

P U B L I C   H E A R I N G

before

ASSEMBLY LABOR COMMITTEE

on

ASSEMBLY, NO. 1171

(Establishes a Commission on Business and Employment Retention)

Held:  
April 20, 1982  
Assembly Chamber  
State House  
Trenton, New Jersey

COMMITTEE MEMBERS PRESENT:

Assemblyman Joseph D. Patero, Chairman  
Assemblyman Thomas A. Gallo, Vice-Chairman  
Assemblyman Thomas F. Cowan, Sr.  
Assemblyman Jorge A. Rod

ALSO:

Patricia E. Turner, Research Associate  
Office of Legislative Services  
Aide, Assembly Labor Committee

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ALSO SUBMITTED:

Statement of William J. Cleary  
National Federation of Independent Business

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ASSEMBLYMAN JOSEPH D. PATERO (Chairman): This is a public hearing of the Assembly Labor Committee. I am Assemblyman Joseph Patero, Chairman. Seated to my left is Vice Chairman Thomas Gallo; to my right are Pat Turner, our legislative staff member, and Jorge Rod, an Assemblyman.

First of all, I would like to welcome all of you. As you know, this public hearing is to give committee members a chance to talk to representatives of labor and business about Assembly Bill 1171.

This bill provides for the establishment of a Commission on Business and Employment Retention. It will be the job of the Commission to assist businesses by helping in the following manner: arrange financial assistance for modernization or expansion; identify methods of increasing productivity, arrange acquisition of the facility by another business, assist a municipality or a county in improving services to business, and establish job training or retraining programs for employees. The Commission would assist employees by helping, as follows: obtaining new employment and/or new job skills, and arranging acquisition of the businesses by the employees. The bill also specifies that businesses which are moving or relocating to some other state, or which are closing a plant or going out of business, to notify their employees and the Commission a year prior to such action. If the notification requirement will cause a financial hardship to the business, the Commissioner of Labor is empowered to reduce or eliminate the notification requirement.

The purpose of this bill is to keep businesses in this State. It does this by helping to make available assistance that will enable a business to obtain the resources to become more efficient and competitive in today's highly technological world.

There has been some criticism that this bill is punitive. I understand the concerns that have been expressed. That is why we are here today. There are no fines or other punitive measures in this bill. However, no bill is perfect. But the very open legislative process in which we are now engaged will lead, I am confident, to a better bill, one which will be of even greater benefit to businesses, while protecting the working men and women of our State.

To begin the discussion, let me tell you the problems by using several examples. The most recent closing was that of the Fisher Body Plant in Ewing Township. Fortunately, the closing was averted and 2,000 jobs were saved. Another example, but without the happy ending, was the closing of the Universal Corregated Box Machinery Company of Cranford. The plant closed for two weeks vacation on a Friday and the following day notified employees that the plant was closed. A similar example is the Goulton Battery Company in Metuchen where the plant was closed without notification and several hundred men and women were on the streets without work.

Numerous additional examples could be given, but I think I have made my point. Plants are closing and the working men and women of this State are left without jobs. These are the people I am most concerned about, the little people. We must devise a system in New Jersey to protect these people. If A 1171 in its present form isn't the solution, let's find one. I have an open mind, but we must do something.

The human problems when plants close are real and very obvious. The solution is not as obvious. It came to my attention that some businesses notified their employees that they were closing or going out of business and the time period between the notification and the closing date enabled the interested parties to save the business and/or the jobs of its employees.

To cite a few examples: Pabst Blue Ribbon Brewing Company notified its

employees and others six months in advance of the plant's closing. This notice enabled employees, company officials and local government officials to develop a plan to keep the firm in business. Hyatt Roller Bearing Plant in Clark gave nine month's notice of its intent to close. This gave employees the time to negotiate the purchase of the plant. General Electric Plant in Springfield gave sufficient notice so that a buyer was found and the employees' jobs were saved.

In A 1171, I have tried to build on this positive experience. If there are problems, I want to hear them; but let's also talk about solutions. Let's be creative and innovative so that we have a state which assists and nourishes business and in doing so protects and prospers the working men and women of this State of New Jersey.

We will have copies of this opening statement in about 10 or 15 minutes. I am now told we have some here. If anyone wants one, you are welcome to have one. But the reason for this meeting, as I said in the statement, is that something has to be done. We have to protect the old industries that we have in New Jersey. I feel the State has an obligation to the industries that have made this State great. Also I think that business has a responsibility to the workers who have been working 35 and 40 years in the plants.

The first speaker to testify today will be Mr. Archer Cole, President, District #3, International Union of Electrical Workers and 1st Vice President of the Industrial Union Council.

A R C H E R C O L E: Mr. Chairman and members of the committee, I want to thank you for calling this hearing and for your concern about the jobs that are leaving our State, also for the solution you are proposing in A 1171.

I think the idea of plant retention legislation - I don't call it plant closing legislation and I am glad you don't - is an idea that is long overdue. In fact, it should have been enacted 15 years ago. Then perhaps we would not find ourselves with the problem that we have today. Tens of thousands of people with decent-paying jobs with good working conditions in communities which have thrived as a result of these businesses locating and staying there for 10, 20, 30, 49 and 50 years find themselves now abandoned by industries which are moving out of our area, relocating in the Sun Belt, overseas, and in rural communities far away from New Jersey, the Northeast and the Mid-West. Just to cite a few of the bellwether industries that have left or are about to leave or are threatening to leave is a roster of companies who have made New Jersey famous: Ford - Mahwah, 5,000 people thrown out of work; Westinghouse Elevator in Jersey City, 1,200 people thrown out of work - they closed last October; Westinghouse Plant in Trenton - the workers in this very city were given notice a month ago the plant would be closing mid-year of 1982; Continental Can in Passaic; Owens-Illinois in North Jersey; Otis Elevator in Harrison, after being there 75 years, the parent plant of Otis Elevator shut down and 1800 people worked there; Hatfield Wire and Cable have been given notice by their corporation that they are shutting down in Linden. Walter Kidde Corporation in Belleville, New Jersey; Fedders, here is a plant that was brought into New Jersey fifteen years ago. It was one of the most beautiful and spacious plants which can be seen while riding on the turnpike. I walked into it last week. There are forty people working, when the capacity of employment there was 3,000 only five years ago - the Ward Bakery in Newark; Singer Sewing Machine, here is a plant that located in Elizabeth Port 123 years ago, and at my side is Joe DiBella, the President of the Local who worked 41 years for this company and they have given us notice of their intention to shut the plant, despite contractual obligations, which were designed to help them stay in that community. Royce

Chemical in Rutherford, GM-Hyatt Roller Bearing, and they were supposed to go out. GM-Trenton, which was on the brink of closing, is still questionable, despite concessions given by employees, and there is no guarantee that will remain open. Pabst Blue Ribbon, which you made reference to, Mr. Chairman, GE Springfield - these are some of the large industries, not to speak of the hundreds of smaller industries which have relocated, left New Jersey or have gone down the drain. That is our concern, not only for our members, but for our working people who have been able to lead productive lives, but for whole communities, because when these companies leave a community they leave destitute other businesses, restaurants and bars and feeder plants and supplier plants and office supply companies, so that the shut down of the Ford Mahwah Company, or the Westinghouse Elevator Company means the loss of jobs far beyond the perimeter of those plants. So, we have to be concerned for the employees who have put a life time in there, and the communities which have helped these plants prosper, and I believe that the legislation that you are proposing here is not punitive to industry, but says to industry, "You have been good neighbors; you have been good employers; we want you to stay." I think that is a very important thing that we have to get across in this hearing today.

Now, what does this legislation do? Very simple. It says merely that the company plans to shut shop, plans to relocate, that it would give notification to a Commission set up by the Governor of this State, a tripartite Commission, if you will, where industry, peers of the companies would be represented, where labor, where the public and where the Department of Commerce and Labor and Environment would all be represented, appointed by the Governor to oversee this problem. And, once notice was given, the time would be fruitfully used, because this Commission, with many tools at its disposal would be able, then, to intervene, to show its concern for the workers and for the community and endeavor to convince the company to try to stay in business, or at least take steps that would keep that industry intact through either sale to the employees or sale to another business.

This Commission would have expertise, and as I said, it would have certain tools at its disposal. What would they be? In Pabst Blue Ribbon, Peter Shapiro is here, he intervened. The mayors intervened and the union intervened and the company listened, and as a result, instead of that plant closing last December, it is in business today because people cared. And, everybody made some concessions at Pabst with the result that a new light beer is coming into New Jersey. You will see the ads soon. I suppose it will rival Miller's but we will be regaled with the advertisements for a new light beer. But, the point that I am making is that the way was found, because people were concerned.

We heard about Hyatt. They were supposed to close. General Motors said that those roller bearings were not necessary to their future plans. But, as a result of the employees chipping in and spending the money, seed money, to make a feasibility study and follow through, we now have that plant in operation. Again, everybody chipped in and did something to keep it in business. Aren't we better off that 1000 people are working making decent wages rather than that plant leave and be abandoned like General Motors originally was prepared to do.

I was involved personally with the GE Springfield plant. They were supposed to shut last September. We discussed with them the possible sale of that business to another company. We had many discussions with two companies and finally this plant was sold to Hamilton Electronics with the union's active

intervention here in working out a new contract that would safeguard the rights of the people, but make it feasible for the company also to enter this business which was being sold by GE. What are some of the tools that will be made available to this? I think that your bill spells it out very well what that would do.

I want to emphasize that it doesn't sound to me like it is being anti-business, as business groups have claimed, if this Commission would have the right to make recommendations to assist in effectuating any changes, which may be necessary to cause the facility continuous operation at its present level or to remain open, including, but not limit, help to arrange financial assistance for modernizing the plant or expanding, assisting in procuring land for expansion, assisting in identifying methods of increasing productivity at the facility, providing technical assistance to the business, as may be necessary, and as may be made available from the resources at the disposal of the Commission, assisting the affected municipality or county in improving services.

Now, does this look anti-business? It seems to me one of the most constructive types of legislation to say to business, "We want you to stay; we will help you find the means of staying." I think that is the reason why the labor movement was instrumental in making this bill a number one priority.

Now, some of the things that could happen, as I said before, they could sell to another business; they could help the employees buy the plant; they could help renovate with assistance of funds and technical assistance and job training for people. Now, you must know that many of the businesses in New Jersey are not located in New Jersey - that is, their owners are located elsewhere. Westinghouse has its office in Pittsburgh. General Motors has its office in Detroit; General Electric has its office in Connecticut; Singer Sewing Machine has its office in Connecticut, and so on. Now, unless somebody intervenes and calls these people in to a conference, and makes certain people available, out of the State, they may never know what is available to them. They know that they want to close this plant. They advise their managers in New Jersey to shut the plant, and that is the end. Nobody has said to them, "Hey, why don't you stay; why don't we sit down with you; why don't you come into New Jersey and find a method of doing that?"

People will say this is anti-business and people won't locate here. I want to know how in God's name we are going to attract industry to the State of New Jersey when the most prominent and prestigious plants are moving out, and we don't give a rap about it and we do nothing to help them stay. If that is good business sense, I don't think so.

At the Singer Sewing Machine Plant, this company notified the union a year ago that they were in trouble. They asked us to modify the contract, so that we could help them stay. We negotiated and we made many concessions, and they in turn wrote into the contract that they would stay in business, that they would get other business, that they would modernize the plants. The story, as you read in the paper - as the company announced only four months after signing that agreement to stay - was the company announced that it would have to phase out of New Jersey by the end of the year, after 123 years. Now, if we had this Commission working and operating, they could assist the union in persuading the company to stay. They could have gone to Washington, as we did, to help bring defense work into that plant, as a means of augmenting the sewing machine business, which has been going down. We need help, constructive help, for the unions as

they try to negotiate with companies to remain open. We can't do it by ourselves, and we have been operating with one hand tied behind us. Nobody in government has been empowered to step in to mediate, to intervene, on behalf of the people and the community and the business itself to try to see if it is feasible to stay.

I want to make one thing clear, because industry groups have painted New Jersey, as they have painted other northeastern states, into a corner. They say we can't attract business in, but how can we when they are perpetually knocking New Jersey. They are perpetually saying there is an anti-business climate. Studies made five years ago are still surfacing today, when they don't even recognize the changes that were made. When labor and other groups agree to an income tax in this state, we were saying to business in effect, we will, for the first time, shoulder the tax burden with you. When we pay more and our people are paying 2% at least, they pay less, and four business taxes were repealed as a result of the income tax, a direct benefit of the income tax. On top of that, one-third of the property tax relief that was implicit in the income tax went to big business, because they own most of the largest tracts of land, of course. They belong to Johnson and Johnson and Bell Telephone and Western Electric and all big corporations which are the biggest land holders in the state. So, one-third of that benefit accrued to them.

Let's talk about Workers' Compensation. There was a bill that was sponsored by the Chamber of Commerce. It was passed. I understand that there was a savings in premiums in 1982 of \$50 million as a result of the passage of that bill. Where is the anti-business climate they speak about, and aren't they doing a disservice when they don't recognize all these changes made to change the climate and to say that we are anxious that you stay here. Now, we hear unemployment insurance under attack. Now we hear afterwards that we are taking it out of the mouths of the people who are unemployed, at record numbers now, during a recession, and I hope that this legislature will not accede to that, because there will be a loss in purchasing power, on the part of the people of this state which will further make our industries and our businesses recessed, as the economy is.

I would be more impressed with this business attitude about always taking off on labor and the state as being anti-business, if they showed some similar concern about bringing energy costs down--- Every six months, some utility appears and goes before a Commission and asks for hundreds of millions of dollars of rate increases. I never heard anybody oppose that and say, that is bad for big business. The telephone company and AT&T just racked up record profits last year of close to \$7 billion. They broke every record of the world. Did that prevent the telephone company of New Jersey from coming before the PUC and getting a huge increase that has just been approved? Did anybody say that is bad for business, that we should allow these telephone rates to rise the way we are doing in the face of record profits on the part of the company? How about toxic wastes which are being dumped and poisoning our communities, is that conducive to business coming into New Jersey? Do we hear anybody in the business community lashing out as they do against unemployment insurance and other things that benefit people?

This state is known as cancer alley. Do we hear anybody joined in the concerns that that be alleviated? These are things that lead me to believe that business oftentimes sheds crocodile tears, and there are constructive things

they could do along with us about energy costs, and telephone costs and toxic waste and carcinogens in the work place and the community. This would make New Jersey a better place. New Jersey is a good manufacturing state. It has the greatest transportation; whether it is air or highway or railroad or boat, we have it here. We have the best trained labor force here. We have access to the greatest markets of the world, the eastern corridor. Why don't we play up these beneficial aspects of New Jersey? Why do we always hear New Jersey rapped? I think this bill is saying to business, "We want you to stay here. We want to work together. We want to keep our jobs. We want our communities to prosper. We want people to have work, so that they don't get despaired," and people today are starving in many instances.

We heard some of our members talking about suicide. That problem has risen with the terrible recession and with the shutting of plants. So, for all these reasons, A-1171 is a bill that should be passed now and we hope everyone will cooperate in getting this passed. Thank you.

ASSEMBLYMAN PATERO: Thank you, Mr. Cole. Also, I would like to say that to my far left is Assemblyman Cowan who came in just as we were starting. As you know, Mr. Cole, three years ago, my feeling on this bill was that I was definitely against it, just for the reasons that you were saying, the business world was saying this was bad, and it was going to keep out businesses.

Since that time, I agree with you, we repealed the business taxes they wanted out of the way. The income tax gave them a lower property tax. They wanted Workers' Comp., which I was the sponsor of, along with Senator Bedell, and we changed that. They wanted the Department of Commerce, which I was the sponsor of, along with Senator Hamilton, and we changed that, and it didn't do anything to prevent businesses from moving out of this State. Without this bill, industry is moving out of the State. I think we should take a chance with this bill to see what we can do to keep industry in this State.

If we can help some of the larger corporations, say, American Cyanamid, or Johns-Manville, that have been here over fifty or sixty years in the state, so that when these people get together and say, "Hey, you know what happened in New Jersey, we sat in front of the Labor Commissioner and the Director of Commerce and they bailed us out. They gave us low interest loans." This is what this bill is all about.

I have been getting letters from the business people, and like I said, this might not be the bill, but I feel that we have to have something. It was just brought to my attention that there was one paragraph in the bill which I wanted out, which was left in, and that is the fine of \$25,000. So, if anyone wants to talk about that, my intention is not to have a fine in the bill.

MR. COLE: Well, can I ask you about that. We are not interested in punitive, but if somebody violates the law and does not inform the employee, the union and the State, what would redress be for those employees?

ASSEMBLYMAN PATERO: Well, what I am saying, Mr. Cole, is I want to hear the testimony. But, this \$25,000 seems very harsh, because if you have a business with 50 people, and compare it to a corporation that has 4,000 people, it just isn't right. There might be some changes in this one part. But, for now, we are leaving this out. This is not in the original bill.

MR. COLE: Labor in helping promote this type of legislation is not interested in punitive action. We want business to stay, okay. That is the

sole concern, things like severance pay, plant moving rights and different things like that, we have to take care of that in collective bargaining. Okay, that is our problem. What we are interested in, in short, is notice and then people get concerned and say, "Hey, how can we turn this thing around, all of us, together." That is our purpose, and if it is viewed in that light, then I think we will not have these problems and say this is anti-business. It is like a defense reaction immediately. It is not anti-business. It is pro-business. It says, "We want you to stay."

ASSEMBLYMAN PATERO: Well, what really made me start leaning towards a bill like this - and I see Mr. Peter Shapiro here, Executive County Director of Essex County - was the Pabst plant. We cannot afford to lose any jobs in Newark. There is no question about that. But, I believe at that time there were union concessions plus support from the county and local governments at that time; am I correct?

MR. COLE: Peter will testify to that; that is right.

ASSEMBLYMAN PATERO: And, maybe I should ask him the questions later. But, also the fact, don't you feel that maybe the old buildings they have play a big part in industry leaving our state?

MR. COLE: Yes, the Westinghouse plant in Trenton, which is about to phase-out is a five-story building antiquated equipment and if we have this bill, this Commission could have been meeting with the Westinghouse Company, and say, "My God, of all the beautiful tracts of land around here, instead of going to Cleveland, or down to Arkansas with this work, why can't you stay here, and we will assist in getting a more efficient plant." And, the union were to look at that and say, "Hey, what problems do you have in the plant that we can be helping."

Next, the history of any plant retention that we have turned around is that the unions were cooperative. In fact, there is a new thing called quality circles, which companies and unions are sitting down right in the factory, right at the point of production, and say, "How can we do the job better?" We are trying to work it out so that we can retain jobs. So, we see this as part of the same thrust to keep work here to work together.

ASSEMBLYMAN PATERO: Well, I have no other questions. I will ask the members of the Committee. Thank you very much, Mr. Cole.

