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POLICY STATEMENT

based on the
Economic Study of the Pittsburgh Region

About This Statement

When the Economic Study of the Pittsburgh Region reached the point where substantial parts of its findings were available, it was decided that a cross section of the directors of the three organizations most concerned with the Study, namely, the Allegheny Conference on Community Development, the Pittsburgh Regional Planning Association and the Regional Industrial Development Corporation of Southwestern Pennsylvania, should be convened to consider these findings and to develop a statement of policy which would provide the basic structure within which solutions could be developed for the economic problems and opportunities of this area brought out by the Study.

This ad hoc committee, which came to be known as the Regional Economic Analysis Policy Group, had the following as its members:

FRANK E. AGNEW, JR.
Chairman of the Board
Pittsburgh National Bank

CHARLES M. BEEGLY
Chairman of the Board
Jones and Laughlin Steel Corporation

FRANK R. DENTON
Vice Chairman of the Board
Mellon National Bank and Trust Company

STREUBY L. DRUMM
President
West Penn Power Company

LEON FALK, JR.
Pittsburgh, Pennsylvania

JOHN A. FEIGEL
President
Pittsburgh Typographical Union #7

AIKEN W. FISHER
President
Fisher Scientific Company

PHILIP A. FLEGER
Chairman of the Board and President
Duquesne Light Company

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HENRY L. HILLMAN
Chairman of the Board and President
Pittsburgh Coke and Chemical Company

HONORABLE DAVID L. LAWRENCE
Chairman
President's Committee on Equal
Opportunity in Housing

JOHN A. MAYER
President
Mellon National Bank and Trust Company

REVEREND HENRY J. McANULTY, C.S.Sp.
President
Duquesne University

DAVID J. McDONALD
President
United Steelworkers of America

GWILYM A. PRICE
Chairman of the Board
Westinghouse Electric Corporation

WILLIAM H. REA
President
Oliver Tyrone Corporation

JOHN T. RYAN, JR.
President
Mine Safety Appliances Company

ADOLPH W. SCHMIDT
President
A. W. Mellon Educational and
Charitable Trust

G. A. SHOEMAKER
President
Consolidation Coal Company

DR. J. C. WARNER
President
Carnegie Institute of Technology

L. B. WORTHINGTON
President
United States Steel Corporation

As the foundation for their participation, preliminary drafts of the three substantive Study volumes, *Region in Transition*, *Portrait of a Region* and *Region with a Future*, were furnished to each member of the Group. The efforts of the members were assisted by a technical committee consisting of the executive directors of the three above-mentioned organizations and the director of the Study.

From the series of meetings of the Group during the past fifteen months and from interim exchanges of points of view, there emerged this statement of the minimum policies that can and must be carried out in southwestern Pennsylvania in order to assure the increasingly more prosperous economic future that all residents of this region desire.

Pittsburgh, Pennsylvania
14 January 1964

POLICY STATEMENT

The Economic Study of the Pittsburgh Region represents a pioneering effort on the part of the southwestern Pennsylvania community to assess realistically and thoughtfully its basic assets and liabilities. This study has been viewed from its inception as providing the foundation for an emerging local endeavor having as its objective the development of a comprehensive program of action and activities tailored to the needs and opportunities that confront this major urban area in the latter half of the twentieth century.

A sound basis for economic growth in this region requires an all-encompassing community effort of the kind which does not now exist. But, as past experience dealing with physical improvement here has shown, this effort will be developed and implemented only when all sectors of our society, including business, labor, education and government, become sufficiently concerned to be willing to do the things that can and must be done to improve our economic climate. To a larger extent than we have realized in the past, success or failure in this regard is up to us alone.

Southwestern Pennsylvania has already begun to move forward in a number of ways toward the creation of a sound basis for economic growth. Activities of the Regional Industrial Development Corporation of Southwestern Pennsylvania and the various utility companies,

establishment of the Center for Regional Economic Studies at the University of Pittsburgh, the Mellon-Pitt-Carnegie Corporation, the great upsurge in recent years in industrial research activities, as well as the creation of the Southwestern Pennsylvania Regional Planning Commission, to cite merely a few, are all indicative of this growing resolution and direction.

