

REMARKS OF HONORABLE JOHN E. FOGARTY, UNITED STATES REPRESENTATIVE,
SECOND RHODE ISLAND CONGRESSIONAL DISTRICT, AT ANNUAL CONVENTION OF
STATE BRANCH, AMERICAN FEDERATION OF LABOR, ON OCTOBER 28TH, 1951.

Assembled here today are the leaders and representatives of some 140 industrial and occupational crafts embracing 45,000 members whose skills and energies are contributed daily to the effective operation of business and industrial enterprise of all classifications all over our state.

Because, therefore, of our close association with all phases of union activity and our careful attention to the welfare of our members, we are in a unique position to judge whether or not all is going well with our economy.

To us any change in the health of our economy is reflected in more or less jobs - more or less pay - and more or less goods and services for ourselves and our families.

And to the officers of the unions, the impact of these changes when they are bad is observable in the loud and frequent demands of "What are you going to do about it?"

Yes, experience over the years has made us quite sensitive to the conditions that indicate an expansion or retraction of economic activity.

For these reasons, I am sure your attention has been directed lately to the swelling chorus of voices from within the Government, business and labor all warning us of the impending economic disaster unless we revitalize and reconstruct our industrial setup.

From the speaker's stand at business and labor gatherings and from the dais of public dinners we have been told, and are told to this day what our problem is:

That the major manufacturing industries of this New England area in textiles and shoe are contracting;

That they have been declining over the years;

That they continue to furnish less and less jobs while the working population continues to grow;

That if other industries are not brought in, the consequences we fear, will be inevitable.

In addition to these pronouncements the conclusions of reports and brief surveys all sum up to the same tragic theme; our economy in the State and the New England region is suffering from a type of pernicious economic anemia.

Now these voices and these reports have attracted attention and aroused concern not only within our State and region, but they have become featured articles in the daily press of some cities well outside our area.

For example:

A. H. Raskin in an article in the New York Times of May 30, 1950 writes: "For two and one half centuries New England has been shrugging off the warning that it was running down hill" - And he "Refers to New England as a bed-ridden Industrial Giant".

In the same paper another article is headed "New England Fighting Hard to Regain Economic Power".

In the Washington, D. C. Post of June 11, 1950, Izabel and Robert Hennie wrote a feature article headed: "The Withering of New England", and sub-headed: "New England's decline in the National Economy has become a matter of public concern."

Bent as we are on attracting new and diverse enterprises into our State, we may with justice regret the adverse publicity attendant upon such distorted and extreme views of our economic conditions.

Such distortions, fortunately, are only incidental to the main objective of those who point out the weaknesses of our industrial structure and that is "to make us conscious of the things which are not right in our economy and to urge us all to do something about it and do it quickly."

If then, through these voices and reports we are led to discuss our deficiencies and we are stimulated to effect programs which will invigorate the enterprises we have and attract others, we can be assured that the press outside Rhode Island and New England will just as quickly feature this spirit of initiative and growth.

To solve this problem that has plagued us through the years we must display the same initiative and growth. But if we are going to do so with some semblance of wisdom we must find the reasons responsible for our sad economic plight.

Based upon the emphasis given then in public addresses and reports and the frequency with which they appear, the following conditions seem to be the terms undermining our economy:

1. Lack of capital investment - there is plenty of money available but few seemingly want to invest it in the area, we are told:

That Capital has been leaving New England faster than the population.

That business leaders are more concerned with protecting their accumulated capital and the status quo than in promoting regional progress. Content to sit on their money.

That investors prefer to move away rather than plow back earnings.

That when one questions why modernization is retarded, one is told: "You can get money from New England financial institutions for industry anywhere except in New England.

Sol Barkin, commenting on the aspect writes: "a recent R.F.C. report on the ownership of a Texas oil concern reads like a social register of Back Bay Boston."

2. Plant and equipment are obsolete.

They are antiquated - good for a horse and buggy era.

New England needs a productive face-lifting more than any other section of the country.

W. L. Wheeler, President of Pitney Bowes, Inc., Stamford,

Connecticut, in his report on New England Economy in April 1,

1951, stated that for over 25 years the New England Council

has been hammering away at this problem: That there was some progress but it was slow.

3. Industrial management lacks imagination, energy and enthusiasm. The claim is made that -
They are not too well disposed to new ideas, products and processes.
Our New England industrialists are too defeatist; that they use any excuse and expedient to avoid growth and expansion.
4. Relations between labor and management follow a time-worn pattern. They say that -
Each refuses to yield or recognize new approaches.
Neither takes action to remedy conditions until disaster strikes and industry is flat on its back.
5. Labor costs in New England are the highest in the country. Notice the expression is 'labor costs'. The costs are high not because wages are high - the hourly rates are low, but because productivity is low due to inefficient plants, obsolete methods and equipment. With reference to labor costs, Dr. Alfred Neil, First Vice President of the Federal Reserve Bank in Boston is quoted as stating: "That high labor costs do not keep industries out of New England." - "In the textile and shoe industries high wages are a competitive disadvantage." - "In other industries labor costs in New England are a competitive advantage."
6. State and local taxes are a competitive disadvantage to business and industry in New England.
(a) This seemed to be the consensus of manufacturers and industrialists, in answer to a questionnaire sent out by

Dr. Neil and reported in the Providence Journal of October 14, 1951. Yet the recent report of the Committee on New England submitted to the President's Council of Economic Advisers in July states:

"The tax aspect is over-exaggerated".