The next person whose name is not on the list, but whom I recognize because he was the former Labor Chairman, and the former Speaker of the House who set a record for four years being the Speaker, Assemblyman Christopher Jackman.

A S S E M B L Y M A N C H R I S T O P H E R J A C K M A N: Thank you, Mr. Chairman. I am going to be very brief, Mr. Chairman, because I am amazed that management would take a position to be against this type of bill.

Number one, this bill is needed. I think Archie Cole in his last remarks almost hit the nail on the head - and I say this without any animosity, because it seems to me like business has been sitting on their duffs doing a lot of shouting and doing nothing about it. When the energy costs of this state have just quadrupled, they sat there while labor was fighting the cause, and they have not done a damn thing about it, just pay their bills, and then hopefully somewhere along the line when they negotiate a contract, they take it back off the people who do the work. This bill is going to pass. There is no question about it, in my mind, because I think it is a necessary bill. It is a bill that doesn't do any

harm to any company. In fact, it helps companies. I think Archie Cole made reference to the fact that this is not going to be something just designated by labor. There is participation by both sides. I am sorry that some of the more militant companies are not down here. Some of them that put values on people working. That is the unfortunate part. I am sorry to see companies move out of this State. I have to negotiate for \$26,000 workers in this State. When I sit with some of the companies and they tell me the cost of operating their plant, and we fight for it down here and some of those companies claim, "Come with us and go before the PUC trying to get some rate reductions," but, I don't see some of those companies present here today down at the PUC fighting for those rate increases.

They are down here ringing their hands on the basis of what they think is wrong with this bill. Well, this is what makes America great. If there is something wrong with this bill, let's correct it, so that we can live with it. Nobody is down here trying to put people out of business. The object of this bill is to keep people in business. We are selfish in New Jersey. We don't want to see our companies move out of this State and go to the Carolinas. We also don't want some of the international companies that we have presently to go to Switzerland and Taiwan and Hong Kong and make some of their products and then ship them back here. I am getting a little tired of that stuff. Maybe the federal government ought to put a little more money on import tariffs so maybe they won't find it so attractive to move to other countries.

I am not kidding when I say that this bill is important. And, just maybe the members that are down here that are pro this bill ought to give an opportunity to the people who don't want this bill and let them prove to us why the bill is no good. There isn't anything in this bill that can't be helpful to them. Why not a Committee that can sit down and try to resolve maybe some of the problems they can't resolve themselves. Lots of times there are people working in factories that can't see the trees in the forest, because they are so used to walking right past something every day in the week, and they take it for granted.

I am getting a little tired, as a representative who has been down here sixteen years, having companies come down and wring their hands when they now have an opportunity to do something positive to make this a better state. I don't see too many of them coming down doing anything about it. There is an opportunity being presented here today, if I just may divert for a moment, Mr. Chairman. You know I am down here specifically to help the State Police get their vests, and because of some of the activities of members in this house, some companies put a value on that. One company in particular has decided to pick up the cost of \$170,000 to buy the vests for the State Police, so it doesn't have to be a cost to the State of New Jersey. Now, there is a company that puts values where values should be. Instead of everybody being pickeyune and trying to take something out of context, out of the bill, they ought to try to make it better, so we are working toward the same purpose. I am here working for 26,000 that work in the paper industry in the State of New Jersey, and I work selfishly in this house to make sure they are protected properly. I do that in conjunction with the companies. I have negotiated contracts without increases in order to keep companies in business today. Now, if we can do that and work collectively together and stop wringing our hands and taking things out of context,

and say companies will not move into this State --- I helped move three companies into this State, in the last four weeks, out of New York City, because they found it more feasible to locate in New Jersey and laborwise they said it was more cooperative. They moved into my small town of West New York with 165 people working in the garment industry making men's ties. That was not done overnight. That was done with cooperation. We have an EDA operating in this State. We have various organizations that want to cooperate with companies to keep them in business. There are a lot of companies in business today who don't even know what the hell they are doing in business. Some of them operating the businesses should let the employees take over. They might find that they would make more money.

I am not being sarcastic when I say that, because I have seen that happen, too. It is unfortunate that we had to lose Ford Company in Mahwah. The automobile industry today has shown that they have abilities. They have accepted no increases in order to keep the American automobile industry alive. Yet, I am willing to bet that a lot of these same companies have their personnel riding in a Mercedes Benz or some other foreign car, and I am sure they are not worried about buying American. I can prove that too, when I say that. So, somewhere along the line maybe we ought to get back into the perspective that we should be in, working together and stop working in opposite directions. We should stop criticizing. I have always said, if you have to criticize, then come down here and get elected and work like we work, instead of sitting back home and enjoying yourselves, and then criticize the people who work down here everyday in the week. I am getting a little tired of companies coming down and accusing this legislative body of not putting values on companies.

Maybe we put too much value on companies. Maybe we forgot where we should be putting the values sometimes - on the people who make those companies. What is wrong in letting people know ahead of time that you are going to move your company. There is nothing wrong with that. Just maybe, before you move, we can help you. Just maybe we can show you what you were doing wrong when you wouldn't pay attention to us.

I know Archie went into a long dissertation on reports and I am not going to go on. I am just a little disturbed, because I have been around this State all my life. I have seen companies come and I have seen companies go. The companies that went - maybe we didn't need them. The companies that are here we want to keep. And, I am telling you right now, maybe we ought to start putting values where values should be. Put a value on your people. Don't take them for granted. I think they are entitled to at least a courtesy. No company goes out of business overnight. If they do, then the people up in the top don't belong there. So, I think they are entitled to consideration.

We are going to work for that bill. If there is anything in this bill, that we don't like or want, we can change it. This bill is not written in stone. If there is anything in that bill that is either anti-business or anti-labor, spell it out. We will make some of the changes if it becomes necessary. But, if we do anything, let's work together as a team to make this a better state, and make your business a better business. Thank you, Mr. Chairman.

ASSEMBLYMAN PATERO: Mr. Speaker, thank you very much for your words. As you know, I am not the hardest person to work with. If there are going to be changes, I am willing to make the changes. But, I just want to make known to you, Mr. Speaker, that almost every editorial that came out against this bill,

the main complaint they had was not bringing new business in. Forget about keeping the old businesses that we have that have supported this State for forty and fifty years. This is the point which we are trying to bring out to them. What we have we want to keep, and I think that by showing good faith in the industry that we have, we can attract the new industries into the State.

ASSEMBLYMAN JACKMAN: Mr. Chairman, I think everyone sitting in this room knows that when you talk about energy costs, and I think Mr. Cole mentioned it, our energy costs in some cases are almost triple what some of the energy costs may be down in the southern states. I have companies today that manufacture paper who have gotten electric bills seven months ago for \$28,000. And, today, I sat with a company before I came down here, and their new bill was \$59,000. It has doubled in less than three and a half months. Now, who the hell is kidding who? Why can't somebody from companies like this company bring the Public Service in and ask why these rates are going up, they always talk in terms of 12%, and 15%, and then find out that your rate has doubled. Maybe if they would do that and get off their duffs, and march like we march, they will find out that they can help themselves as well as helping the people who work for them that keep their company alive. Thank you.

ASSEMBLYMAN PATERO: Thank you very much, Mr. Speaker. The next speaker we will have will be Professor Joseph Seneca, Economic Policy Council.

P R O F E S S O R     J O S E P H     S E N E C A: My name is Joseph Seneca, and I Chair the Economic Policy Council, and I am Professor of Economics at Rutgers University in New Brunswick. I have served on the Economic Policy Council since 1974. The Council consists of three members that serve in a public service capacity providing economic advice to the Governor and the Legislature and the operating departments. The economic advice is non-partisan and independent from our position as professional economists. The other Council members in addition to myself are Professor Dwight Jaffee of Princeton University and Dr. William Freun of the New York Stock Exchange and a long time New Jersey resident.

We appreciate the opportunity, Mr. Chairman, to appear today before this Committee and discuss this extraordinarily critical issue before the State, namely employment opportunities for its citizens. The Economic Policy Council shares concerns and aspirations of the bill's proponents. The loss of employment, the difficulties created by that loss, particularly in the manufacturing sector, and the economic and the social problems, and the problems for local governments are unquestionably a critical problem for this State, and it is certainly appropriate and responsible for the State to discover why some firms are leaving New Jersey and it is critically important to prevent increases in unemployment through losses of firms or plants to other states, or through bankruptcy.

However, despite the laudable objectives of this bill, the Council believes that its enactment may actually result in worsening the very problems it is intended to solve. One very desirable aspect of this bill is its attempt to provide an early warning system to detect those firms who are about to close plants or who are considering moving out of the State, and mobilize public and private efforts to prevent this. We believe, however, that this can be handled effectively through existing State agencies and programs. Certainly these programs can be strengthened if they are deemed insufficient and resources provided to improve their operation.

The bill has problems in two basic areas, and in the spirit of trying to contribute constructively, I would like to outline those problems and go on to suggest, perhaps, some remedies.

First, the bill has negative effects on firms who are currently not in New Jersey but may be considering either relocating to the State or opening up a plant in New Jersey.

Secondly, there are the negative effects on firms already in operation in the State. The major effects of the bill on the first group of firms, that is, the potential entrants into New Jersey, are the restrictions and potential costs it places on their future business decisions. For example, the twelve-month pre-notification requirement, the various impact studies required, the public hearings and investigations. These and other factors significantly reduce the attractiveness of the State's business climate. Moreover, it is also a signal of government's attitude towards business which can, despite its laudable intent - no question about that - be easily perceived as being hostile. And, I would like to note that perception is critical, particularly to out of state firms perceiving the business climate in New Jersey. They are not here, but they have a perception of the business climate here. This bill, again, despite its intent, could easily be perceived as being quite contrary to the profitability of the business climate in the State.

In terms of the bill's potential effect on existing New Jersey businesses, one can classify firms planning to close operations in the State into four broad categories. These are not necessarily all of the categories, but these would encompass a good deal of the mobility of firms, the firms moving operations to another State, because of large cost differentials. For example, in unit labor costs, in raw materials, in energy or transportation, there are differences among the states; or, the firm's market is shrinking. It is no longer able to sell its product. Second, the firm is closing its plant and failing completely because of its long-term lack of profitability. Third, cost differentials among the States are not large, but an aging plant is to be closed in favor of a new plant to be erected elsewhere. This is the future investment decision. The question is where to locate. Fourth, firms wish to expand to New Jersey but perceive or are prevented in actuality from doing so by various obstacles, zoning restrictions, permit costs, delayed infrastructure needs, and so forth.

Of those four categories, in the first two categories little can be done. Basic market forces cannot easily be counteracted. The only positive policy in these cases is for the State to attract new firms to replace those that have left or closed because of lack of profitability for fundamental economic reasons. The economic process is a dynamic one of growth and death. We have to have growth and it is also important to prevent death. But, where death cannot be prevented, and you simply have to look at the top ten firms thirty years ago and look at the top ten firms today, that composition is continually changing at the national level and there is no reason to attempt to ossify the state's employment structure when it simply cannot be done, because the market forces are so fundamental they cannot be counteracted.

This bill, however, will harm the state economic development efforts to attract new businesses, and instead of assisting employment growth, it could easily accelerate its decline. The facility would be lost to the state in any event, in those first two categories. Applying the bill's provisions - some of

which I will discuss below, to the firm's departure could simply result in bad public relations for the State and unfavorably affect the decisions of firms considering locating in New Jersey.

In the last two categories, however, these do represent situations where the State can be effective in its attempts to retain employment. If cost differentials are not the major problem, significant cost differentials, for example, the State may ease restrictions on regulations affecting the firm, or assist a firm in obtaining quickly and promptly needed permits for sewage facilities or infrastructure improvements, but this assistance can be and is being provided by existing agencies and does not require the provisions of this bill. The Office of Business Advocacy is an example. If the Legislature considers the existing State Economic Development programs insufficient, or if not insufficient, able to be strengthened fundamentally, then it would be more appropriate to strengthen these directly.

Finally, a further important general effect of that bill is that even its consideration, unfortunately, let alone its enactment, may adversely affect the business climate in this State. The above evaluation in our opinion clearly indicates that the bill is not in the best interest of the State's economy in terms of employment opportunities.

There are several specific provisions which I would also like to address, in addition to this general assessment. First, the bill establishes a Commission on Business and Employment Retention and authorizes activities that can be costly. It does not provide an appropriation or an estimation of the costs involved. An example, the Commission is to help failing firms by "Assisting and identifying methods of increasing productivity. There is no question - if that can be done, that would be a tremendous boost to all industry in the State. It should be clear, however, that such an offer, especially when complex production processes are involved, would require the services of highly paid, technical personnel, if it is to be done effectively. There are many other types of assistance offered in the bill that have similar implications.

Second, the extensive and often confidential information required by the bill could be both costly and potentially harmful to the firm. Examples would be in terms of credit conditions, competitors reactions, if the firm is publicly held in the equity market, the reactions of the stock market to confidential information being released, the effect on suppliers, the effect on its best employees.

Third, some of the information required is proprietary. For example, the location of where the firm is intending to move. That certainly would affect its competitive conditions and jeopardize its firm's condition. The firm may be unwilling, simply, to provide that information.

Fourth, other required information is already available to the State or local government in routine reports, the tax loss associated with its closing is available in the tax payments it is making, total employment, profits, and so forth. This bill would require unnecessary duplication.

Fifth, one provision requires the firm to estimate the impact of its closing on other businesses and upon the community at large. Such impact assessments, and I repeat, if done properly, require considerable time and expertise and hence expense.

Sixth, the bill requires State assistance to businesses in financial trouble or which intend to close. Much of the specified assistance is already being provided by existing programs in the Department of Labor and in the newly formed Department of Commerce and Economic Development.

Again, strengthening the existing economic development program such as financing assistance, location, and on-site selection, one-stop permitting, further business tax reform, early warning system, we believe these are the effective ways to achieve the desirable goal of the legislation.

Finally, I would like to note the effect of the bill, vis-a-vis the national economy. If pre-notification makes any sense, it makes sense only at the national level. I believe at the national level it would still harm the U. S. economy, but it certainly would not be specifically harmful to the New Jersey economy. New Jersey's enactment of this bill, without similar legislation in other states, simply works to the disadvantage of New Jersey. Federal legislation, at least, would be neutral with respect to its impact among the various states. New Jersey unilaterally undertaking this legislation is simply not to the state's own advantage.

In summary, I would like to note that the State has made considerable effort and a successful record over the last several years to improve its business climate. This bill, despite its laudable intention to protect employment for New Jersey, would be a step backwards from the State's recent progress. I believe the intent of the bill can be met through the strengthening of the existing programs. Thank you, Mr. Chairman.

ASSEMBLYMAN PATERO: Thank you very much. There are some things that I would like to bring out. You mentioned the twelve-month's notification. I think you have to agree that if some corporation is going to be moving to the sunbelt that they are going to go out and get a consulting firm and say, "Look, give us a study on what states we can go to, or what is a good feasibility state for us to move to. That isn't going to be done in one month or two months. It will probably take about a year for that consulting firm to make the survey. And, then, by the time it is brought up to the Board for them to vote on it, that is almost another six months and then they give them another six months. What I am saying is, if you have a problem in New Jersey, let's give us a chance. They are going right to the top. They are not fooling around. If they have a problem with the environment, if they could go to the Department of Environmental Protection --- I have arranged meetings for these corporations to meet with the Department. They are going to a sub-committee of that Department rather than going right to the Commissioner. I would rather have the Commissioner of Labor and the Commissioner of Commerce going to the Department of Environmental Protection and say, "Look, these are the problems."

I think what you stressed at the beginning was, if they wanted to expand the zoning laws and things like that--- I think your chances are better if you go to this Commission goes down to the town and says, "Look, you are going to lose plant A, unless these things are being done." I think the people in the State of New Jersey feel, well, this will never happen. This corporation will never leave. But, as you know, these corporations have been leaving and they are waking up and the plant gates are closed. I think once they know that this company is really sincere about moving, concessions will be made.

I have to commend the unions for backing down. That is the reason we saved the Fisher Body plant in Ewing Township, not because everyone agreed with the UAW, but because the union made concessions. I think those are the kinds of movements that we need.

We are talking about increased productivity. I think the corporations know in just what areas they can move to increase productivity and I think the

union knows what they can give up to increase this productivity as you have seen in this General Motors plant here in Ewing Township.

As far as the EDA, I think that right now if there are any new businesses starting or expansions and so forth, that the money can be given by the EDA at a low interest rate. I think the priorities by the EDA should be given to older corporations that have been here, rather than build up new buildings and so forth to hire 40 or 50 people. I think the money should be spent where we can keep older industry that has 3,000 or 4,000 people working for them at this present time.

Outside the things you had just mentioned, bad businesses, there is no other state in the United States that has a bill like this. So, there is no experience that says that by having something like this we are going to discourage new businesses to come here. I think that is why this bill is necessary. I think we have moved; we have made changes and I think we have a wonderful Commissioner of Commerce in Mr. Putnam. Let's give this a try, and let's get these older industries to go to this Commission and say, "Hey, these are our problems." I think that I would rather have the Commissioners fighting my cause than appear before some small subcommittee of a Division.

Are there any other comments or questions?

ASSEMBLYMAN COWAN: Yes. Professor, you mentioned in your statement, which I picked up, something about the perception. Of course, this is a rather illusive term, perception. You also stated that although the private business climate has improved over the last several years, now wouldn't you say that is a perception that has been created through the process here, not only by business but by Labor, Industry and our State Government in a cooperative effort?

PROFESSOR SENECA: No question about it.

ASSEMBLYMAN COWAN: Would you say the perception then, today, is fairly good, so far as the State of New Jersey?

PROFESSOR SENECA: Certainly much better than it was.

ASSEMBLYMAN COWAN: Of course, there is an awful lot of talk here today, so far as perception. You crystallized it using the word.

PROFESSOR SENECA: Perception is critical to investment decisions in the future, particularly to people who have not had experience within the State, but are considering the State.

The other thing I might point out is the bill might also consider the problem of defense contracts and short-term businesses, maybe, moving into the State, subcontracting for defense things, but would this bill apply to them or not? In other words, they will be here specifically for the period of a contract only. That is another potential problem.

ASSEMBLYMAN COWAN: Over the past ten, twelve years, again, something has crystallized in this State, so far as plant closings.

PROFESSOR SENECA: Well, the loss of manufacturing jobs stems in this State from 1969 - 1969 is a date much later than much of the northeast. But, since 1969 we have never, ever regained the level of manufacturing jobs that the State had in 1969.

The point I would like to make is, again, the employment creation process is one of birth and death, and it is critical, again, to treat those that are ill. But, it is also very important to make sure that the environment is conducive to job growth. The emphasis has to be even-handed, I think, to create a business environment that spurs new jobs and new industries and new growth as new technology develops.