But the Economic Study indicates that the magnitude and complexity of the task ahead require a substantially expanded, long-term effort without which the future economic prospects for the region may not be particularly bright. This appraisal stems from a look at the industrial mix of the region, its continued reliance on heavy industry, its lack of diversification, the relative absence of new growth industries and the decreasing employment in its basic industries even with high levels of national economic activity. In terms of its economic base, the area is little better off economically than it was 20 years ago when, at the end of World War II, the outlook for Pittsburgh was at best uncertain.

The significant difference between the present situation and that which faced the area at the end of World War II is that on certain fronts, such as smoke control in Allegheny County, urban renewal in the City of Pittsburgh and the marked upgrading of our institutions of higher education, the community has done very well. These accomplishments are summed up in the phrase "Pittsburgh Renaissance;" and the net result is a better, cleaner and more productive city. These physical improvement programs are continuing and will have a further beneficial economic impact on the community at large. The force behind the Pittsburgh Renaissance was the remarkable determination and cooperation that came into being between business and civic leaders, and government.

These physical gains and improvements need to be extended and expanded to the economic front, for here the record of the last twenty years is less than outstanding. The region continues to suffer from chronic unemployment; the population reflects a sizeable net

outmigration in the 20 to 29 age group; and the prospects of new growth are uncertain. Based on the record of the last twenty years, one projecting the future economy of the region would have reason to expect at best a pattern of "slow growth." The area's economy is still heavily weighted in the direction of the basic nineteenth century industrial pattern, and has missed opportunities which may have been available (or made to have been available) in some of the newer growth industries, such as electronics and aerospace.¹¹

This region still has a strong economy in terms of manufacturing employment and value added by the process of manufacturing. But the area faces the prospect of relative, if not absolute, decline unless it organizes itself to reverse this trend and to cut out for itself a significant portion of the nation's new growth opportunities.

The total community effort in the economic sphere proposed by this policy statement inevitably engenders the question, "Who does what?" As this region determines to grapple seriously with the problem of future economic growth, the following minimum list of imperatives for implementation appears to be in order. These involve business, labor, education and government, and are stated as follows:

Business/ — **S**trong support will be needed from all sectors of the business community, including both local firms and corporations of national and world scope. The degree of business participation that made possible Pittsburgh's postwar physical regeneration could be decisive on the economic front as well. Not only is this support essential but it is also reasonable for the community to expect it from its business leaders. A firm's responsibilities to its stockholders affect its investment decisions; but, consistent with those responsibilities, there are wide opportunities for meeting the challenge of the business community's responsibilities to the region. Included among these are:

- / 1

Companies already having significant investments in the region should seek out additional investment opportunities here and consider modernization of facilities which make economic sense. This would appear to be an important factor in stimulating investment on the part of those not already here.

- / 2

Individual companies should exert every effort to further strengthen their research and development efforts. They should also establish close research ties with the universities and scientific institutions of the area in order that new ideas emanating from these sources, which have industrial development potential in this area, are in fact developed to provide new employment in the region.

- / 3

All the region's businesses should publicize the good points of the region in communicating to and through the business world to the point where "selling the advantages of the southwestern Pennsylvania area" becomes a built-in and normal role for representatives of Pittsburgh's industries as they travel throughout the country and the world.

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- Labor

The Economic Study of the Pittsburgh Region indicates that, to the extent that an undesirable reputation exists concerning the area's labor situation, the root causes lie in events and public controversies of past years. In recent years, while the adverse public image still persists in some quarters, labor-management relations have improved and are far better than the image. In the main, this improvement is a reflection of constructive labor-management programs. However, insofar as an unfavorable image persists, it has a discernable adverse impact on economic development matters. Accordingly, we must extend the progress we have made in improving

these relations through continuing, positive and well-publicized actions, including:

- 1 Considering the community's interest in the activities of labor and recognizing that, probably more than in other regions, labor and labor-management relations here carry special responsibilities.
- 2 Extending and assuring that a sound appreciation of the importance of productivity and flexibility exists in the labor community here since new investments in the region must be encouraged.
- 3 Providing means to encourage sound collective bargaining practices, and an enlightened labor and management climate consistent with the need for competitive and profitable enterprises in this area. For example, the cooperative efforts of the Steel Industry labor-management Human Relations Committee should be encouraged.
- 4 Providing the means of emphasizing the growing importance of anticipating and adapting to change and of trying new ways of doing things. These means should include recognizing the need for upgrading and training through the use of comprehensive programs supported by all segments of the community involving in-plant training, technical training and other actions aimed at full utilization of the work force in terms of present-day skill requirements.

