

Remarks of
Joseph A. Erickson
President, Federal Reserve Bank of Boston
and
Chairman, Massachusetts Division, New England Council
at
Massachusetts State Dinner, Thursday, November 21, 1957

One of the two stated objectives of this thirty-third annual New England Conference reads as follows: "To ascertain those factors which, if properly acted on with determination and courage, will contribute most to the growth of the New England region."

This broad objective is one which must command the support of everyone attending the Conference--indeed of all New Englanders--for it is axiomatic that as you lift the whole, you necessarily lift all the parts.

Now, finding the facts which will accelerate New England's further economic progress is also one of the principal objectives of the Federal Reserve Bank of Boston. Over the years, we have consistently demonstrated this by our wide range of studies of the New England economy, in our vigorous dissemination of all the facts, good and bad, and in our active counseling in the work of such organizations as this New England Council.

The Council and the Bank are regional institutions and are concerned with the progress of all New England. But that progress can only be achieved in terms of individual communities, and ultimately, of course, in terms of individual establishments.

Tonight, in this Massachusetts Council meeting, we are focusing our attention on our own state and on our own communities. Insofar as we can devise and expedite means of helping ourselves, so far shall we be contributing to the growth of all New England.

Massachusetts is the keystone in the region's economy. By almost

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any yardstick you choose, except area, it represents about half of all New England. And half of this half is represented by Greater Boston. As a matter of fact, about 30 per cent of all New Englanders live within 30 miles of the golden dome on Beacon Hill. What is done in Massachusetts and in Boston is therefore of major import to the rest of the region.

Each of you is familiar with some of the problems which beset Boston-- traffic, public transportation, population losses, high and inequitable taxes, out-moded office and commercial buildings, slum areas--to itemize just a few.

You are familiar, too, with the problems of our suburban cities and towns--soaring populations, housing difficulties, increasing municipal service burdens, particularly in education, industrial zoning shortcomings--again to list just a few.

These vital problems are not peculiar to Greater Boston. Most of the country's major metropolitan areas are wrestling with similar foes. But ours are accentuated by our antiquity.

Tomorrow morning we shall hear an address by Carrol Shanks, President of Prudential, entitled "Why the Prudential has Confidence in New England." Mr. Shanks and his Prudential advisors are well-acquainted with Boston problems. Their decision to go ahead with their monumental center here in the Back Bay was arrived at only after the most painstaking appraisal of all the factors--both positive and negative--in our entire situation. I am willing to predict that Prudential's confidence in New England and Boston is, in essence, the confidence that we here are finally willing to face up to and begin straightening out these critical issues.

I share Prudential's confidence, and I believe we have made a significant beginning. There is now under way what is called an economic base

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study of the Greater Boston area. Launched without fanfare, it will provide the vital information which is a prerequisite to the intelligent, co-operative planning which must precede any action program. And the sponsors of the study are working out a practical follow-through leading directly into that action program. You will hear much more about it later.

Meanwhile, there is another and more urgent matter which needs your understanding and support.

For seven years the federal government has been giving financial aid to cities which have organized programs to eliminate their blighted areas. All told, the federal government has so far allocated or spent about \$1 billion in helping cities with their urban renewal programs. As you know, these renewal projects involve land assembly by condemnation, destruction of all the inadequate and decrepit buildings, and the resale of the redeveloped sites to private builders or public housing authorities. Two-thirds of the net cost of these projects is paid for by the federal government.

Of course, it need hardly be said that New England, and particularly Massachusetts, is among the nation's oldest industrial areas, and therefore stands to benefit most from this federal urban renewal assistance.

How do Massachusetts cities compare with other cities throughout the nation in taking advantage of this federal financial incentive? Thus far, the answer is a very unhappy one. Massachusetts has almost five per cent of the urbanized population in the country, but it has obtained less than three per cent of the money which has been spent or allocated by the federal government for urban renewal. While the federal government has already spent \$34 million in New York City, it has spent only a little over \$7 million in all of Massachusetts. As of today, the federal government has spent, reserved,

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or tentatively planned to spend a total of \$125 million in New York City alone. The cities of Massachusetts, on the other hand, have applications, plans and contracts for only \$38.5 million of federal money.

Why this poor showing? I think the answer lies in the fact that in general citizens of our Bay State communities have not yet agreed on what they wish their communities to become. Without intelligent, competently-devised plans and a firm program of action, the federal government cannot and will not grant federal funds. For example, some Massachusetts cities have had applications in for federal funds for seven years. The money has not been forthcoming because these cities have been unable to develop and submit firm plans for their proposed projects. These pending projects have created a serious administrative problem in the Federal Urban Renewal Administration. As a result, they have set a cut-off date of January 15, 1958, only two months from now, when final plans for these old projects must be submitted or the project will be wiped out. I'm afraid you will not be surprised to learn that a large majority of the projects in New England which are likely to be cut off by the January 15 deadline are in Massachusetts. These include the Mattapan project in Boston, the Riverview in Cambridge, two projects in Chelsea, and the Union-Swan program in Medford. I presume there are other communities which so far haven't got beyond the wishful thinking stage.

For many years Massachusetts has paid taxes to the federal government which have directly benefited other areas--through agricultural price support, for example. In the urban renewal program we have a logical, legitimate opportunity to reverse this situation, at least in part. But there is no question whatever that if we are to derive significant benefit from these

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federal funds for urban renewal we must take immediate action.

I have emphasized our economic and social problems because that is the objective of this Conference. We are here to ascertain the factors which can contribute to New England's growth. I believe most of us are well aware of what must be done. Let's do it.