ASSEMBLYMAN COWAN: In the mark-up, you also bring in our standing on the national level, and perhaps on the international, too. Has the Economic Policy Council done any study as to what would be perhaps feasible in a matter of categorizing some type of industry or labor market that exists? What would be good for the growth of the State of New Jersey, due to this demise over the past ten or twelve years?

PROFESSOR SENECA: This is one of the main functions of the Council. Recently we have been documenting the incredible job potential available in the development of high technology manufacturing activities. And, we have documented this in our last annual report, and noted the necessary conditions for the State to assist in this. But, the development of high technology manufacturing - when you look towards North Carolina, Massachusetts, California, it has enabled those particular states to withstand this current national recession much better than the national average. We think in terms of new job creation - again, protecting existing jobs is certainly a desirable end - in the area of high technology industries. That requires a whole group of factors to come together, many of which the State can assist in. We have addressed that and can make the material available to you, if you wish.

ASSEMBLYMAN COWAN: So, there is some potential there for it.

PROFESSOR SENECA: Very much.

ASSEMBLYMAN COWAN: As far as high technology is concerned.

PROFESSOR SENECA: Very much so.

ASSEMBLYMAN COWAN: Is the state taking any avenues to address that fact now, insofar as training is concerned? What would be necessary?

PROFESSOR SENECA: The State has many programs involved in that. We feel that a number of them can be improved or strengthened, labor force skills being a primary one.

ASSEMBLYMAN COWAN: Thank you.

ASSEMBLYMAN PATERO: Mr. Rod.

ASSEMBLYMAN ROD: Do you feel that this will keep away temporary contracts coming to the State?

PROFESSOR SENECA: I am saying it is a source of concern. That is, in other words, if a company is explicitly on a contract basis, whatever it might be, a federal contract, and they are coming in for a particular job and deciding where to put that job, it may not put it in New Jersey. They may move it somewhere else, because it is a temporary thing, eighteen months, twelve months, whatever the contract period is. It is purposely that, and, again, I don't know the extent of that problem, but it is certainly something to consider.

ASSEMBLYMAN PATERO: Do you feel there would be any change if we put in a time provision in here, say, any industry that has been in this State for three years or five years would be subject to this law?

PROFESSOR SENECA: I don't see any advantage to that, Mr. Chairman.

ASSEMBLYMAN PATERO: Well, the reason I am bringing this up is in case, after three years they are already established here, rather than just saying---

PROFESSOR SENECA: Oh, you mean to address this temporary question. Yes, but I still don't think that resolves the fundamental problem we have with the bill.

ASSEMBLYMAN ROD: You do have many temporary contracts, and some of them are for three, four, or five years.

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PROFESSOR SENECA: Again, it depends on the nature of the contract and the nature of the duration. They could go easily that long. I mean, if you look at economies like the Seattle economy and Long Island economy, it is expected in the aerospace industry that there are these changeovers over a period of time.

ASSEMBLYMAN COWAN: Actually, to the best of your knowledge, Professor, as far as the generation of jobs and business, are there many federal subsidies now existing? I use the word subsidies as far as contracts are concerned.

PROFESSOR SENECA: I just don't know how New Jersey stands as versus other states right now. It has been in the past that we have not done as well as some other states with respect to Federal dollars.

ASSEMBLYMAN COWAN: As far as the State's economy, there really isn't much reliance on federal subsidies or federal contracts, if you want to call them that.

PROFESSOR SENECA: We would be below the average of some other states and above others.

ASSEMBLYMAN PATERO: Thank you very much, Professor. Next we will have Mr. Peter Shapiro, Essex County Executive.

Mr. Shapiro, I want to commend you and the part you had in keeping the Pabst Blue Ribbon plant remaining in Newark. Can you give us a little background? I don't know if you are going to talk about that today, but can you give us a little background?

P E T E R S H A P I R O: That is exactly what I wanted to talk about here this morning, Mr. Chairman, and members of the Committee. I am pleased to have the opportunity to appear before you to express support for Assembly Bill 1171. The concept of this legislation is highly beneficial to provide an early warning system on industrial flight - in enough time for attempts to be made to encourage businesses to remain.

While I was an Assemblyman a year before becoming the Essex County Executive, I met the local head of a large national firm which had decided to leave the area six months before. Looking back, it would have been a very difficult and complex decision-making process. He told me that no one in State or local government had contacted him and tried to persuade him to remain or even asked him what the problems were that caused the closing. The way he put it was, "We might have made a different decision if someone here had bothered to show they had cared."

Based on that experience, I decided that what was needed in Essex County was an early-warning system, a technique to find out ahead of time what businesses were in trouble and which ones were thinking of locating elsewhere. Businessmen are not going to come knocking on the doors of local government officials when they are out there with problems. It is up to us to reach out to them.

Setting up a system to get that advanced information is our responsibility. Lacking any formal government mechanism for it, however, I personally set to work on a very informal personal system myself.

This system consisted of setting up meetings with leaders of major businesses, sitting down for an hour or two with them, hearing what's on their minds, encouraging them to expand, to invest, to create new jobs, and to have a bigger stake in our area. Through this ongoing program, I have met and established a one-to-one relationship with top managers of local firms.

This is a highly informal system that depends upon personal contact. It is very time-consuming, very laborious, and really quite imperfect, but sometimes it works.

I'd like to describe to you one case where it did work. That was with the Pabst Brewery in Newark.

I first sat down with Ed Ness, the plant manager, and several of their top managers, including the chief fiscal officer, early in 1981. The initial meeting was prompted by the drought. We talked about everything from water and sewage to the overall economic situation. Ed Ness told me that he had a strong commitment to Essex County and he felt good about being here.

In September, financial pages began carrying bad news about Pabst's national picture. There was a decline in sales, a decrease in market share, and the company was running in the red. Shortly after that, word filtered back to me from some union members about a rumor that the plant was going to be shut down. Based upon my earlier meeting with Ness, I felt comfortable in picking up the phone and calling him directly to check out the story. Although, there was an embargo on public statements by any company representatives, he knew me well enough to be very forthright and discussed the problem Pabst was facing.

Immediately after that conversation, I met with a group of union leaders involved in the matter and gained an insight into the emergency. I found out more from that session than months of research could ever have turned up. Initially, there was a great deal of skepticism and anything could be done to help, because of the patterns they had seen in other plants where phase-downs ended in close-downs - for example, the Rheingold plant in Orange.

With strong cooperation from the unions and assistance of the plant manager, we were able to develop a strategy for keeping the plant open and saving 800 jobs in the Newark urban area. The strategy involved discussions with top Pabst management in Milwaukee; sessions with officials of the two host communities, Newark and Irvington; assistance from the Governor's Office; and, advice from the local business community, specifically through the county's Economic Development Advisory Council and the banking community.

This culminated in a meeting that took place on October 15, 1981, where we brought Pabst President and Chairman of the Board, William Smith, and Vice President August Pabst here - that is, up to Essex County - from Milwaukee to meet with area bankers, business leaders, and municipal officials.

In cooperation with the unions, we were able to work out a plan acceptable both to the company and the workers to keep the plant operational for 18 months while the overall financial picture of Pabst nationwide becomes clearer. Part of this plan was a commitment by Pabst to market more heavily in the northeast and explore product diversity to insure higher sales and profits.

It is a happy ending, not only because the plant is still on its feet, with 800 jobs saved in Essex County, but more important, because Pabst is infusing new energy and devoting new efforts to making the future of this plant more secure and financially successful.

There is a very positive feeling shared by both management and unions as a result of this series of meetings and the final decision announced by Pabst at a press conference on December 7, 1981.

The key element in the Pabst story is the timing. Personal contacts created a communications network that served as an early warning system, letting

me know about a troubled situation before it was too late, before final decisions were made.

However, that kind of personal timing can't always exist. And, we can't always expect it to exist. It just happened to be, in this case, some personal persistence and some luck involved. There are some other plants and some other stories, however. A month ago news hit the headlines that one of our oldest manufacturing companies, Walter Kidde, would be moving from Belleville to North Carolina - not an atypical kind of move for us to see. Right now 1100 workers in this plant are in jeopardy; 400 people are faced with imminent layoffs; potentially, all could lose their jobs. The prospect of saving those jobs looks bleak at this time, because key decisions were made by the Kidde Company before we had a chance to get involved. Although we will keep on trying, I know the efforts that have the greatest possibility of success are those that are made during the lead time when a company is still examining its options.

Another example, by the way, if I can just point it out parenthetically, was two years ago, the Ward Baking Company, something that Mr. Cole mentioned as well, a plant located in East Orange employing by and large semi-skilled and skilled workers, the kind of thing we need very badly in an urban area. It shut down very, very suddenly. We had a two-week advance warning on it; two weeks later they were moving out the equipment, the business equipment. In other words, there was no possibility of being able to arrange for an employee takeover, or any other alternative means of ownership, because it was simply being liquidated, lock, stock and barrel, with the equipment going right out the doors.

I realize that this informal system I have been working at is imperfect, at best. That is why I wholeheartedly support Assembly Bill Number 1171. By creating a formal mechanism for getting this advanced notification of plant relocations, our chances will be greatly enhanced for keeping those industries and jobs in New Jersey.

I think we should be mindful of the concerns of the business community that this mechanism not be seen as overly cumbersome, or become a disincentive to new investment, but I think that can be accomplished. Thank you for permitting me to testify today. I would be happy to answer any question at this time.

ASSEMBLYMAN PATERO: I think, Peter, you hit the nail on the head when you said "timing." That is all, again, in this bill. We want this timing. Like I said, I commend you. But, there are not too many Peter Shapiros throughout the State of New Jersey that will pursue something like you did. I do feel that, although we have the Department of Commerce, among others, if it is not a law, a lot of these industries have said, "Look, no one came and bothered to help us." If it is not a law, they will not know anything about it. Again, this is why I feel we need something like this.

MR SHAPIRO: I would like to pick up on a few things that were said earlier. One thing was kind of interesting, the question about how much of the information you need in advance, how much of it is proprietary, and how much of it is harmful in some way to business.

I think it is important that you look into this in some detail, because there is no doubt that there is some information that might be true, but most of the things that are being said, at least from my own experience, I find not to be true. For example, a company thinking of moving a plant from Belleville to North Carolina, it doesn't matter if that decision had to be announced a year

earlier or not. It is not going to hurt their market share. It is not going to mean their suppliers are going to be scared off. They know that plant is going to be there, whether it is going to be in New Jersey or North Carolina. A situation like Pabst, where they were looking nationwide at a system of five or six breweries and they had to decide whether or not they were going to shut down the plant in Newark - if they had announced that a year before, it doesn't mean people are going to stop selling hops and barley and yeast to them; it doesn't mean their people are going to stop placing orders to them. They know that there are going to be other plants open. I think that is the kind of situation we need to get at, particularly the one that is leaning towards an area like North Carolina, or a situation where we have a national set up where it is simply the New Jersey plant that might be folded up.

In both of those cases, one of the main contributing reason for that happening is that the plants - as you put it, Mr. Chairman - were older plants. Often, they looked at their structures and some were old and perhaps had leaky roofs, or repair problems, and the like, and one of the key things we found was that these plants were fully depreciated. That is, they were no longer able to take any tax write-off against them. Even, sometimes, as in the case of Pabst, when they admitted having a less efficient brewery in Atlanta or in Georgia outside of Atlanta, but was newer, they said, "We would rather keep it open, partly because of the depreciation benefits." We need to do something so that the tax laws are not punishing older industrial areas like our own, by making it so there is an incentive to keep open and re-build new plants in suburban or far flung areas, and to shut down the old ones we have.

ASSEMBLYMAN PATERO: Okay, those are the jobs that we are trying to save, the manufacturing jobs. But, like you said, we have a chance before the Board of Directors makes a decision to move out of the State. Because, you know, it is very hard once the decision has been made, to move to North Carolina, for them to change their minds. All we are saying is, before you make that decision, give us a chance.

Also, they fail to realize that this is helping small businesses. Large corporations have retainers; they have lawyers and legal firms and so forth. A person who employs 50 or 55 people, if his business is starting to drop, okay, he doesn't know where to go. If he is having trouble struggling with a small business, he is going to struggle to pay a lawyer to defend him. Again, maybe his machinery is outdated; maybe he can get a loan from the EDA and buy up a building with machinery so that he can produce more and get his costs down.

We are telling businesses, "Look, here is this Commission; you go and they will help you out with your problems."

Are there any other comments?

ASSEMBLYMAN ROD: Very good.

ASSEMBLYMAN PATERO: Thank you very much, Peter. Our next speaker is Senator John Gallagher from the 13th District.

SENATOR JOHN GALLAGHER: Thank you very much, Mr. Chairman. It is good to see you, and my good friend Mr. Cowan from the Irish Festival Committee. We have to get our plug in, Tom.

At the outset, let me say that I am here personally and as the representative of the 13th District. Basically, I am not here, Mr. Chairman, to really speak for or against this particular bill. I would like to make you aware of a situation

and how this particular bill might affect that situation. First off, personally, as Tommy knows, my family is quite labor oriented. Secondly, I know the pangs of unemployment, because about four years ago, the Governor just knocked me out of my job, and it took a little while to get another one. My area that I represent is the Bay Shore area here in the State of New Jersey. It is an area that many years ago was a big thriving area. It is an area that has a tremendous work force available to industry, but an area that has not been able to attract industry for one reason or another.

Years ago it was a bedroom community type situation in Monmouth County, and as you know, today with the cost of commuting, it has gotten to the point where many of our lower scale people are losing their incentive to go to their jobs or into Newark or Jersey City, and we unfortunately have a growth in the subsistent situation in our Bay Shore area. I think it is a tragedy at a time when we have such a great need and a great work force, that we have difficulties in attracting industry, and it is one of the primary goals that I established for myself when I decided to seek election.

We don't have too many sizeable plants in that area, but we did have a couple of those plants close. H & R Johnson, and Keyport closed last year, and the Lily Tulip plant, which is not in the district particularly, it is in Holmdel, but most of the employees there are from our district, in the 13th.

ASSEMBLYMAN PATERO: Senator Gallagher, the Johnson plant, did they move to another spot, or did they just close?

SENATOR GALLAGHER: No, they just shut down basically. They are a Canadian company and they shut their manufacturing down and they were going to use it as a distribution center, and decided against that, and one of the problems there was the railroad situation and the freight situation that we have.

Also, on the Lily Tulip situation, I happen to be very close with the person who is President of that firm. We are bringing him down to meet with Commissioner Bodman and Commissioner Putnam this Friday. They originally had some 2,000 people working there. They dropped it down to close to 400. About two months ago, they decided that they could no longer compete in this market out of that plant and have decided to close it at the end of the year. They find themselves in a position where they have a very good labor force; but, they are still unable to compete, primarily due to some other factors. They are not divorcing themselves of the marketplace. They are going to ship from miles away, because they cannot compete out of this particular plant.

In this area, I would like, perhaps, to make a comment about the utilities. I think the utilities are one of the greatest things that are chasing some of these manufacturing businesses out of this State. They just cannot tolerate any longer those consistent increases. I am surprised in the three months I am down here that we fight over the thirteen and fourteen percent that is included in those rates, as to who is going to get it and we don't give very much consideration to the impact that that 13% and 14% has on an ever escalating utility cost for these manufacturing plants. I think we ought to address ourselves to that, or we are going to have more difficulty in this State.

Comments were made before the Appropriations Committee that some 100,000 manufacturing jobs were lost over the past ten years. Other comments were made that there are very few large employers in this State, most of them are small employers. Therefore, I doubt very much, Mr. Chairman, if too many of those plants will be

able to go through the processes that you indicated, from Committee to Committee to Board of Directors, et cetera. I don't know that too many of them are going to be aware of their decision that far in advance.

As I said in the beginning, my main concern is really to try and find a way to provide jobs for our people. It is apparent that whether it should or should not be, that there are those in the business world who have a negative feeling about this particular piece of legislation. We have an employment opportunity problem in the 13th District. We are going to have to go out and try to entice businesses into the 13th District. We need all of the pluses that we can possibly garner. I am a little bit concerned that the twelve month notice that you have put into this bill is going to cause some of those people to think twice about coming in.

I want some new businesses to take a chance in New Jersey, because I think the people we have who will work those jobs are capable of doing them the best anyone could in any of the 50 states. I don't want anyone to think, should he take that chance, that he may be locked in for another twelve months of a losing venture. I want to get him here first. I am just a little concerned that this twelve month factor that you have in--- It might work very well for those who are leaving. But, it is going to have a deterrent effect, I think, on those who might come and provide new opportunities.

In this regard, I think that we have to get some manufacturing jobs back in this State, and that our economy has gone too far service-wise, and that we can go for all the training programs in the world, and some of these specific customized training programs will probably work, but we are never going to be able to train all of these people who are in manufacturing jobs to some of these high technology jobs. We have to provide employment opportunities for those people. So, we must find a way. We must find a way to get those manufacturing jobs back, because this is the best area for them to be in. But, unfortunately, they have run into a series of problems and we have to address those problems.

As they say in a divorce situation, if everything was well at home, there wouldn't be a divorce. I think that while there are many, many things, Mr. Chairman, in your bill which I wholeheartedly agree with, and that we must go out to those businesses as early as we can to help them, and to find out who they are, and to try and solve some of the problems and keep them, I think that is where our attention should lie. Now, I think in '78 or '79, Governor Byrne pointed to some early warning task force. I don't know what that early warning task force has done or accomplished. Last year, in the wisdom of the Governor and the Legislature the Department of Commerce was created. This year we are going to give them some \$7 million to work with. I would hope that somehow, between what you are looking to accomplish that before it goes into law, you can sit down with those people, that you can sit down with business and come up with something - yes, come up with something that is going to help those people who are in those types of jobs, who are being divorced from their employment.

Now, please, do not do anything that is going to add to the difficulty in attracting new businesses. We need them desperately for a number of reasons, and we need every possible bit of ammunition we can have in order to attract them and compete with the sunbelt. Thank you very much.

ASSEMBLYMAN PATERO: Senator, I want you to know that just two years ago, we had labor on the opposite side of the Department of Commerce bill, but

this Committee saw fit to get the bill out, and I think there is something needed. There is no question in my mind, and the Committee's mind, that the business people should be able to go to the Department of Commerce.

You are talking about the twelve months. It states in the bill that we are leaving that up to the discretion of the Commissioner of Labor. If, for some unforeseen reason, if something comes up, we can't hold a company for twelve months---

SENATOR GALLAGHER: I understand that, but the impression that is going to be given, Mr. Chairman, and I think it has already been given, through the editorials that you have cited, is that there is this twelve-month period.

ASSEMBLYMAN PATERO: Our Speaker pro tem, Chris Jackman, came and spoke and he said, instead of business taking a negative response to this bill right off the bat, they should bring it back to their people and say, "Look, this is what could happen." Like I said, we have no history of what a bill like this would do to any state in the nation, because there are no laws in this nation.

But, also, if they would bring this point out to their people, and say, "Look, take a neutral stand," because the bill is not going to pass overnight. It has to go through two houses. It might take a year or a year and a half. But, I am sure we are going to have something, and let them explain to their people - Say, look, these are the pros and these are the cons, because the bill isn't that bad.