Education

Today's society requires substantially higher levels of education and training than that of even ten or twenty years ago; tomorrow's requirements are certain to be even more demanding. The educational opportunities now offered in Pennsylvania are at least average. However, in spite of the observably high correlation between rapid economic progress and well-above average educational opportunities

in other areas, this state has yet to develop—let alone to implement—the educational policies, structure and programs needed to assure a *superior* modern educational system. Because of the particularly vital need for such a system which will promote the economic well-being of this area, it is proposed that all groups in southwestern Pennsylvania, but especially the leaders of industry, labor, government, religion and higher education, join in a concerted effort to reorient and upgrade our educational system to meet the following minimum criteria:

- 1 To make available to every resident the opportunity to receive a quality education at every level commensurate with his abilities and at a cost he is able to afford.
- 2 To develop and maintain a fully-coordinated and comprehensive educational structure that is at all times completely aware of, and responsive to, the future needs of the economy for special education and skills.
- 3 To encourage and support basic and applied research and to establish the needed means for evaluating and transmitting the results thereof into the proper channels for ensuring its application, as appropriate, in the economic development of this region.
- 4 To establish the means by which all residents of the region may, in accordance with their desires and financial abilities, continue throughout their lives to expand their knowledge and skills, and be retrained as may periodically be necessary to keep them abreast of the current requirements and opportunities of the economy of southwestern Pennsylvania.

Government

The influence of government on the economic well-being of every area today is recognized by all. It is felt in many ways, including taxes on industry—an area in which experts recognize that the Commonwealth of Pennsylvania has made great improvements in recent years. Within the region there are still a number of important policy directions in which government generally should move in order to be in a position to make an optimum contribution to the economic advancement of the community as a whole. These include:

- 1 Seeking coordination of governmental organizations in the region in order that regional problems can be solved on a regional basis, and in order to achieve a more nearly optimum utilization of public funds.
- 2 Developing positive and efficient public programs which will improve the economic climate of the region, and developing, as well, priorities for public expenditures.
- 3 Shifting from a philosophy of operating on a minimum maintenance basis to a philosophy of anticipating public needs and undertaking public programs which cannot adequately be carried out by private means and which will stimulate economic growth. Examples of such programs are highways, recreation and conservation facilities, rapid transit, and so forth. Rapid transit has a particularly great economic potential locally. Not only would we benefit considerably from more expeditious movement within this community, but also, in view of the growing recognition of the great need for rapid transit that exists in most major urban areas as well as the unique combination of manufacturing concerns that exists in southwestern Pennsylvania, we would further benefit since there currently appears to be a real possibility for this region to become the center of the rapid transit industry.

Conclusion

The above list of highest-priority policy needs attempts to assign specific responsibilities to certain segments of this region. However, it must be recognized that the nature of these is such that they can be carried out only by a total community effort, freely given, which results from concerted, imaginative and sustained leadership at the topmost echelons of the private and governmental sectors of this area. This has been the basic combination that sparked the amazing physical rebirth which we have experienced since World War II. While, as we have indicated above, the support that has been provided in the past by the private side may require some subtle changes to set off an economic renaissance locally, this caliber of leadership is the prime requirement.

The region, comprised of the six contiguous counties of southwestern Pennsylvania centered on Pittsburgh, has within it all of the resources needed to produce its own future economic growth. These include great financial and corporate strength, management talents, and excellent human resources. Its location, situated as it is in the center of the greatest industrial market in the world and almost equi-distant between New York and Chicago, gives the area a location advantage almost unequaled. Its industrial maturity has given the region an enviable record of industrial accomplishments. Its scientific and academic institutions are constantly increasing their capabilities. In short, the region does not have to look outside of its own resources for any singular element or group of elements from which to draw. They are all here within our own grasp.

What appears to be required most at this point in the region's history is a new kind of dedication, this time concentrated on the economic front but patterned after the dedication which has distinguished its successful battle for physical renewal. The problems of economic growth are perhaps more complex and at times even more frustrating than the problems relating to the physical rebuilding of a city. But the fact that they are more complex is only an additional reason why strengthened bonds between business leadership, labor, education and government become so vital as the region strives for its future economic progress.