provision, Chicago could assist and encourage industries to take necessary environmental improvement measures while at the same time encourage plant expansion leading to the creation of more jobs.

The second component of the bond program calls for the issuance of $50 million of general obligation bonds to finance site preparation costs and loan guaranty and second mortgage programs. It should be noted that general obligation bonds differ from revenue bonds. The latter are secured by the credit of the company for whose benefit they are issued. In contrast, general obligation bonds would be secured by the credit of the City of Chicago. Revenue bond programs are dependent on the success of CEDA and EDA in enlisting businesses to commit themselves to development projects which would generate funds to retire the revenue bonds. The general obligation bonds, on the other hand, can be issued before businesses commit themselves to participate, and are not limited by the Internal Revenue Code to specific types of projects.

Thirdly, Section 103(c)(5) of the Internal Revenue Code provides an exclusion from gross income for interest received on bonds issued for the acquisition and development of land for industrial parks. When revenue bonds are issued for this purpose, and coupled with CEDA's assembly of sites and the City of Chicago's contribution of streets and alleys, it is possible for sites in city industrial parks to be priced competitively with sites in the suburbs. It is estimated that $50 million would be needed initially to get this part of the program started.

Fourth, Section 103(c)(6)(D) of the Internal Revenue Code provides an exclusion from gross income for interest received on bonds issued for the construction of buildings. This tax provision limits the amount of bonds that may be issued for any one project to $5 million. Thus, to take advantage of this tax provision, the issuance of $100 million of revenue bonds is required.

This initial four part bond program would be a major inducement for businesses to expand or locate in Chicago. In this time of a credit crunch in our economy, businesses that remain or locate in Chicago would know that they have some help from our city government.

5. <u>Loan Guaranty and Second Mortgage Programs.</u>

An economic development program based on land acquisition alone will not succeed in helping attract businesses to Chicago.

A major obstacle to the health of our local economy is the unavailability of capital caused by high interest rates. Many businesses cannot expand or build new plants because they have no way of obtaining relatively inexpensive capital; others with access to capital development funds hesitate to use such funds for fear of becoming overly burdened with long term, high interest obligations. Many corporations could remain in Chicago if they could tap previously unavailable capital investment funds at lower than market interest rates. A corporation faced with a choice between a tract of land in the suburbs to be developed with funds from private lending institutions at market interest rates, and a tract of land assembled and prepared by CEDA in Chicago developed with below market interest rate funds, will opt for a Chicago alternative.

Interest charged to the businesses on loans would be slightly more than the interest rate the CEDA must pay bond holders. For example, if the city issues an 8% face interest rate bond, it need only charge the business to which it makes the loan 8% plus a small amount to cover administrative expenses. Such an interest rate for loan proceeds is particularly attractive to businesses in this time of prime interest rates in the private market of 12%.

Another way in which CEDA can help firms to remain in Chicago is by guarantying loans made by private lending institutions to business customers. A bank will be more willing to lend money to a company if it knows that in the event the company is unable to repay its loan, CEDA, backed by the City of Chicago, would do so. This principle of guarantying loans is the same one which underlies FHA and VA financing of private home purchases.

To secure loans and guaranties CEDA would take a second mortgage on the real estate, machinery and equipment of the borrowing corporation.

6. Sensible Tax Policies Including Repeal of the Employee Head Tax.

An essential part of any program for stimulating industrial development must include sensible tax policies. One of these policies would be the abolition of the recently adopted head tax. This tax falls heaviest on labor intensive businesses--exactly the businesses the City of Chicago needs to attract. The companies with the largest payrolls should not be hit with a tax of this nature. The short range thinking that produced this tax must give way to long range thinking about preserving and increasing Chicago's industrial base.

In addition, realistic tax assessment policies by the county would go a long way helping local industries make a go of staying in the city.

7. An End to the "Fix" and "Shakedown" Costs of Doing Business in Chicago.

The final element of the industrial development program proposed in the Report is the elimination of the "fix" and "shakedown" as costs of doing business in Chicago. Like everyone else, businessmen prefer not to be extorted every time they undertake some action requiring city approval. Solicitation of kickbacks and bribes for zoning changes, and other corrupt practices can be sharply reduced, if not stopped, by an administration devoted to eliminating these hallmarks of doing business in Chicago.

VI.

Projected Benefits Arising From the Program to Redevelop Chicago's Industrial Base

The benefits arising from the foregoing program are impossible to predict with exactitude. Some general projections can be attempted, however.

If the program achieves a level of industrial development of the 1900 acres of identified unused land comparable to that obtaining elsewhere in the city, the program could produce up to 100,000 new jobs in the City of Chicago. A Department of Development and Planning study indicated that there were 500,000 employees working in industrial businesses occupying 8,000 acres of city land, for an average of 60 employees per acre. If 85% of the 1900 acres were developed--and this seems to be the utilization rate for other industrial parks in the city--then some 1700 acres could conceivably be developed, providing 60 jobs per acre, or over 100,000 new jobs.

In addition, it is reasonable to expect several billion dollars in new construction for plant expansion and development which would benefit the building industry. Personal income of Chicago families would increase substantially as more persons are able to find gainful employment in the new positions created by the development of industrial land. Further, city tax revenues would be generated by new plants, thereby helping keep tax rates at current levels.

Last, but certainly not least, there are a number of social benefits that would arise from the creation of thousands of new jobs. As city tax revenues rise, city services will be improved, both qualitatively and quantitatively. Educational and transportation facilities can be upgraded to provide the level of services needed for a revitalized city. Neighborhoods that have deteriorated and have been abandoned can be nurtured to new health by residents who are employed in well paying jobs in nearby industrial parks.

The foregoing seven point program to restore Chicago's industrial base is only a beginning for what must be a sustained and concerted effort by public officials and private businessmen and labor representatives to stimulate a rebirth of the Chicago economy.