SENATOR GALLAGHER: I understand that, and I think you should be commended for bringing it up, because it is a problem that perhaps we haven't looked at for years. And, by your bringing it up to this point, you are going to get the input from everybody and hopefully we can come up with the bills, the rules and regulations, and the law, whatever, that all of us can live with. Please, I ask you again, do not do anything that is going to be a deterrent against us getting new businesses in. Because, while we try to retain these remaining manufacturing jobs, if we could come up with a formula, if we could come up with some kind of program, so that we are in a position to attract new ones, we won't have to worry too much about anyone else leaving us.

ASSEMBLYMAN PATERO: We are getting world headquarters, which is nice, AT&T, Exxon, Johnson and Johnson. But, the person who is working at Lily Corporation just can't do those jobs. Those are people that have worked with those companies for thirty and forty years; they are 55 and 60 right now. No way are they going to get any kind of job.

The state has to make some effort to say to those people, give us a chance. If we went to the Department of Labor right now and asked them what was the main reason for these industries moving, we have no records. We have no history on why they are moving. Today we heard about the utility problems. We are getting charged two or three times more than some of the southern states. That is a problem that we have to go into. Maybe there should be federal legislation on that rather than state legislation. But, we want to try to show industry---

The intent of this bill is to show industry that has been here, "Hey, we want you."

SENATOR GALLAGHER: Absolutely. I think that I will be able to get some facts and figures with regard to this Lily situation, because they have identical plants in other parts of the country. Hopefully, for the first time, maybe we can compare apple to apples and see exactly what some of our difficulties are within the State of New Jersey.

I happen to be convinced, in this situation, at least, that it is not labor.

ASSEMBLYMAN PATERO: Mr. Gallo.

ASSEMBLYMAN GALLO: Senator, for how long a period of time do you think that Lily has been contemplating shutting down?

SENATOR GALLAGHER: Well, I think Lily has probably been fighting it as much as they can, because they would like to stay here. They would like to stay in the area because this is a large market for their particular product. And, I would say they have been fighting it for a couple of years now.

They have given notice, as I said, about two months ago, so, really, they are almost falling under what the Chairman is trying to accomplish in this bill. But, I don't think that is possible with all employers of 50 or more.

ASSEMBLYMAN GALLO: But if this bill were already law, don't you think there is a possibility that they may have been able to receive the type of help they require to keep their operation going?

SENATOR GALLAGHER: We are going to talk to them, because we do have until December until they actually go. But, I can tell you now, I believe their decision is irrevocable, based on what they see with regard to some of the costs that have caused them to get into this problem remaining or growing.

ASSEMBLYMAN GALLO: You see, I have a home down at the shore, and I know people who did work at Lily, and already they are unemployed. I honestly feel that if this bill were law, that maybe that problem they have there could have been resolved.

SENATOR GALLAGHER: It is possible, but if we can't do it within the next eight months, I don't think you are going to do it within twelve months. We have that amount of time in this particular case.

ASSEMBLYMAN PATERO: But, Senator, you said that you would be meeting with the Commissioner of Labor.

SENATOR GALLAGHER: That is right, Friday.

ASSEMBLYMAN PATERO: Maybe you would let us know what comes out of that meeting.

SENATOR GALLAGHER: I will.

ASSEMBLYMAN PATERO: I wish you could ask them exactly why they are leaving. Is it because it is an old building? You see, according to this bill, what could happen is, if the building is too old, if they want another location, we could help them in that area also.

SENATOR GALLAGHER: Whatever facts I can get, Mr. Chairman, you will have.

ASSEMBLYMAN PATERO: I would appreciate that, Senator.

SENATOR GALLAGHER: I would like to say one other thing: That is, we are fortunate in our area that we have some interested people. The community college people are working very nicely with them in trying to soften the transition for some of these people. Another interesting thing that I think you should realize is that the average age in these community colleges now is going up primarily because of the problem that we have in losing these manufacturing jobs, people having to go there to be retrained or to pick up some other skills.

So, you have provided a good service in starting this thing. I just hope that when we come out of it, we are still in a position to attract new businesses.

ASSEMBLYMAN COWAN: The sun always rises, John.

SENATOR GALLAGHER: I know that. Hopefully I will always get up to see it, Tom.

ASSEMBLYMAN PATERO: Thank you very much, Senator. Next, we have Assemblyman Richard Van Wagner.

A S S E M B L Y M A N R I C H A R D V A N W A G N E R: Thank you, Mr. Chairman. I come here to testify today basically on the concept embodied in Assembly Bill Number 1171, as it relates to probably one of the most crucial problems that not only New Jersey faces, but any state in this nation faces when as traumatic an announcement as the movement of any facility which has employed people over a number of years is in that particular community.

I would like to focus, if I might, Mr. Chairman, and members of the Committee, perhaps on another side of this issue. I have heard testimony relative to the impact on the business community in this State of possibly requiring that a notice be given prior to movement. I can understand, from the management perspective, the difficulties that any corporation would have, if it had to adhere to a mandatory requirement to notify the Commissioner of Commerce, or Labor and Industry, of that plant's or corporation's decision to move in advance of a certain period. I realize, also, that many of these management decisions that are made, are determined to a large extent by the marketplace and not necessarily by factors that might exist within the State of New Jersey.

We had an early warning task force set up to try to assist businesses in the State who ask for assistance in maintaining their economic vitality. I would like to focus on the other end of the spectrum, if I might, and that is the tremendous impact that the closing of a place of work can have on any individual worker. Let me reflect, again, on the situation that is presently existing in the County of Monmouth in the Township of Holmdel, as it affects the district which I represent, which borders that plant.

The district that I represent, which I have lived in for almost forty years, and was raised in and educated in, is an area that has a myriad of people in it - people who commute to New York, professionals, people who are probably employed in higher income levels, individuals who live along the older sections of the Bay Shore, the so-called Raritan Bay area, who have moved down and who were among the early migrants from Newark and Jersey City, who are still to a large extent employed in New Jersey, either in north Jersey or in a surrounding area. The Lily Tulip plant was a large employer of people from our area. So, I ask the Committee, if you will, to focus on the impact of an individual who is suddenly affected and has suddenly found that because of a decision that had to be made, perhaps, that that individual may no longer have an opportunity to enjoy a livelihood and give their family the opportunity that they hope to give them.

I think it is that individual that we as a Legislature have the biggest responsibility to, in determining whether or not that person can find themselves back in the job place. So, as I focus on this legislation, I focus on that aspect of the bill that would provide for those people some type of job relocation opportunity. We can talk about high technology manufacturing. I can translate high technology manufacturing for you if you would like, as opposed to the low technology manufacturer. Basically, high technology manufacturing in many cases, employs less people in the process of manufacturing itself and instead it spends more money in the area of computerized operations. That is what high technology manufacturing is. It manufactures a product with less people. And, I think that we have to begin to look at that

in the context of a changing society. We are not going to see the rebirth of manufacturing in this State as we once knew it. For anyone to sit here to talk about what occurred twenty years ago and say that it will occur in the 1980's, I think they are being guided by false promise.

We have come to a point in our society where business and government alike are faced with the same difficult decisions. We have people in our community who are concerned about jobs and employment on one hand, and are concerned about the environment and the quality of life they enjoy on the other hand. Over the past twenty years in this State we have seen environmental laws passed that in many cases have been looked upon by business as detrimental to the ability for them to grow.

We have tried to create a balance in that regard. But, in anyone's perspective, no balance will ever be totally agreed to. So, when we look at the whole complex subject of job opportunity or the creation of new businesses in this State, we have to look at it within the context of what we have established as requirements for anyone to come here and either live here or work here. And, that is a larger issue than this bill seeks to address, I believe, Mr. Chairman.

If we can at least address in this bill the issue of what happens to people who are suddenly and abruptly found to be without work, particularly if they are people who in many cases - and in some cases - may not have had the opportunity to obtain a high school diploma, then it is our responsibility as a State, along with those collective communities in this State, to begin to develop a process by which all of those community resources, educational resources, both from community colleges, from high schools, from adult education programs, from job placement services, be brought to bear in that situation where there is a closing.

In the Lily Tulip situation, the day after the announcement was made, I directed a letter to Commissioner Bodman asking that we explore the second part of the process that your bill has set up - that we explore the process by which - not that we can retain or hope to keep or reverse the decision made by the Lily Tulip Corporation, but to look at that part of the process that addresses itself to the 400 people who will be displaced by the movement of that company or the closing of that plant. That plant is in an excellent location. There has already been expressed, from my understanding, at least 3 substantial interests in moving into that plant. It has a railroad side; it is accessible to highway #35. It is not far from the Garden State Parkway. It is a beautiful plant location. And, the tax situation in Holmdel, from a property tax point of view, is very advantageous, from what I understand.

So, the plant has definite advantages. And, as the corporate officials in that case pointed out, their decision was prompted by the market place, more than it was prompted by anything else. That is a decision that companies will make, and we are going to have to accept that as part of the corporate life in this world that we live in. But, now we have people who are going to be in need of employment. This is my basic concern. The bulk of these people live within the eight towns that I represent. I would say probably close to 30% of the people employed there - and I may be understating that - are employed by the company that announced its movement some three or four weeks ago.

I might point out to you, Mr. Chairman, by way of interest, that I attended a retirement dinner in late October of 1981 and inquired of some of the individuals who were at that dinner, as to what the plans of the company were at that time.

There was a confusing report given at that time. Some of the employees felt that the company was simply going to restructure. Others felt that it was just a rumor and that no movement was imminent. I don't have to tell you that some three months later a decision was made, and the movement of the plant and the closing of it was made public. So, what I ask of you today in developing this legislation - and I know that you are going to hear from many, many people today in testifying on this bill --- I have heard you and the other members of the Committee say in these deliberations that you are going to be reviewing this and that there is nothing here that is written in stone. And, knowing of your great tolerance and forbearance in dealing with legislation, I know that everyone is going to have their opportunity to make recommendations as to what this legislation should look like.

But, I think you have brought to bear a focus on a very definitive problem that exists, not only in New Jersey, but exists in every State in the union. That is, what happens to workers who suddenly find themselves dislocated as a result of a decision over which they have no control. What happens in terms of our responsibility as a State, as a county, as a local municipality, in terms of attempting to assist those people and once again obtain gainful employment. And, if there is any one focus that I think is most important about this legislation, it is that part of the legislation that seeks to address itself to that issue, Mr. Chairman.

I have already had, as a result of asking for a meeting, which I understand is going to be convened on Friday, I have not been communicated with directly but I am told - except by Senator Gallagher - that this meeting will be Friday and that a discussion of some of the avenues that the plant will pursue in helping its employees relocate --- And, I have several questions to raise relative to the unemployment benefits and other benefits that the employees now enjoy and will hope to enjoy to tide themselves over in this interim period. Hopefully, those areas will be explored at that meeting.

But, more importantly, I think it is in the interest of the State of New Jersey and in the interest of the business community in this State not so much that we provide penalties for companies that perhaps don't abide by certain warning systems or certain announcements, but more that we focus as a State and as a legislature on how we can help to assist in retaining business in this state - because that can be a frustrating process if we focus only on that - but how, if the inevitable is to be, and that business must move, we then can help those employees that will remain behind, that will be unable to make that transfer, that will be unable to make that transition from that job to another job for one reason or another, and how they may be best assisted by the many resources that we have within our communities. And, for that, I thank you for your time, Mr. Chairman.

ASSEMBLYMAN PATERO: Rich, why I feel so strong about this is, I am the employment officer where I work, and we have been laying people off. As you know, the manufacturing jobs that we have had over a period of years paid between \$8 and \$9 an hour. If we start losing these manufacturing jobs, these large corporation jobs, these guys are going out to the street and the only jobs available, unless they go on unemployment--- It disturbs me when they say they want to cut unemployment, because these are people who have been hired in the 40's and 50's and have never had to collect unemployment. They don't even know what it is to take days off, and you hear they want to lower the unemployment rates. But, those guys are going

out and getting jobs that pay \$4.50 an hour. They then come back to the office and ask when they are going to be called back because they are working for that \$4.50 an hour. They don't get the benefits. That is why we have to do something.

I think the first thing is we have to have a warning system before the Board of Directors makes a decision to leave the State of New Jersey, that the state should come in. But, I believe there has to be some training program, so that these people who have been used to working around a machine, or something, can get an education by working with data processing machines and so forth. Those are the jobs that are coming into New Jersey fast. Whenever a building is built, it is for a data processing corporation coming in. This is what we have to do. We have to start training the people. At 18 and 19 you can still learn. But, you have to get these 45 and 50 year olds and say, "You can't go to work with a wrench in your pocket anymore. You have to learn how to type, or file." Also, there are people who just don't care for that kind of work. We have to almost brain wash them into saying, "Hey, forget about what you have done in the past. This is the field to go into."

ASSEMBLYMAN VAN WAGNER: I have heard a lot. I agree with you. I have heard a lot said about inviting new industry into the State, and making the business climate in New Jersey attractive. I realize that for many businesses in our State - and I have talked to many businessmen - they feel that they are living in a polarized situation in this State, for a lot of reasons.

I attended a jobs conference in Hightstown in 1978, and as a conferee involved in some of the seminars there, I was interested in noting that in the list of priorities as to why businesses find New Jersey a difficult place to do business, listed in number 12 or 14 priority was the issue of taxes. There were several other priorities that were above taxes in terms of why a business might be prompted to leave this State. Among them were the many levels of government that we have in New Jersey and the regulatory process. There is no question, I think, that somehow or other --- Maybe this is not the forum for this, but given this opportunity, I think I should say it, somehow or other there is a great redundancy in business reporting requirements. Administratively, the small business people of this State who employ a large amount of people in this State - and their going out of business is much less dramatic than the closing of a large automotive plant, I realize. But, the small business community in this State employs, really, the bulk of people that work there, particularly in the contracting industry. And, many times when we look at what attracts new business into the State, or how can we attract new business into the State, we forget the ones that are here that have been doing business for 80, 90 or 100 years. They can use assistance.

One of the biggest assists they can use, I guess, besides the usual one of lower taxes, is less administrative requirement in reporting, redundancy of requirement, constantly having to send the same reports to give different agencies. And, I think that we as a legislature can address those things. But, I think you are absolutely on target when you describe the plight of an individual who may have been at work for 20 to 25 years in a facility, perhaps, earning \$8 or \$8.50 an hour and then suddenly finds himself having to find employment opportunities at \$4 or \$5 an hour and already having a family in progress and growing.

I think we have to find a way to address these things. I think we also have to find a way to look at a planning process, if you will. I heard Professor Seneca here before talking about the process that they are trying to explore in

the Economic Policy Council. I think that it is important that we begin to explore the planning of what are viable job opportunities in this State. I think it is important that we begin to provide for the businesses in our State more than just advocacy when they are in trouble, but advocacy on a technical basis that can assist them in adjusting to some of the changing regulations that may come - not from us, but from the Federal Government or from the local municipalities.

So, I think State Government is both large enough and small enough to serve a very valuable role in certain areas. I would echo the same concerns that have been echoed, and I think the Committee will probably hear more about that as to the actual structure of the legislation, as it relates to the requirement for reporting. We may want to build some kinds of qualifications into that.

I realize that it is your concern that some type of early warning system be set up. I am not saying that is not possible to do. I think it can be accomplished and I think it can be accomplished in a joint way. But, there is the possibility, of course, in any kind of legislation like this, of sending a signal out that is not one I know you want to send. Certainly, in focusing on the impact of this legislation now, I can only relate it to how it affects my district. I have described that situation to you. I would hope only that we can assist these people who by the end of this year 1982 will no longer have the employment that they have had for some number of years. Thank you.

ASSEMBLYMAN PATERO: Thank you very much.

ASSEMBLYMAN ROD: Just a quick comment, Rich. I think you brought up two good points for businesses that are established in this State, and a new business that will be willing to come into the State. I think those are the areas that we should look at very closely, the administrative requirements, and also the different processes that we have for an application. Maybe a one-stop process to go through all State agencies would be advisable to attract new business into the State.

ASSEMBLYMAN VAN WAGNER: We have attempted to employ these techniques. When I first came here eight years ago we had developed a 90-day approval process. There was talk about development of a one-stop shopping kind of process for getting blanket approval for different types of plant construction, and business relocation.

I sense that where we went wrong was that we simply never implemented it. People are always bringing up the Japanese as an example of modern day productivity. And, just for the sake of consideration, a recent management study showed that the Japanese spend about 75% of their time in determining the solution to a problem, and about 25% of their time in planning how to get there. So, they spend three-quarter's of their time attempting to solve and implement that solution.

On the other hand, western communities seem to almost flip-flop on that and spend about 60% of their time in planning and only 40% of their time actually developing a solution and implementing a solution. So, maybe we have to look at our own management model here, to find out whether or not we can implement better management techniques, particularly in dealing with the regulatory area.

ASSEMBLYMAN PATERO: Thank you very much. The next speaker will be Mr. Lester Kurtz. We will take a five-minute break at this time.

(Whereupon a short recess was taken.)

AFTER RECESS:

ASSEMBLYMAN PATERO: I am going to call this meeting back to order, and as I stated before we took the recess, we have Mr. Lester Kurtz from the New Jersey Business and Industry Association.

L E S T E R K U R T Z: Mr. Chairman, I brought a company representative to present the statement of the New Jersey Business and Industry Association. I would like to introduce Mr. Cap Orr.

C A P O R R: I was going to say good morning, but it is good afternoon, now. I am employed by the Curtiss Wright Corporation. However, I am here today representing the New Jersey Business and Industry Association. On behalf of its Committee on Industrial Relations, the Association and its 13,000 member business and industries, I would like to thank the Assembly Labor Committee for this opportunity to express our member's comments regarding Assembly Bill 1171.

This bill, among other things, would require all businesses, including manufacturing facilities, mercantile or commercial establishments or other places of employment regardless of size, which has been in existence for more than three years, to notify the State and all affected employees of its intent to transfer or terminate its operations when such action will result in the termination of employment of 50 or more employees over the course of an eighteen-month period.

The negative, adverse, impact this proposed industrial hostage legislation will have on New Jersey's business climate is cause for grave concern among the members of the business community. If such legislation is passed, another disincentive for doing business in the State of New Jersey will have been created. We feel it is essential that this bill be rejected by this Legislature for the following reasons:

With existing State regulations, it is difficult enough to successfully operate a business enterprise. This proposed new statutory measure would place a further burden on any employer whether it be one in the State or one contemplating a move to our State. Such a measure will not - and I repeat - will not be viewed by any member as a positive reason for moving to or remaining in the State of New Jersey. It is clearly negative legislation. It must be rejected.