7. There is lack of industrial diversification. Some states like Rhode Island are heavily weighted with textiles. If, as it is reported, differences in labor costs run 30% lower in the South for skilled and 40% lower for unskilled, the competitive advantage here is definitely in the South's favor. In Rhode Island this would be important since 40% of the manufacturing workers are employed in textiles.
8. New England cannot compete with this influx of cheaper foreign goods.
9. The lure of the South.
This is one very commonly mentioned. Due to the fact that many of the competitive inducements are made possible by acts of the Federal Government. Business complains their taxes are used to improve and subsidize land and power projects elsewhere in the country which in turn are used to lure industry from New England.
10. Transportation costs are too high.
New England is limited in natural resources; these must be imported. Centers of population are moving westward; New England is forced to ship its finished products.

After search and investigation then, these ten factors are cited by individuals and groups as having important effects on the decline of our economy.

But I am sure no one will conclude:

That any one, or any two, or any three were solely responsible for the problem we now face. More sober judgment tells us some exerted greater impact than others, but that the total effect of all operated against our common good.

Nor can we conclude that all business and industrial leaders or that all labor leaders were backward in their thinking and derelict in their duty to the people of the region. Some, perhaps, but not all. I am certain, however, after a brief analysis of these items that they will reveal to us that if action is to be taken to strengthen and stabilize our economy, that action must be taken.

On the local level - the first seven items I have cited should be the common targets of actions by the States and labor, industrial and other local groups.

On the Federal level - Items 8 to 10 - since they fall within the framework of Federal activity are definitely the concern of all New England Senators and Congressmen, whether they be Democrat or Republican.

Since we are familiar with the factors and conditions generally acknowledged as contributing to our economic woes, it is most natural at this point to ask: "What is being done to remedy the situation?"

Well, strange as it may seem there is a great deal being done on the state, city and town level from Maine to Rhode Island. In these states, Industrial Development Corporations, commissions or Councils have been voluntarily organized and set up by state law to encourage new enterprise. In numerous communities throughout New England, groups of businessmen and bankers are working closely with municipal and town officials to finance industrial expansion. They are utilizing every possible resource to raise adequate funds to help defray the cost of new enterprise.

To survive today, to protect their jobs and their homes, they know that delay may be tragic in its consequences because they realize that all over the United States, in states, cities and towns, there are some 200 Industrial Development Associations out to get the same enterprises. They are engaged, as we must be, in a bitter competitive battle among states for a bigger share of our national industrial progress.

In addition to these efforts, there are many of our alert industrial leaders who are constantly renewing their faith in the basic economic strength of this area by spending large sums of money to expand plant facilities, renew and modernize equipment to better meet the rising competition. Instances of this are:

The Atlantic Mills - spending five million dollars on a program of expansion and modernization.

The Lymanville Company - increasing its plant facilities to double its work force.

The Hamel-Dahl Company - building a new \$700,000 plant.

The H. Leach Machinery Company - constructing new plant facilities for 10 small businesses.

The Speidel Corporation - building a new plant addition for the manufacture of scientific equipment.

This brief recital of the organized efforts being made to restore vitality to business and industry is an admirable record, and in many cases the results have been most effective. But is this enough? I don't think so.

Here scattered from Maine to Rhode Island are many independent corporations, commissions and councils, all with the same objective, the economic good of New England, the state and the local community. Yet, all are operating without a unified structure of communication and coordination. Each one goes its own way; one group doesn't know what another is doing; at times, perhaps, they work at cross purposes to one another, defeating the very ends for which they were set up. Since all were set up for the common good, to achieve common objectives, then why not a common system of at least communication.

If we have municipal industrial development bodies and state industrial development bodies, then why not a New England Industrial Development body? Could not this body be set up through the cooperative efforts of the New England Governor's Council? Now this idea is not new and I am sure that it has been suggested before. I, myself, have suggested it time and time again. Yet, obviously, nothing has been done to bring it into existence.

Personally, I am very much in favor of any coordinating program that will make provision for a New England Industrial Development body because I feel it could be a very effective instrument in achieving the close cooperation among New England senators and congressmen in all matters affecting our New England economy. I have long felt that we lack this unity of objective and for the past several years have been urging such cooperative Congressional effort at every available opportunity.

It doesn't take too much imagination to become conscious of the terrific impact the Federal Government can exert on our New England economy. Representing as it does all sections of the country, each with its own interests and problems, and each seeking to get the most advantageous consideration, it is not hard to realize that in the multitude of laws and administrative rulings coming from Washington, many things can be done to harm or better our region or state. It becomes all the more imperative, therefore, that New England's Congressional representatives work as a unit for the benefit of our area without sacrificing the National good.