In today's economy, which must adjust to constant inventory fluctuations by redistribution of work within the workplace, the greatest flexibility is required. The successful manufacturer is that one which is the quickest to adjust to transfer workloads to the locations where it may be less expensive to produce or more accessible to a given market. This necessary flexibility is removed if there is passage of Assembly Bill 1171.

The Fourteenth Amendment of the United States Constitution provides, "Persons shall not be denied the equal protection of law." By common law interpretation, this protection extends to both corporate entity and to the officers, directors and stockholders of such corporations. Upon a review of the proposed legislation, it becomes evident that such an act would in several respects deny the equal protection of laws to the entities affected thereby.

Additionally, the act would apply unequally to different corporations, depending upon the number of persons affected and the period of time for which the enterprise has been located within the State of New Jersey. The criteria of 50 or more employees affected, and the three years of operation in the State, are

arbitrary and cannot constitute a logical basis upon which corporations may be distinguished.

The equal protection of laws would be further denied under the provision, "Certain employers be required to notify the Commissioner of Labor at least one year before the commencement of a closing, relocation, or reduction in the operation of a facility."

Article 1, section 8 of the United States Constitution provides, "Congress shall have the power to, among other things, regulate commerce among the several states." Interpretive case law amply reflects the intent of the drafters to allow Congress the exclusive power of such regulations, even to the preclusion of the individual states. The stated purpose of this clause is to insure a national economy free from unjustifiable local entanglement and unnecessary encumbrances on free trade among the states.

To the extent that such legislation could result in the interference with the movement of facilities from one state to another, such legislation would effectively constitute a de facto attempt on the part of the New Jersey Legislature to preempt federal statutory provisions. Under well recognized principles of law, any such attempt at preemption would be avoided and consequently unenforceable under the cited provisions of Article 1 of the Constitution.

Article 1, section 10, clause 1 of the United States Constitution provides, "No state shall pass any law impairing the obligation of contracts." The purpose of this constitutional provision was to preserve the principle of the inviolability of contracts against legislative interference. The power to regulate commerce given to Congress was never intended to be exercised, so as to interfere with private contracts of individuals, and the clause serves as well with private contracts of individuals, and the clause serves as well as a limitation on the legislative powers of the State.

It is our opinion that Assembly Bill 1171 constitutes exactly the type of legislative interference in private contract matters as was contemplated and prohibited under Article 1 of the United States Constitution.

The National Labor Relations Act provides a statutory framework governing plant closings, relocations, or reduction. Absent waiver or modification, the National Labor Relations Act requires an affirmative obligation to bargain in good faith with the union, regarding the effective termination and relocation of company employees. The Act further provides that a company may not close down any part of its operation by relocation or otherwise in order to chill unionism. Likewise, the company may not alter production or relocate in order to avoid dealing with the union.

The National Labor Relations Board has consistently held that a company has an obligation to decision bargain about closing or relocation of its facility. In summary, Federal law already provides employees effective control over management termination and relocation decisions. Ultimately, one must ask the question, why do we need such legislation? Is it not the first job of the business to earn a profit for its owners and stockholders, just as surely as it is the first duty of every politician to get elected. However, the pursuit of the latter cannot be allowed to endanger the former.

In this day and age, the citizens of the State of New Jersey know full well that profits mean good jobs, good wages, capital investment and tax revenue making possible needed government services and improving the quality of life.

The impact of Assembly Bill 1171 on the nation's capital investment decision makers, those individuals who provide the money to create industrial jobs, and to keep those we have, would be devastating. They will look upon this bill as punitive and radical, one which violates the basic principles of the free market system as we know it.

It should be common knowledge to all members of State government that business and industry has had and continues to have a difficult time justifying capital expenditures in a governmental atmosphere that attempts to legislate at cross purposes. That is, spending tax payer dollars to promote the desirability of New Jersey as a state in which to remain, expand, or locate while at the same time spending more tax payer dollars to attempt passage of legislation such as Assembly Bill 1171, which would most certainly create more - not less - unemployment in our State.

Supporters of plant closing legislation are extremely fond of talking about business community responsibilities to society. Be assured that business and industry is well aware of its obligations, obligations that are defined daily through interaction with the people of New Jersey in their roles of employers, employees, and consumers. Today, industry assumes corporate social responsibility to be an integral part of its company objectives. However, it is a fact of life for both employer and employee and community at large that shut downs and layoffs do occur. Such decisions are not made flippantly, nor are they made vindictively. They are made in response to a quickly changing economic environment. Most often, the managers charged with making these decisions do not have the luxury of extended lead time.

We urge this Committee to recognize that a single piece of ill-conceived legislation, such as Assembly Bill 1171, can undo overnight all that has been accomplished to date to bring about a more viable and competitive business climate in the State of New Jersey. Legislation of this type represents not only a threat to the State's manufacturing community, but to every one of its citizens as well. The enactment of Assembly Bill 1171 would be tantamount to erecting signs along the borders of New Jersey that would read, "No business investment wanted." It would most assuredly put a footnote to those "New Jersey's Got It," ads that serve as a warning that here, unlike other states, we impose a special charge on the free movement of capital investment; that we believe it appropriate to impose political and economic sanctions, on corporate mobility and normal, private, operational decision-making.

What company in its right mind would opt to invest substantial capital sums in New Jersey when other states not only offer a more desirable economic environment, but also recognize you cannot run a competitive industry by legislative edict. This bill, if passed, would have the ultimate impact of driving existing business and industry out of the State, and will result in the dubious distinction of placing New Jersey at the top of the list of those states considered least desirable in which to start up a new industry and/or expand an existing industry.

In fact, the mere existence of proposed legislation of this type - even if defeated, as it should be - is enough to cause companies considering New Jersey as a new business location to return to the drawing board and reconsider the options available to them.

Let there be no doubt that if this bill is passed, the industrial commissions of the sunbelt states aggressively pursuing new industry will applaud the loudest and will spread the word with astounding speed to those businesses headquartered

in other states presently considering New Jersey as a place in which to relocate or establish a new facility.

There will always be situations where compliance with a fixed notice would be impossible - an unexpected economic downturn, abrupt revisions in production or work schedules, or even a natural disaster. If better employee assistance in the private sector is to be a public sector goal, then more practical acceptable ways of providing that must be devised. There are other ways to keep industry in New Jersey, besides using an iron curtain.

Reform of the unemployment compensation law to eliminate blatant abuses and the development of a state financing mechanism could make capital more readily available to job creating small businesses would be excellent places for the Legislature to start. The citizens of the State of New Jersey would be far better served by their elected officials if an all out effort were made to analyze the causes that trigger plant closings and relocations out of the State before proposing legislation. Then address their best efforts towards positive legislation designed to eliminate such causes, instead of mandating what will be perceived in the industrial community as hostage legislation.

It makes better sense to create a mechanism in State government to enable appropriate agencies to work with troubled companies and organizations to avoid closings where possible and to soften their impact when unavoidable. Such agencies now exist. One was mentioned earlier this morning, the Governor's Early Warning Task Force, and such an assistance mechanism could be linked with the Governor's ongoing program to improve job retraining and placement assistance. Benefits from this program would be perceived as positive, as opposed to the negative impact of Assembly Bill 1171.

In light of the aforementioned facts, New Jersey Business and Industry Association urges the Assembly Labor Committee to reject this legislation for the good of the citizens of the State of New Jersey. Thank you.

ASSEMBLYMAN PATERO: Mr. Orr, as you know, we are eliminating Section 11, where we put the \$25,000 fine. If it is a problem with the 50 or more, eighteen month period, if this is a major concern, I have no problem wiping that out. If the amount is wrong, we are willing to change the amount. If you want a zero figure, we will put a zero figure to it. But, there I feel we will be hurting the small business with 5 or 7. You brought up some national laws. As far as regulating commerce, I don't see in this bill where we are going to regulate commerce. You have brought up the National Labor Relations Act, which has the power of relocation or reduction, I am willing to change, like I said, to 50 or more.

My feeling of what Assembly 1171 does is on page 8, the last two paragraphs. First of all, we are trying to find out what causes trigger plant closings and relocations to other states. We have no figures whatsoever. We are saying, come to us before you start moving out. It says it makes far better sense to create a mechanism in State government to enable appropriate agencies to work with troubled companies. That is what this Commission is going to do. If you need money, we will help you. We will help you repair an old building or relocate on the other end of town to cut out red tape.

It says, "To avoid closing where possible and to soften the impact." We are not telling these people you have to give us twelve months notice and you cannot close down. We are leaving it up to the Commissioner of Labor, if he thinks it is just, you will not be fined. There will not be a penalty against them. All

we are saying is we are trying to solve in A-1171 what you say in the two paragraphs on page 8, which says what I just brought out.

MR. ORR: What we are trying to say back to you is, number one, the causes or the catalysts that trigger the movements are not that difficult to find out. I don't know if anyone in the State has ever bothered to discuss that with the industries that have moved out. I am sure they would be honest with you as to why they have moved out. It is an expensive process to move out, as I said. Here you don't do it flippantly; you don't do it vindictively, you do it for a good business reason. Those causes are what should be addressed. If you want to make New Jersey an enticing state to industries to come into and a state which you can speak of in a bragging sense that this is a state that encourages industry, this is a state that will give all the protection it can give to help industries stay alive, that is great. But, don't make it a mandatory, legislative edict, which is perceived by businesses as interference in their right to make their own decisions. Make it voluntary if you want to come up with something like that, but publicize that to the point where it is advantageous for companies that are in trouble to utilize those services, but don't force it down their throat.

ASSEMBLYMAN PATERO: I just wanted to bring up one other thing. We have been meeting with the industries and they brought up Department of Commerce, Workers' Comp., and the only thing left is the unemployment insurance. We have just received a report that was published in the papers about two weeks ago that we rank 47th because of our unemployment insurance. But, they fail to tell the people in the other states that the employees put so much money into that fund. That is the reason for the fund costing so much.

We are going to work on the unemployment. As you know, with a system as big as that, it will not be done overnight. We are going to try to work out something with unemployment. But, in the meantime, we do need this. I just hope that if there are some parts that the businesses and professions do not feel belong here, we are willing to change it. All we are saying is, before the Board of Directors makes a decision to close any plant or relocate in another state, just give us an opportunity.

Like I said, if someone here could tell me how we can do it without breaking any international laws, we want to help industry. That is where we are right now.

MR. ORR: As we briefly mentioned to you during the caucus, the question of the constitutionality of a law such as this type is being contested right now in the State of Maine, not that they have that much business to lose, but it is being contested up there. I again want to urge the Committee to reconsider this question of making these acts mandatory. If an industry really wants help and a state government makes it publicly known that help is available - usually a drowning man doesn't avoid a life preserver.

On the other hand, if you want industry to move in, they resent and they fear having someone legislate how they are going to run the business. Please keep that thought in mind.

ASSEMBLYMAN PATERO: Thank you. Our next speaker is from the United Auto Workers, Mr. Ed Gray, Regional Director.

E D W A R D G R A Y: I want to thank you, Mr. Chairman, and the Committee, for giving this matter the time and attention that you have and for the work that you have done and are doing on a subject that is terribly important to us. I must

comment, however, that in listening to the testimony of the previous speaker, I am reminded of the old French expression that goes to the effect, "No matter how much things change; they always remain the same."

This sounded like a passage out of Charles Dickens when he wrote about the Millers of Coatestown, and how they threatened to pitch their property into the sea every time their home secretary threatened to do anything, they would control the way children were used in the mills, if they employed their children for child labor and so on. That was a very eloquent passage, but the conclusion was they didn't really toss their property in the sea after all. They kept it and went on and prospered.

This proposed legislation, I would suggest, is really quite mild. It is about the least you can do if you are going to do anything at all. There are many other things that could be done. I think we probably favor much more sweeping legislation, but at least this is a beginning. This is an attempt to examine the problem which is a problem not just of one State, but of every state, and hopefully, New Jersey can point the way for some action that others might emulate.

ASSEMBLYMAN PATERO: Excuse me, Mr. Gray, I guess you will agree that there are other things that were supposed to be in this bill that we eliminated because we felt they might have been too hard on the businesses, and we felt that we should go with what we had, at least we have a chance of passing this.

MR. ORR: I think this is a beginning. It is a beginning to examine a very critical problem. As you know, we in the UAW have been very much concerned with the problem of plant closings and we have been doing a lot of work on that subject for a long time. I was also impressed with the comments from Mr. Van Wagner who spoke a little while ago, who talked about the impact of plant closings on individual workers. You may have seen the article in the Star Ledger last Sunday by Art Lanihan, which he wrote at length about the closing of the Mahwah Ford Plant and what that meant to workers with 25 and 27 and 29 years of seniority. It was not enough to retire, quite, but also the lack of availability of other employment.

I was personally most distressed by the selection of the Mahwah Ford plant for closing some two years. That plant will have been closed two years in June of this year. And, I knew what the circumstances were of that plant closing. I know that within a radius of 40 or 50 miles of the plant, there is just no industry of any consequence. I know also that most of the workers in that plant had worked for the company for many years and were in the process of buying their own homes. I knew, too, that the lack of availability of mortgage money meant that probably most of them couldn't sell their homes and go somewhere else where jobs would be more plentiful. All of the fears and all of the dread I experienced at that time has proven to come true, unfortunately. Mr. Lanihan in his article last Sunday describes that very eloquently. The plant, as they say, has been moth balled, and all of the 5,000 or 6,000 workers who were formerly employed there are now either totally unemployed - they have used up most, if not all of their benefits - they are no longer eligible for unemployment insurance or, as we describe it, sub-pay, supplemental unemployment benefits that they couldn't collect for a period of time. And, they are doing very badly. When Archie Cole spoke this morning about workers threatening to commit suicide, it was Mahwah workers he was talking about. Those threats have been made, and unfortunately I fear may ultimately be carried out in some cases. The impact of the closing of that plant, and the long-term unemployment on family life is very hard to imagine. I have seen studies

before of the meaning of unemployment on marriages and on families, and I think it is certainly going to be true of the Mahwah situation. Many families will break up because of the long-term unemployment. Also, I don't know what it is going to do to the lives of the children who were in the families of workers who are now unemployed. I had a chap in from the University of North Carolina last week wanting to do a study of the impact of unemployment on children between the ages of two and twelve. I never really thought about that subject too much before. But, obviously, it does have very serious consequences for small children. They are bound to be affected by that. I did agree to cooperate fully with him in trying to fully develop some material that would shed some additional light on that subject. We have been working very hard with the Ford Motor Company and the General Motors Corporation and with other companies in the auto industry and the auto parts industry trying to find a way to ward off some of the plant closings that we have been experiencing - or the partial closing of plants.

There are more than 300,000 auto workers who are now on long-term unemployment. We have no idea whether they will ever return to the industry. That depends upon a number of factors, and some of those we can only guess about. But, the contract concessions that we have made have been made really in an effort to buy time to find a better solution to this problem. We do think that the contract concessions in themselves will not be an ultimate solution. We have to learn to do things differently in this country. Abe Raskin had a long article in the New York Times about two weeks ago in which he said the adversarial relationship - that has been so characteristic of labor relations in this country - really had to change if we were going to match the type of competition that we have from abroad, not just from Japan, but particularly from Japan, we have to learn to do things quite differently. I think he is right. I think we do have to learn to do things differently. The nature of the relationship that we do have in most of industry in this country does not exist in other countries. It does not exist in France; it does not exist in Germany, and it certainly doesn't exist in Japan.

I don't know if you understand or appreciate what happens to a worker when he is hired and processed through an employment office in most plants in the U. S. He is assigned to a job; assigned to a foreman, department, and told what to do, and the foreman generally asks a lead man to instruct him in all the fine elements of his job. I am talking about a generally unskilled or semi-skilled job, and from there on in he is told by the foreman or an agent of the foreman what he is to do with each minute of his time during the course of the day.

Well, the Japanese have developed a system that I think was prompted in part by the people at the Harvard Business School of worker consultation. Mr. Cole referred to it this morning as the quality circle. In any case, it is an attempt to involve workers in the processes of production in a way they are not involved here. They are consulted in the plant, and time is allowed for consultation, discussions between the foreman and the union officers and the workers to talk about how to do things differently and how to do them better. They do respond to that. They respond to that here.

The Japanese have some advantages, however. The workers there know that if they do succeed in improving the product, either the correction of the product, the quality of the product, or what have you, they are not going to be surplusd and bumped out on the street. That happens here. We are talking to the officials of the General Motors plant here, the Fischer Body plant here, about what could

be done by the workers in the plant that would encourage the company to remain here. This is before we worked on a national settlement with GM. And, one item they listed was more production. So, the Committee agreed they would talk to the membership about the possibility of turning out more work, and they agreed that over a period of a year or two they would try to improve production by 20%.

In the final discussions at the national table, the company announced and repeated again that they had a surplus of Fischer body plants. They had four plants producing the same kind of hardware. They really didn't need all of them. And, so, they wanted to surplus 20% of the workers at the Trenton plant, because they said that the union had agreed that they could increase production by that much. Since they didn't need more production, they proposed to surplus the workers. Well, happily, we have been able to ward that off. I don't think very many people will be unloaded on that account, or furloughed. But, that is a very common practice in American industry. Generally, if the company doesn't need your services that day or that week, they can't wait to get you out the door and off the payroll. That really is a different kind of relationship than we need to have, if we are going to have the type of cooperative relationship that many of them now say they would like to have.

GM has been promoting "Quality Work Life" throughout the 100 plants in the corporation. About half or more than half are at various stages of instituting that pattern of work relationship. Maybe the best known illustration is the one in Tarrytown New York where for several years they have been working at this, and they have achieved some really remarkable results. One of the things that it does is encourage workers to assume some interest in and responsibility for the quality of the product. That is one of the reasons why the Japanese have been able to pretty much eliminate inspection and re-work in the production process, and that is a very costly item. Where the workers assume the responsibility for doing it right the first time or for correcting it if it's wrong, it does really make quite a difference. It has made a big difference in Tarrytown. The system has been working very well there. It takes years to develop a relationship where it can work, because one of the elements required to make it go is the element of trust. And, the workers in the Department feel that the main thrust of the program is to do something to them, like getting them out the door, or making them unemployed, or making them work part-time. That is not the way you build confidence in a program of this kind.

Ford is trying to do the same thing. They call it by a different name. They call it employee involvement, which, I guess, is a good name, but in any case, they indicate they want to do things differently. I would say to them, and I would say to Cap Orr and other representatives of industry in this country, if we are going to have that kind of relationship that will make it possible to live and compete in the world in which we now find ourselves, we have to change some of our habits and some of our ways of doing things. I think the proposal to examine why a company is contemplating moving, and encourages them not to move, is a very sensible one.

Let me tell you what happened with the Gould plant in Philadelphia. The Gould Company took over the ITE Imperial Plant, which had been a mainstay of the economy of that city for some 75 years. It employed about 2500 workers, most of whom, almost all of whom, were members of the UAW. The company at some point headed by a chap by the name of Ilversacker, who was a very strong minded type, decided they wanted to move out of Philadelphia. Now, they didn't tell us

about it. They didn't tell anybody in Philadelphia about it. We found out about it quite by accident and after they were pretty far along in the process. And, we decided to fight back. We did that in a variety of ways. We had some language in the contract that enabled us to take them to arbitration. We got quite a good decision from an arbitrator about the fact they couldn't do it in the way they were trying to do it. They directed that they bring much of the work back, return it to the Philadelphia plant. But, it also gave us a chance to talk to the company about what they were doing and what they had been planning to do without our knowledge or consent. In the course of all these discussions, we found a way to get them all to agree to keep most of the jobs in Philadelphia.

I think now some 1900 jobs remain in Philadelphia. That was without a bill of this kind. That was without the kind of encouragement and the kind of Commission that you contemplate here that would have been of great value to us in that situation.

The Walter Kidde plant is another plant that is under contract with the UAW. We have known for a long time, by the way, that they were planning to move. They told us months ago that they were planning to go so many months distant. I am not sure that advance notice in this case helped very much. I don't know whether a Commission would have helped. It might very well have done that. Someone else needs to talk to the company other than just union people about the interest of the community, the state, as well as the union, in remaining in this area. In any case, it is something we really ought to try. We certainly welcome it. The plant may or may not finally move. We are trying to persuade the company not to do so. But, I can tell you with absolute certainty that the Trenton GM plant would have been gone, if it were not for the fact that we had made the effort nationally that we made to keep it here. I organized that plant in Trenton 40 years ago. I lived in Trenton. This is my home. I worked in the plant here. I became part of the UAW as a consequence of that. And, one of my first assignments was to organize the GM plant in Ewing Township. Well, for that, I have a personal interest in the plant, as well as an organizational interest.

I must say that the decision to keep the plant here offered me a lot of personal satisfaction as well as our whole union. So---

ASSEMBLYMAN PATERO: Mr. Gray, don't you feel that two year notice helped in that situation?

MR. GRAY: Oh, sure, absolutely. If they had said, we are going to start moving machinery out next week, it would have been impossible to do anything. Companies can give notice. They don't have to fold their tents like Arabs and sneak away in the middle of the night. That is what Gould's intended to do in Philadelphia. They didn't do it, as I said, because we discovered by accident what their plans were. But, if they had come to us and given us a chance to work with all the problems they had, and there were problems in the plant that we could help to solve, and we did help to solve. If we had an opportunity to do that, by virtue of getting official notice from them, or from a government agency, it would have been much, much better, I think.

In any case, I do want to commend you for your efforts on this score. I tell you, if it doesn't prove to be the final answer, let's look for another one. It is a most important human problem. I think there are a few things that are more important in this country right now than trying to find a way to cope with some of these situations.

I think that Donald Regan put it correctly the other day when he said that we are in a deep, deep recession and the economy is like a log lying dead in the water. I think that is exactly where we are. I think we need all the help from governmental agencies at every level that we can get. What you are doing here and what you are considering here is, I think, a very important first step forward and may take us somewhere. If it does, it will be very helpful to people who are not even involved in these discussions at this time. With that, I want to tell you that I am personally grateful to you for what you are doing and we will work with you to try to make it meaningful if it is enacted into law. Thank you.

ASSEMBLYMAN PATERO: This bill did wake up some people. I have been getting a huge amount of mail and so have others on this Committee. But, what I think is, rather than just talk in generalities like the opposition is talking, I think they should take the bill and go over it line by line, paragraph by paragraph. This is no good and this is no good, and then put the plus signs. I think that rather than people telling their membership which way to write a letter that they should decide if they want the pluses or the minuses. According to this bill, I think there are more pluses for industry rather than minuses.

MR. GRAY: Well, it is hard for me to visualize how it could do any serious damage to industry. On the other hand, if it works at all, it will be an enormous benefit to people who are desperate right now. That is the reason I think we ought to go forward to see what we can do, to see if we can make it work.

ASSEMBLYMAN PATERO: Mr. Cowan.

ASSEMBLYMAN COWAN: I didn't hear the full presentation by Mr. Orr, but I did hear the finality.

ASSEMBLYMAN PATERO: We have a record.

ASSEMBLYMAN COWAN: In that relationship, have you ever given that consideration as far as a piece of legislation like this is concerned, say, coming from the other side, the people that you are representing. We have the capitalistic movement and we have harbored the capitalistic movement in the people who also look for--- Everyone has mentioned the benefits ensued from everyone working together. Have you given any thought to this piece of legislation or any piece of legislation relating to plant closings, et cetera, being done on a voluntary basis?

MR. GRAY: I have not really contemplated that as having any possibility of being effective. We have had quite a lot of legislation. They have to do with problems of this kind. There were national laws providing for trade adjustment assistance. They were wiped out a few months ago. Under those laws, workers who were unemployed as a result of foreign imports could apply for trade adjustment assistance and collect maybe two-thirds or three-fourths of their normal pay. The bill also provided for retraining allowances, and relocation allowances. Unfortunately Congress in its haste provided money for the first part of the bill, as a weekly benefit, but never got around to providing money for the training and relocation which really ought to be a part of our program.

By the way, I was in Sweden a few months ago, and they do it so much more sensibly than we do. I was in Grotenburg, which is a community that had five major ship yards, three of which were closed. The responsibility for finding work for the people who were unemployed as a consequence of the closing of the ship yards passed to the government and passed to the trade unions and passed to the companies, and they did find other work for them. They were gainfully re-employed.

In the lapse between jobs they got substantially all of their pay, and they had just a very civilized and sensible way of dealing with what could have been a real human catastrophe. So, that illustrates what can be done. It is so much more than we even dare to suggest here now.

ASSEMBLYMAN PATERO: Thank you. Next, from the New Jersey State Chamber of Commerce, James Morford.

JAMES MORFORD: Good afternoon, Mr. Chairman and members of the Assembly Labor Committee. My name is James Morford. I am Director of Governmental Relations for the New Jersey State Chamber of Commerce. Joining me this afternoon is my associate Bill Halsey.

We appreciate this opportunity to present our views concerning plant closing legislation as represented by Assembly Bill 1171. The New Jersey State Chamber of Commerce is a non-profit organization which is supported by its dues paying members in the business community. It provides information and acts as representative for its members on a broad range of issues affecting the growth and economic well-being of the entire State.

In this regard, one of the primary goals of the State Chamber is the attraction of new business to New Jersey, as well as the retention of business within the State. This legislation, therefore, is of primary interest to our members. In discussing plant closing legislation, we realize there are well-intentioned people in favor of such proposals. Justified are their concerns about the effects of the loss of income on the displaced worker and his family and the impact a closing could have on a community. We share these concerns, but nevertheless, recognize that a plant closing law is not the answer. In fact, such a law would be counter-productive in dealing with these concerns.

The negative economic consequences that would result from the enactment of plant closing legislation would be substantial. The imposition of State governmental controls on corporate mobility and investment decision making would present a major obstacle to businesses that are examining the possibility of locating within our State, as well as placing an additional burden on those companies already here. The resultant threat to future employment opportunities and economic growth cannot be understated.

Let us examine some examples of how this type of legislation would adversely affect business and job opportunities in New Jersey and then address some constructive alternatives to deal with these problems. First, it should be noted that the decision to close down a facility is not one that is taken lightly by business executives. Indeed, a company may wish to keep an unprofitable operation going in the hope that economic circumstances may turn around. The one year pre-notification of closing may force the hand of business executives to terminate an operation that they would otherwise wish to maintain. An ailing business needs help, not the kind of adverse publicity that would result from an announced closing.

Such negative publicity may make suppliers apprehensive about doing business with the company, and demand cash on delivery, thereby worsening what may be the firm's already troubled financial situation. Moreover, customers would hesitate to place orders with a firm that is viewed as being ready to collapse. In addition, the firm would have little chance of holding on to its skilled work force following an announcement such as required in this legislation, since many of these workers would take advantage of a year's notice to seek other employment.

The pre-notification of a possible plant closing may then become a self-fulfilling prophecy. Another example of how passage of this legislation may have a negative effect upon business in this State is provided in the following scenario: A large corporation received a contract to perform a particular job over a two-year period; this company has a facility in New Jersey and the necessary skilled work force to perform the task. The same company, however, has similar facilities located in other states that are capable of carrying out this same task. New Jersey is the only one of these states that has a pre-notification plant closing law; there is little doubt that the work will be performed and the jobs created elsewhere.

Indeed, the passage - or even the threat of passage - of a measure such as this, would send a signal throughout the country that New Jersey's attitude towards business continues to be a hostile one. Already business journals and newspapers are reporting that this State does not provide a favorable climate in which to do business. This perception is illustrated in a recent Star Ledger article which summarizes a 1981 business climate study prepared by a Chicago based accounting firm. The article is entitled, "New Jersey's Manufacturing Climate Still Ranked Near the Bottom Nationwide." For 1981, New Jersey was ranked 38th of the 48 contiguous states and 3rd of the 6-state mid-east region. The study measured such factors as state and local government fiscal policies; state regulated employment costs; labor costs; availability and productivity of the labor force; and, other issues such as energy costs, environmental cost control and population density.

New Jersey ranked near the bottom in three major areas. We were 46th in the ranking of percentage of total state money spent on environmental control. In 1981, this state allocated 2.92% of government money to environmental control compared with the national average of .99%. We were ranked 48th in terms of average unemployment compensation benefits paid for covered worker per year. New Jersey averaged \$222 a year in this area compared to \$101 nationally. New Jersey placed 42nd in fuel and electric energy costs per million BTU's for manufacturer's with a cost of \$3.71. Regionally, the state ranked last in this area.

In addition to these factors, much of the proprietary information which businesses would have to provide in accordance with this bill is in direct conflict with the free market economy. Moreover, the divulgence of this information would have the effect of placing companies located in this State at a competitive disadvantage with businesses in other states.

An editorial in the Star Ledger on Sunday, April 18th, underscores the points provided in our testimony. These points are, and I quote, "The legislature ought to be aware that it does not function in a sealed chamber; that its actions are followed closely in and out of the State; a bill perceived to be anti-business will be exploited by Economic Development officials in other states to bad mouth New Jersey and perpetuate the state's reputation for being unfriendly to business. Now, the Department of Commerce and Economic Development has been established as a cabinet level advocate for the business community, New Jersey has an opportunity to push a new image as a good state in which to locate a manufacturing plant or service company, commercial enterprise and research laboratory.

"Legislators, however, must keep in mind that bills they sponsor, including those that have no chance to pass, affect the perception that others have about New Jersey's business climate. There has already been too much rain on the State's efforts to attract new industry and jobs."

Mr. Chairman, if our goal is to protect the jobs of workers and maintain the economic stability of a community, an affirmative program would achieve these

goals more readily than the punitive and unworkable measures proposed by this legislation. The positive approach is exemplified by methods used in the City of Baltimore to halt the exodus of its manufacturing plants.

An Economic Specialist, Mr. De Luca, called in each manufacturer on an informal basis and asked what problems there were, and when remedies were able to be found, they were implemented, and the exodus of manufacturing plants and jobs was reversed.

In short, a program of preventative maintenance was established that resulted in the rebirth of Baltimore. It should be noted at this point that the type of assistance to business contained in this legislation was to have been provided by Governor Byrne's Early Warning Task Force, which was established a few years ago. Notwithstanding the well-intentioned efforts, little was accomplished by this task force. It is our recommendation that the Commissioner of the newly created Department of Commerce and Economic Development in concert with the Commissioner of Labor spearhead a meaningful task force on business retention that will actively investigate the factors involved in business decisions to locate in New Jersey and to reverse decisions which would reduce or terminate operations in our State.

This Task Force should then be prepared to offer assistance or recommend actions that would address those factors which business, labor and government can effect by working together in a cooperative spirit and which would result in a positive impact on decisions to locate in this State and reverse decisions to abandon facilities. Such a Task Force will serve notice to the business community here and through the nation that New Jersey means business and seeks to establish the most favorable business climate it can develop.

In conclusion, Mr. Chairman, New Jersey's State Chamber of Commerce respectfully requests that this Committee not release A-1171. We would further urge that the positive types of programs outlined in this statement be adopted. Thank you.

ASSEMBLYMAN PATERO: Thank you, Jim. I am very happy that you brought to us some of the factors that keep New Jersey on the bottom fifth, such as utilities, the average unemployment compensation. I think that is valuable information for this Committee.

Also, what frightens me is a decision to close down a facility, which is a costly operation, and that most of the general headquarters are in another State, and if you have a headquarters that is in Denver, all they know is Manville is a name on a map, or some place in New Jersey. They will say, let's close this plant in New Jersey, or Connecticut.

What I am saying is, if they know they have to come in front of the State, if their plant is to be closed, I would rather have them know that they will have to come to New Jersey to talk to the Commissioner of Labor and the Commissioner of Commerce.

You also said that an ailing business needs help. We understand then that we are trying to make that available in this bill. And, then, you are saying that a person is looking for another job within that one year period. Well, I don't blame this guy for looking for another job. It is easier to get a job, a good job, knowing that you already have a job. The people that are working now with the exodus of all the industry that has left New Jersey, are people who have worked 30 or 35 years. I keep saying that all the time, I know. But, these are people who have never collected unemployment, and they still don't want to collect unemployment. They would rather go look for a job. I feel sorry that they have

to accept these low paying jobs with less benefits and so forth.

MR. MORFORD: Mr. Chairman, to react briefly, if I may, you mentioned the companies that have their national headquarters in other states not really being aware of New Jersey. Let me assure you that they are very much aware of New Jersey and they are aware of the cost of doing business in New Jersey and they are aware of the bottom line of profit and loss if a facility is profitable to continue doing business, or whether the climate is such in New Jersey that a more favorable climate may be found elsewhere. I know that you and I share the same concern and the members of this Committee share the same concern about retaining business and attracting new business. What concerns me is the attempt that is being made here, particularly the prior notification is the most onerous aspect of the legislation that is before you that we are discussing today.

In fact, it becomes an anti-job bill. I know that is not your intention. But, we are concerned that the pre-notification law in New Jersey will result in fewer, not more, jobs for our citizens. Marginal businesses are going to be inclined to close up and go elsewhere to a more favorable climate. New business will not, and I repeat, will not, locate in this state if they perceive the climate to be one of a hostile nature to business. I know I have had businessmen call me in the last couple of weeks since this bill surfaced, and the hearings were announced. We are looking to locate in New Jersey, but that is on hold for now, pending discussion for this kind of legislation.

As I indicated to you in a private conversation, the discussion has a chilling effect on decisions to locate in New Jersey, and I know that is not your intention.

ASSEMBLYMAN PATERO: I don't know if you can answer this question, Jim. But, you are here representing the Chamber. Do you feel that rather than having the steps that you notify the county and local government, and so forth, would you feel there might be a difference of opinion if we would say that the State should be the only ones notified?

MR. MORFORD: I think that begins an approach that I sought to suggest in the recommendation that we have a well-founded, meaningful, business retention task force. I think I used the word business retention and business attraction as very considered terms. If there is such a task force that can either bring in the type of expert that Baltimore used to really know and get an understanding of why decisions are made to stay, to locate, to terminate. We matched that against a set of economic conditions that the members of that task force and government had, because this would be a government business and labor cooperative effort. They know the signals and will know pretty quickly those conditions which would lead to a decision to terminate or not expand or relocate and can be in a position, hopefully, to move in and offer assistance. I am concerned, Mr. Chairman, because I heard you mention a couple of times today - or I have heard it mentioned also in testimony - the high utility costs, and the impact that they have on businesses. We know that has had an effect on decisions to go elsewhere, and why New Jersey is so high.

New Jersey is not high because its utilities are ripping off with obscene profits. First of all, the profit that a utility can make is regulated by the Board of Public Utilities. It is regulated by law, in fact. What is the cause of the high utility costs in New Jersey is the fact that our Department of Environmental Protection has established regulations that require power used in New Jersey generated

in New Jersey to be provided by the most high cost fuels, the lowest polluting fuels. So, it is an environmental problem that is visited more strongly on New Jersey than on a neighboring state, perhaps.

ASSEMBLYMAN PATERO: Well, maybe if we get that bubble effect---

MR. MORFORD: That would help.

ASSEMBLYMAN PATERO: Okay, if there are no other questions, thank you very much.

I have a request to hear Dr. Norman Eiger, Rutgers University.

D R. N O R M A N E I G E R: I appreciate this opportunity to appear before you on what I consider one of the most important bills you are going to be considering in this session. I teach labor studies and am Acting Director of the Labor Education Center at Rutgers.

Now, a comment was made that we don't have much experience in this country with this type of bill, although three states have bills of some kind or another in this general area. That is true. But, we do have a sizeable body of experience which I became familiar with when I was in Europe doing research a short while ago, not in this area, but you couldn't help but talk to people about the impact of this kind of legislation in Europe. And, the legislation goes far beyond this legislation, which is an extremely mild bill. I agree with Ed Gray that it is a first, minimal, step. I am very glad to see that about nineteen states are having this kind of discussion because they see the necessity of this kind of bill in a political climate where the national bill is not on the agenda. I believe that also must be on the agenda, but I believe that if we have this kind of discussion going on in State Legislatures all over the country it is going to put us on the national agenda. I feel the national bill is extremely important.

We have very limited experience in this country with this kind of bill because it is new. But, take the Maine bill, for example. I am not saying that we need research on what is happening there. There is a court case pending testing the constitutionality of that bill. Still, I understand, after looking over thirty sites to open up a new factory in different states, Pratt and Whitney went to Maine where there is a plant closing bill where advanced notice and severance pay is required; in this State if it wasn't for the kind of advanced notice that was given the workers at Hyatt Roller Bearing by GM, there wouldn't have been any opportunity to buy out that company, and those workers would not be employed. Rath's meat packing, the famous case of a major employee stock ownership plan because of the advanced notice given, in that case, they are now a viable proposition and two years after the employee buy-out the workers are employed, production productivity rates have been increasing and they have a chance of making a go of that enterprise. You can give case after case where it is absolutely necessary.

Close to home, somebody mentioned that the National Labor Relations Board provides for bargaining in this area. But, that is only a minority of the workers, and it is very difficult to get decent provisions in those contracts. A German corporation in Frankfurt made a decision to close 21 A & P's in the Philadelphia area. They received 20 day's notice, and the only reason they got the 20 day's notice instead of 1 day's notice was because they had a contract. The food and commercial workers had a contract providing for 20 day's notice. But, that wasn't enough to really prepare the way for the employee buy-out. Nevertheless, they are scrambling, and I understand that they have made considerable progress in getting

at least 500 workers to raise \$5,000 for that buy-out. This has been brought out very dramatically by others such as Archie Cole, what the human costs are. If you speak to unemployed workers, I think that you can't fail to be moved by what is involved here. But, we do have some research in this area. This research is becoming more and more available because of the concern that has been expressed over the tragedy of unemployment in our society.