Our interest should be directed not only to the legislative functions but to the administrative as well. Much good possibly could be done and harm prevented by adequate representation on the important and powerful independent administrative agencies--Federal Power Commission, Federal Trade Commission, Reconstruction Finance Corporation, Interstate Commerce Commission, Tariff Commission, etc.

Certainly I share the sentiments of Senator Saltonstall of Massachusetts as expressed in "News About New England", issued by the New England Council---

"We have got something in New England. But we can't sit back and expect our industry to stay with us. We have got to fight to keep it and to get more. We have got to have unity to fight other sections of the country which are getting greater help from the Government than we are and who are getting our business away from us."

But securing adequate coordination among all political and economic groups striving for our economic betterment, and getting cooperative action from our Congressional representatives will not alone, it seems to me, provide an adequate program for our prosperity and industrial stability.

In addition to these, labor must take a very active part in formulating, initiating and executing any projects aimed at the economic welfare of our state and region. Married as most of us are, caring for our children, owning our homes, with a pitiful reserve to provide for emergencies, we know what it means to be dependent upon that weekly check and how important it is to keep it coming in. We have life insurance, medical and surgical insurance, unemployment insurance, compensation insurance, but we have no job insurance. When the job goes the rest goes.

We can't afford to let George do it all. Why trust your security in the hands of someone else. It is too risky. The other fellow could fall down on the job too.

Nor can we sit back complacently watching employment decline in an

industry other than our own, comforted by the fact that it is the other fellow's hard luck. I'm not hit yet. That is a very natural reaction to this situation but it is certainly not the wisest. Let employment, for example, keep declining in the textile and jewelry industries and then we will realize once again, but only too late, that the injury of one is the injury of all; just as the right of one is the right of all. No, it isn't the A.F.L. or the C.I.O. that is unemployed, it is labor, and labor is our business and our main and vital interest.

We must remember, too, that before ~~the~~ days of collective bargaining, when bad times came and the plant doors closed, we could with justice point the finger of censure at management and hold him responsible. And why? Because management, and management alone, set the rates, the hours, the workloads--which in turn determined his costs, and therefore, the price. If his poor judgment in determining these factors resulted in unemployment, in all justice, he should have been blamed. But today, when through our right to collective bargaining, we sit down with management and actively participate in setting the prices of these same factors, in all honesty when through his poor judgment and our own, recessions come, can we duck our responsibility for the mess?

We have the resources, the brains and the organizations to influence powerfully our economy for better or for worse. As I said at the beginning of my talk, no organization is as close and as sensitive to economic conditions as the trade unions. For that reason, we should use all the means in our power to call attention to and seek a remedy for any conditions which would militate against the welfare of our people.

It seems to me that never before in our history was the need of action more imperative and immediate. And it must be vigorous, whole-hearted and inspiring action, if we are to retrieve what we have lost and induce others to come and live among us. The need is imperative and immediate because, at no time, at least within my memory, have we been subjected to such keen and almost cutthroat competition from the South and the West.

Within the past few weeks, we have read of Elizabethtown, Tennessee and Anderson, North Carolina, floating bond issues to provide plant facilities for Textron. And all this while Textron is closing down its plant at Nashua, New Hampshire and spewing thousands among the unemployed. Fortunately, in these instances, action was taken at Washington and materials for the projects were denied.

Annoyed as we may be at such efforts of these communities shall we condemn them because they were so enterprising, because they were so intent on proving to businesses they were more interested in them than we were, because they assumed the initiative in luring from us the productive enterprise which supplies us with our bread and butter? Such an attitude while natural is foolhardy.

In the instances cited above, high promotional campaigns were put on to get approval of the bond issues, and in these campaigns, the state and town governments gave all possible aid to the local business and labor leaders. The competition we are meeting is the result of the cooperative efforts of other areas working hard on the local level. What they can do, we can do.

I know their achievements can be duplicated here. But these achievements cannot be realized through any one interested group. All groups--- all peoples who are to share in the benefits of a renewed, rebuilt, more stable and more prosperous economy must contribute their efforts and time to assure such benefits.

It is not the job of any particular segment of our economy, or of any one organizational group. It is the job of all - and only if each and every one of us accepts that responsibility is there much likelihood that the trend will be diverted.

It is with this thought in mind that I have repeatedly tried to get unity of action among labor, industry, government and the public for the greater benefit of New England and our State of Rhode Island.

I am thoroughly convinced, through experience, that a plan to be successful must originate at the local level. When such a plan has been developed and agreed to by labor, industry and the local governments, then it will be the responsibility of New England's representatives in the Congress to see to it that the plan is carried out. Whether they be Democrat or Republican, it should not make any difference if it is for the betterment of New England.

I am sure that only through such solidarity - only through such unity of action - can we attain the objective we all seek - the economic advancement of New England, our State of Rhode Island and our local community.