The stress of unemployment affects the physical health of workers, affects the mental health of workers, results in rising levels of anti-social, aggressive behavior. We have the work of Harvey Brenner from Johns Hopkins, a major study he did for Congress back in '74, in which he examined every period of unemployment going back to the turn of the century, and specifically the post-war period. He saw the correlations and the connections between each 1% increment in unemployment and the impact on the increased rate of heart disease and liver disease, in the homicide rate, in the juvenile delinquency rate, in admissions to mental hospitals. In general, you can see in every period with every 1% increase in unemployment, that five years later you notice that there is a 2% increase in the mortality rate. Generally, he sees a relationship with each 1% increase in unemployment, something like 4% or 6% in these other indexes.

Now, without reducing this to actual numbers, just think in terms of what the cost is - not only the cost in terms of the destruction of family life, as Ed Gray pointed out - not only the cost in human suffering, but in terms used by economists. What does it cost the taxpayer? What does it cost the community? What does it cost the small businessmen, the mom and pop stores, that depend on the purchases of these individuals?

I would like to stress the European experience. There is a body of experience there. Employers have not found it too burdensome. It goes far beyond what we are trying to do with this kind of minimal legislation. If you take, for example, Sweden, which Ed Gray mentioned, Sweden is the size of New Jersey in terms of population. It hasn't prevented--- They have legislation, as I say, that is much more stringent, much more liberal, much more protective of the interest of the community, the society, and the worker. And, yet, it hasn't prevented corporations from investing in Sweden. Germany has a 12-month advanced notice or an early warning system and that hasn't prevented foreign capital from investing in Germany.

Take a look at the Swedish system. I don't want to go into too great detail. They have three laws. They didn't only rely on one law to protect themselves in terms of an early warning. But, they have three laws. One law puts workers on the boards of Swedish corporations. At least two employee representatives are on what is usually a six-person board. Now, those individuals receive very early indications of dislocation or problems coming up. This is transmitted to workers and to the union and negotiations stop.

They have another law that was passed in 1976 which requires all corporations to negotiate any major change - a change in investment - with the union. Plant closings, or cutbacks, any change in the organization of work has to be negotiated with the union. They don't have to reach an agreement, and they can't strike over it, but they can at least negotiate about it and develop some kind of a social plan and some kind of cushion for the workers that would be affected by this type of dislocation.

In terms of the third law, the employee protection act, advance notice must be given to the county labor office and the union regarding any curtailment

of production likely to cause temporary or long term layoffs. A temporary layoff requires a one-month notice. Less than five people being laid off, at least a one-month notice. A long-term layoff of five to twenty-five workers, two month's notice. Up to one hundred workers, four month's notice. More than one hundred workers, six month's notice. Special provisions are made for workers over the age of 45 who are particularly hurt psychologically and every way by unemployment; they must receive six month's notice. By the way, they have penalties there which have not been opposed by the employers. I spoke to the employer's association in Sweden. Penalties of about \$100 per employee for violations of the law are imposed. And, like the law you are considering, there is a great deal of accommodation made for unforeseen circumstances.

If a company obviously could not foresee what was happening, they are not holding them responsible. Negotiations immediately begin between the labor office and the employer as soon as notice is given. They have many other parts of their system that would be of interest to us, but all I wanted to do was indicate that they go far beyond where we are.

For example, all employers with over 500 workers must disclose their five-year investment and employment plans to this government agency and it is updated two times a year. Informal discussions then take place between the employment office, or the labor office, on steering the investment plans of that company to meet the job needs in the area. They also have certain investment funds that they have established out of excess profits and they have done it through tax incentives or through the supplementary pension system, which targets investment into the areas where there is economic difficulty which help subsidize employers that are having economic difficulty.

Here we give all kinds of tax concessions, but we don't ask a quid pro quo. We don't ask that we all join together, the public and you, and target those funds into the areas where there is need. It is a different kind of approach. Germany also has a similar system, although not as good, in my opinion, as you might find. In Sweden they require a twelve month notification of the labor department. Immediately the government begins to seek buyers for the plant or tries to bring in new plants into the area. They begin to develop relocation programs, retraining programs, et cetera. The government has the authority to freeze the work force for up to two months after a decision is made to lay off people. This period is used to allow the works council of the plant, which is elected by all the workers, to negotiate a social plan - everything from severance pay to retraining, et cetera, et cetera.

If there is no agreement with the works council, the elected body of the workers in the plant, on indemnity to the workers on a plant closing, it goes to the labor court and it is decided by specialized courts. Now, why is early warning on impending layoffs important? Now, the Europeans feel that it hasn't hurt them. It provides time to retrain and reassign workers. It gives the government time to set up alternatives while workers are still on the job. New employers are alerted to the availability of labor and opportunities and special investment funds. As I mentioned, there are investment funds available for targeting. It gives the union time to negotiate the impact of the dislocation and arrange a buy-out if possible. It also means that they have time to put a whole shelf full of public employment projects into operation as a last resort. They always have planned

a great many standby projects needed by municipalities, needed to create the kind of social public amenities in this society. They have these on a standby basis, and they immediately put them into effect when--- But, you have to have advanced notice to do all of that.

Well, I think I have spoken long enough. If there are any questions, I have a lot of data here on what is involved in the European approach. But, the important thing, I think, to remember is, I don't think any manufacturer or any company has ever been deterred from investing their capital in Germany because of this kind of legislation or legislation that goes far beyond in terms of being a burden on the company. While Sweden and Germany are having severe economic problems, they do not result from this kind of legislation. They are the result of global economic forces that we are all suffering as a result of.

ASSEMBLYMAN PATERO: That was very good testimony. Maybe the Committee should go to Sweden and Germany.

DR. EIGER: I would like to join you. There is no place like Sweden in the spring time.

ASSEMBLYMAN PATERO: Thank you very much. Next, Mr. Clark Martin, Joseph Katz Company.

C L A R K M A R T I N: My name is Clark Martin and I work with the Joseph Katz Company. We are a Trenton lobbying firm which represents a number of statewide trade associations which may or may not be affected by the bill, depending on how you read it. I would like to deviate from the written testimony, because most of which I have written has to do with a bill that I don't think we are talking about now.

At this point I wanted to ask the sponsor a question, but I will ask it rhetorically. Apparently, the bill was intended to affect businesses which employ 50 or more people. But, the way it is written, it affects those businesses with 50 or more employees only in the area of termination. And, in the area of reductions or relocations, it affects all businesses, no matter how small.

Mr. Chairman, maybe you can answer this question for me, because what I have to say depends upon your answer. Did you intend for this bill to affect only 50 or more employees in the area of cutbacks and relocations?

ASSEMBLYMAN PATERO: Yes.

MR. MARTIN: Well, it is not written that way. It is written so that it affects all of my clients, even the three-man office which wants to relocate.

ASSEMBLYMAN PATERO: Oh, no, maybe that was why I was getting letters saying, if I have four people and I lay one off, I have to let you know. No, that was not the intent.

MR. MARTIN: I just wanted to let you know that.

ASSEMBLYMAN PATERO: What we are going to do is have the bill rewritten because of that Section 11 and so forth. Like I say, we might even wipe that out if that is a concern to business and industry.

MR. MARTIN: It was one of my concerns. The bill has changed quite a bit over the course of the past couple of hours. You went from 50 to perhaps more than 50---

ASSEMBLYMAN PATERO: We are trying to help you out.

MR. MARTIN: I appreciate that. And, you also got rid of the \$25,000 fine; is that correct?

ASSEMBLYMAN PATERO: Yes.

MR. MARTIN: So, you abandoned the "Do this, or else," mindset. You have to notify us in advance, or we are going to fine you.

ASSEMBLYMAN PATERO: No, the notification still remains but the fine does not belong in there. Section 11 will be wiped out. That is why I said we are going to have a new bill drawn up, so that if someone writes in for copies, they will have the corrected copy, rather than trying to explain what is not being put into the bill.

MR. MARTIN: That is what I would urge. You are already there. What I came to urge you was to write a better bill, a bill that is not quite as grossly drawn as this, a bill that does not require every business to give one year notice of something a business cannot predict. If an operation is facing, perhaps, bankruptcy--- I can think of many instances where a businessman didn't know he was going to go bankrupt, so how can he predict that one year in advance. So, how could he say, "By the way, I am going to go bankrupt, so all you creditors line up at the door, and all you employees look for work." No one wants to go bankrupt and no one is going to predict a year in advance ---

ASSEMBLYMAN PATERO: We understand that. That is why in there it says that the Commissioner of Labor can make that decision.

MR. MARTIN: I was wondering whether the purpose of the bill was to encourage business to talk to government and then government to talk to employees or is the purpose to encourage labor and management to talk to one another without the government intervening.

ASSEMBLYMAN PATERO: Well, what we are trying to do is--- Take the GM plant in Ewing Township, they wanted certain concessions from the union and it is very hard to --- If someone is a union leader, I can see that it would be very hard to try to come up with some compromise. I think it might even be better if the company goes to the State and says these are our problems, maybe you can help us out. And, on that Commission, you see there are people from the labor movement on there, so that the Commission can get together --- You know, you are going to have experts from the labor field saying, "They will never go for this." Maybe they could have a meeting with the local organizations to see how far they can go.

Right now, I feel this is a problem because of the economy. There has to be more dialogue. I think if the third person is someone from this Commission, it would be much better rather than the two sides just talking.

MR. MARTIN: I think you can draw up a bill that would encourage that kind of dialogue. It is particularly helpful in cases of companies like Okonite. I don't know if you mentioned that company. I have a lifelong buddy of mine who worked for Okonite. Of course, they were going to close their plant in North Brunswick, but the employees bought the place out. Now they are making cable there which is better than the cable they made before, and it is more competitively priced. So, they are prospering.

On the other hand, if you take a look at Westinghouse here in Trenton, when I was a newspaper man here fifteen years ago, Westinghouse threatened to close. And, now, finally, it has announced that it is going to close. So, for fifteen years there was a plant which has always been teetering on the verge of bankruptcy and closure. It is an old building, and they make non-competitive light bulbs.

ASSEMBLYMAN PATERO: Clark, I don't know if you were here when Peter Shapiro spoke. He told us about how he found out about Pabst Blue Ribbon closing.

They were going to close. There was no question about it. But, that decision hadn't been made. It wasn't presented to the Board. He really worked on that. I give him a lot of credit. He worked along with the local unions and the Mayor of Newark. That was an exception. I think there has to be a concern for Newark, because we don't have that many jobs there. That is the major population city in New Jersey.

Also, what happens to a small manufacturing concern in Middlesex or Somerset County where they just come in and say we are going to close and there is no one there to really push to try to really keep it there. The timing is the most important thing. If someone is going to relocate to another state, the President of the company doesn't wake up one day and say, "Let's go to Georgia." He has to have a survey and see which is the best state to go to. I think that once they know they have to go to the State --- We want them to have dialogue. I brought people from the business field to the Department of Environmental Protection. We didn't get to talk to the Commissioner. We talked to someone in a sub-group. I think if someone has a couple million dollar investment in New Jersey, they should have the right to go to Commissioner of Commerce, and the Commissioner of Labor and they should have a right to talk to any commissioner he wants to.

This is a vehicle to say, "Look, the state is willing to help us out." That is the only thing we are trying to do.

MR. MARTIN: Well, I am anxious to see your re-draft. If I can help with any ideas, I would be glad to.

ASSEMBLYMAN PATERO: Thank you very much.

T H O M A S C. R O O N E Y, J R.: Thank you. Mr. Chairman, my name is Thomas C. Rooney, Jr. I am Director of Governmental Affairs for the Commerce and Industry Association of Northern New Jersey. Our organization is a business association. We have well over 1500 firms of all types that are members throughout the area of Bergen, Passaic, Hudson, Essex and Morris Counties.

I would like to begin by reading a statement on this bill from Mr. James Cowen, our President. The Commerce and Industry Association of Northern New Jersey flatly opposes A-1171 and urges that it be withdrawn as quickly as possible before any further damage is done.

This Association has worked long and hard to attract new business to our State and to encourage those already here to stay and expand. Our goals have been greater investment in New Jersey and more jobs for our people. Achieving these goals has been made more difficult by the fact that New Jersey has been perceived as having an anti-business type posture.

A-1171 will only intensify that perception. It will be seen as one more compelling reason to stay away from this state and to locate firms in other states which consider them as friends, not enemies.

All across the country Americans have made it clear that they want less government intrusion into our lives. A-1171 shows that New Jersey intends to go in the opposite direction. It would create still another bureaucracy generating mountains of new paperwork, reports, regulations, higher taxes and punishments. The other states with which we compete would be delighted to see A-1171 become law in New Jersey.

Allegations that this type of legislation will somehow help workers are incorrect. How can New Jersey workers be helped if businesses now considering this state as a possible location decide against it, or those now here see this

as a burden they will not submit to, and make plans to go somewhere else. The reality is, workers in New Jersey will be hurt by the passage of A-1171. Please do not make our job any more difficult than it is already. We must have a climate in New Jersey where business will feel welcome and will thrive and prosper. A-1171 discourages this. It should be withdrawn.

Now, there were a number of different statements that I wish to make, but they have been covered quite thoroughly, I feel, by previous speakers. The acceleration of a decline of business, the fleeing of skilled workers who learn that their company is going to leave, or may leave, the withdrawal of credit, the withdrawal of customers, all these things are real and they will happen.

One of the things that has not been discussed very thoroughly here is the cost. How big will this bureaucracy be? From a realistic standpoint, how many new state employees will have to be hired in order to fully and thoroughly implement the enactment of this law? How much additional taxes will have to be raised, and where will they come from in order to support this bureaucracy.

We put together these little graphs and all of the data in them were obtained from the State itself. We have seen that from 1970 to 1981, tax revenues, exclusive of lottery and casino gambling taxes have risen from \$1.3 billion to \$4.9 billion. When those two sources of taxation are added in, we reach \$5.2 billion, or a quadrupling of state taxes in only 11 years, while the population, as we see, has remained almost stable. And, yet, the State now is short \$729 million. It doesn't even have enough money to pay for programs that are already in place and some that the administration wishes to implement. Where is the additional money going to come from for this? The number of State employees, on the other side of the page, has risen at approximately 100 per week since 1976. That is over and above those who resign, who quit, who get laid off, whatever. An additional 30,000 employees in State government, according to the official records, in only six years being added. How much higher will these bar graphs go if we get into this type of highly, highly complex investigative operation?

I would comment, by the way, that the people in government to whom we have shown this graph before don't seem to know where all these employees are. They say, "We don't have that many." But, these figures are taken from the monthly publication, "New Jersey Economic Indicators," put out by the Department of Labor and Industry, now the Department of Labor.

One of the things that is so striking about this legislation is the different approach in verbs to those sentences pertaining to the private sector, to the corporations, and those pertaining to the public sector. It says, "The purpose of this legislation is to require businesses in New Jersey to give prior notification." It says, "Whenever a business intends to undertake a change of operation, it shall notify the Commissioner of Labor." The notification to the Commissioner of Labor and the Commission shall include all mandatory" --- And, then it goes on with a page and a half of requirements. But, when it refers to the Commission or the Commissioner, it says that the "Commissioner may approve a shorter notification period. The Commission may make such recommendations, or take such action as it deems necessary." The only time that the Commission is required to do anything, in paragraph 12, "The Commissioner shall annually at least review and evaluate the effectiveness of the program."

We have a very active membership, a very active legislative committee composed of businessmen and women who review legislation introduced in the State House, and become actively involved in it. When they read this bill, they were

appalled, except for a few who had been involved in previous years' legislation and said they were not surprised at all, because, in their words, "This is just a continuation of the same old anti-business attitude New Jersey has become famous for." The newer people were shocked that government, once again, is trying to take away the right that people in a free country have, to move from one place to another. If this goes into effect where management will have to give a year's notice that 50 or more employees - or whatever the number might be - are to be affected, will the next piece of legislation require employees who wish to move to another part of the state or to other states to give prior notice to some governmental agency that they intend to leave here and go some place else. Because, this is a logical continuation of this policy. People who wish to go some place else to do something, which, in the opinion of government may not be to the best advantage of the people of New Jersey that they must notify the government and in effect get permission, and if they don't do it, they will be subject to a fine, many companies could be grievously hurt if skilled workers in a particular category such as machinists, tool and die makers, computer operators, programmers, if a large segment of those, fifty or more in a given company, were to decide they wanted to move to the Sunbelt, that company would be literally devastated, and in some cases, put out of business, made non-competitive immediately.

Would we really consider legislation that would require those fifty or more employees to notify the State Government that they plan to move, to sell their homes, their properties here to take their savings and their investments here to go some place else? Is not this one of the freedoms that they have as American citizens?

I would like to speak now, not as a spokesman for this organization, but as a public official in the State of New Jersey. I am the former Mayor of Paterson; I am a member of the present City Council; I am Chairman of the Financial Committee. Paterson is one of the cities to which so much attention in this legislature has been given, so much concern expressed about the problems of the big cities, and rightly so, because we truly have them. We are in such bad shape with the loss of industries, the loss of jobs, the loss of rateables, constantly climbing expenses, cash flow problems beyond belief, that we are now having our legal department prepare for the Council an analysis of what is involved in a municipality going bankrupt. We don't like it, but that is the way we are headed. Anything at all that would cause any businessman or woman to look less favorably upon Paterson as a location must be stopped. And, I am absolutely convinced, after talking to business people that make the decisions that this legislation will hurt the people in my city for which I am directly responsible. It is not the intent, I know, after listening for many hours. I know that this is not the intent of the Chairman or anybody else on this Committee. But, it will be the effect.

One business representative after another that we have spoken to, that I have heard here today all come to the same conclusion: This is bad for job opportunities and business in New Jersey. This is bad. Whatever the original intent is, this is no good. It will have a detrimental effect on the people of the State. And, I request as strongly as I can the Chairman of the Committee and the other members of the Committee to discuss this in greater depth and to consider very, very carefully what has been spoken about here today. Is this going to apply to government workers, this year pre-notification. We in Paterson have been forced to lay off hundreds of city employees. We recently laid off more than the 50. We have laid off 60 some policemen. Will

municipalities be required to give a year's advance notice to State Government when they are forced to take an action like that? Or, will government entities be exempt from this law which will be imposed on the private sector. One of the disturbing things here today has been almost an eagerness in a couple cases of people in the public sector to impose still another regulation upon the private sector. But, will this same requirement be imposed upon the public sector itself? It hardly seems fair to have one law for one group and a totally different law for another group.

ASSEMBLYMAN PATERO: If I may, Mr. Rooney, you are a Mayor and I am a former Mayor. Let's look at my community of Manville which is about 2 square miles and 13,000 people. We have one large industrial complex, which is the Johns-Manville Sales Corporation, and if that plant closes, do you know what the tax loss to that community would be? Do you know that we had 3,000 people working in that plant at one time and now we are down to 700. You are talking about taxes--- Those people will be going on unemployment because there are no jobs available half the time. They will be going on welfare, which will add to the cost of the tax that the people have to pay. What is wrong with a corporation getting financial assistance for its modernization and expansion? Those buildings in Manville are over 60 years old. They have their own powerhouse, for which they need money to expand. What is wrong with the State giving them a low interest loan? What is wrong with the companies coming to the state and trying to identify methods of increasing productivity. By that I mean talking between the unions and management.

In Johns-Manville, 80% of the workers have over 25 years service with that company. Where are they going to get a job? You are talking about people in their fifties. What is wrong with assisting a municipality or a county in improving services to business, if that corporation needs a landfill site or needed an incinerator to get rid of the garbage. This is all in the bill. What is wrong with establishing a job training program or re-training programs for employees? What is wrong with arranging for acquisition of the business by the employees through a stock option plan? There are parts of the plant that are making money. What is wrong in saying, "Okay, we will buy a division. At least we will keep 100 people working."

You know, what I am saying is, when you presented the bill to the people that you said you were representing, did you say, what the good parts of the bill were, or did you just forget about what the good parts were of the bill?

I challenge anyone to break this bill down line by line and say that it is a bad bill, outside of the assumption that it is going to hurt new businesses coming in. And, you tell someone fifty years old who has been working in a plant for twenty-five, thirty, or even forty years, now, look, we are getting a new business in for you. You ought to look over there. That is going to mean a new job. What is wrong with trying to keep what we have here? We are losing manufacturing jobs. We are getting world headquarters, data processing, Exxon offices are coming in. We just got AT&T in Somerset County. But, there are guys who need a wrench in order to work. They are not computer operators and so forth. And, I challenge anyone to take A-1171 apart. We do have penalties of \$25,000, and we changed the number of people working for the corporation. We can change those things. But, tell me line by line what the bad parts are--- In all fairness, you should show us what you think is wrong with the bill, not what the assumptions are that you feel will happen.

Also, I think you should be thinking about the benefits of the bill to industry if you would, please.

MR. ROONEY: The bad parts of the bill, in about ten seconds, are the mandatory portions. Make it voluntary instead of compulsory, and encourage cooperation, as

other speakers have said, instead of compulsion, and you have a good bill. There is a program that has been instituted by New Jersey Bell, for example, specifically. It was implemented in both Trenton and Hoboken with the cooperation of the Mayor, the Chambers of Commerce. They interviewed businesses, hundreds of them, and they came back with a report which they published, and I am sure they will give you a copy. We are trying to implement it in Paterson. We have interviewers go around and check with the businesses there, and interview the Chief Executive Officer. It takes a couple hours for the interview and then compile these and they come up with a composite. They have a slide presentation, which is very, very informative of what specifically are those businessmen having as either reasons to stay or leave, in order of priority in both cases. What would the municipality have to do, can it do anything to prevent this movement? Or, is it something that is totally beyond the realm of the state or the municipality? If it is beyond the power of the state or municipality, then the company will move, no matter what kind of a law we have. But, what I am saying is that voluntary methods are in operation now and they do work.

More compulsion, another law, whether the fine is big or small, those are the words that could change this from a law which business objects to, to one which we think it would embrace eagerly. If the company may give notice to ask for help; if the company may notify a commission, may check with the EDA for assistance. Make it voluntary instead of compulsory, cooperative instead of punitive and then you will have a bill that I think everyone will support. I heard another speaker say very clearly that if it isn't made a law, business won't contact the government. I don't think so. I think most businessmen that I have dealt with over the years would prefer to stay where they are, to expand if hopefully things are going good.

But, the response I have gotten to this approach by business people who have been in business for a long time, and major corporations, those that are smaller, and some that are too small even to be affected by this, and the reaction all across the board is anger, resentment and just a continuing feeling that the businessmen in the state are the enemy and they have to be controlled, and they have to be punished. Mr. Chairman, if that one portion is made voluntary and cooperative, rather than mandatory and punitive, I think you will have enormous support for this bill. Thank you.

ASSEMBLYMAN PATERO: But, if you think that the tax collections will go down without this bill, I think you are wrong. Look at the case of Mahwah. They have no place to go to work. That is the only industry they have up in Mahwah. The homes are of no value to the people any more. They have lost their shirts over there.

MR. ROONEY: Well, that is one of the disadvantages in having the primary source of rateables in a municipality being from one particular company, all the eggs in one basket.

ASSEMBLYMAN PATERO: That is another problem.

MR. ROONEY: Right, and it would not be solved by this.

ASSEMBLYMAN PATERO: But, those buildings that have been here for 60 to 100 years, if those corporations see that they can get a brand new building in the Sunbelt, or so forth, they are going to move, unless we show them that we want to help them.

MR. ROONEY: But, they don't interpret this, Mr. Chairman, as being help. They interpret it as being punished.

ASSEMBLYMAN PATERO: But, I think it is the leaders that are telling them that this is a bad bill, which they should be told the good parts of it---

MR. ROONEY: No, sir, we sent out copies of it and asked for their opinions, and the opinions came back unanimously, every single one. We are the enemy.

ASSEMBLYMAN PATERO: Every letter that I received from industry stated that it is going to deter new businesses from coming to New Jersey. I am not saying that this part should be eliminated, or that part should be eliminated. Somebody had to put that in their head that this is going to hurt new businesses coming into New Jersey.

MR. ROONEY: Well, they believe that. This is how they perceive this. That is our suggestion, make it voluntary, rather than mandatory and cooperative instead of punitive and you will get enormous support for the bill.

ASSEMBLYMAN PATERO: Thanks for your time. Patrick Stanton.

P A T R I C K S T A N T O N: Mr. Chairman, my name is Pat Stanton. I am the Labor Counsel for Union Camp Corporation. I would like to thank you for this opportunity for appearing before this subcommittee. I will not go over the ground covered by a prior speaker. So, I would commend the State Chamber of Commerce's statement to you as being particularly appropos.

I would like to just tell you, first of all, Union Camp is a New Jersey company. We are headquartered in Wayne, New Jersey, and we have about 1,000 employees here. Most of our employees are down south, because that is where the trees are. And, we take trees and turn them into paper. There have been a number of references made to large employers moving out of the State. We are an employer that has been moving into the State. We would expect within the next two years to increase the number of employees statewide about 10%.

The reality and perception of employers when they look at this bill is not formed by some lobbying group. It is formed by reading the bill and comparing the climate that it begins to create in New Jersey to the climate in other states. I have only been back here about a year and a half, even though I am a New Jersey native, and I can tell you based on my experience both with private industry and in the private practice of law, New Jersey has a very bad reputation. When you compete with Kentucky and when you compete with North Carolina, and when you compete with Tennessee for jobs, you might as well be Michigan. This bill goes a long way to creating another Michigan here in New Jersey.

There are references made, particularly, to the twelve-month pre-notification provision. If I may, I know the time is running late, but I would like to give you some concrete examples of the effect of that kind of pre-notification provision, along with the information that you asked to be filed. I have heard the information required referred to as an economic impact statement regarding a plant closing. I have heard that term used elsewhere. By its very nature, requiring one of the statements with the amount of detail that you have asked for, and the timing that you have asked for, makes closing a plant in New Jersey akin to the problems of building a plant with environmental ramifications elsewhere. It makes it a very long and involved process, which, over the short-run will preserve jobs while that process is being carried out. Over the long-run, that type of exercise will be one of those things that a business will look at when it decides whether or not to locate in New Jersey. That is one.

Two, a very concrete example, the company, Union Camp, has several manufacturing locations in New Jersey, including one in Trenton. For a number of years, the Trenton Plant was not simply a poor performer. It was a location from which the company was hemorrhaging. We were losing substantial amounts of money, and at any given time, if we were forced to make an announcement projected twelve months in the future, the

announcement would have been, close the plant and go some place, the other side of the river. It would have been very easy to do. It would have offered a lot of economies. It would have made a lot of sense. Instead, because the company was in the position where it knew it could act quickly if its hands were finally forced, the company was able to work with that facility, work with the employees of that facility and the sacrifices they made, and I am not talking about wage freezes. They received fairly good wage increases. But, the sacrifice and effort that they made, coupled with the efforts of the young plant management that was willing to go in there and take a chance, turned that plant around. I am not saying it is going to be there for 50 years, but I am saying that it is no longer the drain on profits that it was. A bill like this would have closed the Trenton Box Plant. You say, how do you know, you have been there a year and a half? I have dealt with people in industry. I have listened to the reality, and I have looked at the perception.

It would have been very easy to move that plant 50 miles into Pennsylvania, 25 miles into Pennsylvania and start anew. And, this bill could have forced it out. That is a loss of jobs.

I have heard a lot of statements about the tragedy that ensued in Mahwah, and other locations, and I don't dispute that for a minute. Nobody likes to put people out on the street, nobody. It is not a decision that is made lightly. But, when I listened to the testimony, I have yet to hear very much in the way of compelling testimony that Ford or General Motors or anyone else would have done things any differently if this bill had been in effect. I have yet to hear any testimony that really says that this bill with its mandatory provisions and its essentially punitive provisions - even taking out the \$25,000 fine from a personal standpoint, I kind of like the bill, because it looks like a full employment bill for lawyers until we get a lot more guidance as to what happens if somebody doesn't pre-notify, this bill would do nothing more than generate a lot of litigation.

I really wonder, would Mahwah be opened today with twelve month's notice? Would it remain open? What attempts have been made to bring auto industry people into this, to ask them specifically those kinds of questions? Because, I think, if you ask those questions, the answers would be the same, no.

My next question is, from the time that people had ample notice, not something chisled in stone with the Legislature, but at least ample notice that those facilities were in trouble, did twelve months ensue? My guess is that it did. Did it make any difference? My guess is that it did not.

If this bill were made permissive, rather than mandatory, and if the preamble were changed so that what it really says is that what we are trying to do is help retain and create new jobs in New Jersey. And, when I look at the preamble, it really doesn't come out that way to me. And, the way that it has been publicized, as a plant closing bill, and the way the testimony has gone today, it really doesn't come out to anybody in business as a way that you are trying to help.

If you changed it so that the emphasis was put on marketing this state with new industries and providing assistance to existing industries who were in trouble and I might add, Union Camp is neither one of those. We are not here looking for a hand-out. But, if it were changed on that basis, and then you publicized the bill, and maybe you put the analogue of the Economic Development Authority, you put that on a county-wide basis, to help the county executives--- I am glad the brewery stayed in Essex County. I am having enough trouble paying my taxes there as it is, and I am one of the lucky ones. But, if you made it permissive and you went out there and

really funded this on that basis, you would get wide-based support, but when you make it mandatory, all you get is a reaction from businessmen that this is an atrocious piece of legislation and all that means is that those of us who live and work in New Jersey are one step closer to an economic calamity. Thank you.

ASSEMBLYMAN PATERO: Thank you. Out of all the opposition, you have been the best testimony that we have had. At least you looked at the bill and you gave examples.

But, I do have to bring up the fact that I cannot tell you whether this bill will help; all I know is that the Mahwah plant shut down without this bill. And, you know, I think what we are striving for here--- I like your testimony because you brought out the different aspects of it. You sit here and you hear people saying it is bad for business. Show me where it is bad. That example on the twelve months, maybe we can do something with it. Maybe we can make it permissive. That is the reason why we are having public hearings, so that if the bill has to be changed, at least we are getting some new and fresh ideas.

MR. STANTON: If I may, Mr. Chairman, you had some general testimony about the things that would happen in the event of ample prior notice of a closing. Let me assure you that I have had the unhappy task, outside of Union Camp, in particular, of dealing with companies that went through closings, and I can tell you that one of the reasons why, for example, a Trenton could not have survived an announcement that they were closing, is exactly what was described. First, the skilled people leave, and then you have trouble getting management to go in there and try to turn it around, because you have already said you were going to close it. Who is going to move down to Trenton to try to turn a box plant around that you already decided you were going to close?

Those kinds of things do become insurmountable obstacles. It is a self-fulfilling prophecy. That twelve month notification does nothing more than seal the fate of the Trentons and the plants like them. I am concerned about the impact on the individuals put out on the street at Mahwah and elsewhere. I would like to see this state work harder on finding alternatives. That, I don't object to, but I do object to the mandatory pre-notification provision of the twelve-month period. I do object to the mandatory requirements for providing that information, and I do want to ask that some clear direction be put in the bill regarding the implementation in terms of person power -because if EEO responsibilities. I can't use manpower anymore. funding and doing this on a county by county basis. Give the County Executives like Mr. Shapiro the assistance that they need, and do the advance planning information. I am not familiar with this Task Force that Governor Byrne had put together, but contacting the individual employers--- Most city and county governments have an idea who's in trouble. They really do. Give them the mechanism, but don't make it mandatory.

ASSEMBLYMAN PATERO: Thank you very much for your testimony. We now have Mr. Joseph DeFuria, Assistant Manager, Area Development, Public Service Electric and Gas. Are you going to tell us you are going to lower our utility rates today?

J O S E P H D E F U R I A: If you are going to tell us that you are going to remove the Gross Receipts Tax, yes.

ASSEMBLYMAN PATERO: We need more than that.

MR. DeFURIA: Good afternoon, Mr. Chairman and Committee members, I am not here on behalf of Public Service Electric and Gas Company. I am a member and representative of the New Jersey Industrial Development Association, and I wish to inform you that

its membership has voted unanimously to oppose bill A-1171. We feel this legislation proposes unwanted regulations which will place a burden on businesses operating in New Jersey. It attempts to control corporate mobility and decision making. The bill is perceived as anti-business by firms located in New Jersey and those considering relocating to our state. It certainly will not enhance the attractiveness of New Jersey as a place to do business. In fact, it will serve as a deterrent to firms considering New Jersey as a business location which will hinder economic development and the creation of new jobs. It is true that the State government should play an active role in business retention and economic development. But, one must remember that business wants to locate where it is welcome, and can operate profitably. The government of this State should strive to make New Jersey such a place. Unfortunately, Assembly Bill 1171 does not serve this purpose.

That concludes my testimony. If you have any questions, I will be glad to answer them.

ASSEMBLYMAN PATERO: Where is your group from?

MR. DeFURIA: It is the New Jersey Industrial Development Association.

MR. MC GUIRE: That is throughout the State?

MR. DeFURIA: That's correct. It is a statewide organization and it has been in existence for twenty-nine years. And, it is dedicated to the economic development in the State of New Jersey. It is made up of businessmen, developers, builders, and realtors in the State of New Jersey.

ASSEMBLYMAN PATERO: Again, the intent is not to get rid of any industry or trying to tell industry not to move into New Jersey. I think there is a need to try to keep what we have here, and also the state has to play a much bigger part in what is going on.

There is always a possibility of that maybe if it is a plant site within three states, New Jersey, Connecticut, or Massachusetts, if the parent organization knows that they have to deal with the State of New Jersey and does not have to deal with the states of Connecticut and Massachusetts, then maybe the third decision would be to deal with the State of New Jersey after closing the plant in Massachusetts or Connecticut.

We don't have any history of what this bill has done in Maine. Wisconsin also has a law, but they are not practicing the law. But, again, that is the reason for the hearing today. I want you to know that all the testimony will be transcribed and given to all the members in the General Assembly and the Committee will get copies so that we can see what should be changed in the bill and what should be added to the bill. I hope that we can come up with something that could help both management and labor. That is what we are all striving to see, that we have a better New Jersey. I don't think anyone on this Committee wants to hurt the State in any way or hurt industry or hurt labor. So, since you are the last one, I give you credit for waiting until everyone else spoke.

MR. DeFURIA: Thank you.

ASSEMBLYMAN PATERO: Thank you very much for coming here. That concludes our hearing today. Thank you everyone for coming today.

(Hearing Concluded)



**National Federation of  
Independent Business**

April 20, 1982

NFIB/NJ STATEMENT ON PLANT CLOSURE

GOOD MORNING MR. CHAIRMAN, MY NAME IS WILLIAM J. CLEARY AND I AM THE NEW JERSEY STATE GOVERNMENT RELATIONS DIRECTOR FOR THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS. I AM HERE TODAY REPRESENTING THE OVER 8,000 SMALL BUSINESS MEMBERS HERE IN NEW JERSEY WHO ARE VERY CONCERNED ABOUT A-1171 AND THE NEGATIVE IMPACT THAT THIS BILL WILL HAVE ON THE NEW JERSEY BUSINESS COMMUNITY.

GENERALLY, THE MAJORITY OF NFIB MEMBERS WOULD NOT FIT INTO THE OVER 50 EMPLOYEE CLASSIFICATION WHICH THIS BILL ADDRESSES. HOWEVER, THE FUTURE OF SMALL BUSINESS IS DIRECTLY TIED TO THE GROWTH AND ATTRACTIVE BUSINESS CLIMATE WHICH NEW JERSEY NEEDS TO CREATE. IT IS ONLY BY IMPROVING THE BUSINESS CLIMATE TO ATTRACT NEW BUSINESS CAN NEW JERSEY HOPE TO PROSPER. A-1171 WORKS EXACTLY COUNTER TO THAT AIM.

AS ALWAYS THE TASK OF THE LEGISLATURE IS TO SPOT PROBLEMS AND SET OUT TO SOLVE THOSE PROBLEMS. A-1171 IS A SINCERE EFFORT TO SOLVE THE PROBLEM OF PLANTS AND JOBS LEAVING NEW JERSEY.

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State Legislative Office — NFIB/New Jersey

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THE PROBLEM WITH THIS LEGISLATION ORIGINATES WITH THE INITIAL DEVELOPMENT OF THE SOLUTION. INSTEAD OF ASKING "HOW DO WE KEEP THE PLANTS HERE" SHOULDN'T THE QUESTION BE "HOW DO WE CREATE A BUSINESS ATMOSPHERE THAT WILL ENCOURAGE EXISTING PLANTS TO REMAIN AND NEW ONES TO RE-LOCATE HERE". IN SHORT DO YOU WANT TO FORCE THEM TO STAY OR DO YOU WANT TO CREATE AN ATMOSPHERE IN WHICH THEY WISH TO STAY.

NEW JERSEY, IN THE PAST, HAS PLACED ITSELF IN A VERY UNCOMPETITIVE POSITION RELATIVE TO OTHER STATES AND THE EFFECTS OF THAT POSITION IS FELT THROUGHOUT THE STATE.

A-1171 ONLY ADDS TO THE NEGATIVE BUSINESS CLIMATE WHICH ALREADY EXISTS IN NEW JERSEY.

IF NEW JERSEY IS EVER TO COMPETE FOR NEW PLANTS AND JOBS WITH OUR NEIGHBORING STATES THEN A NEW ATTITUDE TOWARDS BUSINESS MUST BE DEVELOPED. AS LONG AS BUSINESS IS TREATED AS A SECOND CLASS CITIZEN IN NEW JERSEY THEY WILL CONTINUE TO MOVE WHERE THEY WILL HAVE THE FREEDOM TO GROW AND PROSPER.....AS WILL THE COMMUNITY TO WHICH THEY MOVE.