

1 Whereupon, past, the GDC has been engaged in the develop-
2 ment of a wide range MALCOLM DAVIS program in each of these
3 called as a witness, first duly sworn, testified as follows:

4 have always been so. EXAMINATION

5 This By Mr. Jaffe:

6 work? Q Will I wonder if you could put on the record where
7 you are presently employed and your address and so forth.

8 tion A I am president of the Fidelity Union Trust
9 Company which is here in Newark at 765 Broad Street. I
10 live in Bernardsville, New Jersey. I appear here today
11 also as the president of the Greater Newark Development
12 Council. For those of you who are not familiar with this
13 organization, the twenty-two largest businesses in the
14 area organized this company back more than a decade ago
15 to concentrate on the various problems in Newark and, in
16 addition, there is a Chamber of Commerce. Mr. Hoguet is
17 the head of that, and he will appear later.

18 tativ I have a prepared statement that I would like to give
19 first and then expand my remarks.

20 The Greater Newark Development Council was formed
21 some 13 years ago by the city's 22 leading business con-
22 cerns so that they could channel their resources, in
23 concert, toward the economic, social and cultural devel-
24 opment of Newark. Greater Newark Development Council has
25 intensified its efforts to provide employment by attracting

1 In the past, the GNDC has been engaged in the develop-
2 ment of a wide ranging series of programs in each of these
3 fields. Employment and industrial development activities
4 have always been major interests of the Council.

5 ever This is evidenced by the fact that the GNDC had
6 worked with municipal authorities in the organization of
7 the Newark Industrial Development Corporation. The func-
8 tion of the Newark Industrial Development Corporation is
9 to attract new industry to the area and to spur the
10 development of the Newark Meadowlands as an industrial
11 site. but a small part of the overall program for Newark's

12 In a parallel effort, the GNDC participated in the
13 formation of the Business & Industrial Coordinating Council,
14 which has served as a clearing house through which jobs
15 would be provided to the city's minority groups. In
16 addition, the Business & Industrial Coordinating Council
17 provides a forum for face-to-face discussions by represen-
18 tatives of the business community, civil rights groups
19 and other associations concerned with life in Newark.

20 The riots of July, 1967, suggest that the endeavors
21 of the Newark Industrial Development Corporation and the
22 Business & Industrial Coordinating Council are priority
23 items on any agenda dealing with the city's development.
24 Accordingly, the Greater Newark Development Council has
25 intensified its efforts to provide employment by attract- ing

1 new industry to the area and by fostering the development
2 of job opportunities in existing industry, particularly
3 for the underprivileged.

4 Both efforts have produced tangible improvements
5 over the past several years. The BICC, for example, has
6 succeeded in providing several thousand jobs since its
7 organization in 1963.

8 The success of these programs in bringing new industry
9 or additional employment and in encouraging minority groups
10 to seek employment with Newark business concerns, however,
11 can be but a small part of the overall program for Newark's
12 future as an urban area. The magnitude of the problems
13 confronting this city, emphasized by the unfortunate events
14 of last July, cannot be solved by any one group. Rather,
15 we believe it to be essential that all proposals for
16 changes in plans for improvement be coordinated for maxi-
17 mum efficiency.

18 The total approach must involve job training, the
19 development of civic responsibility, the maintenance of
20 high standards of public health and education, and, in
21 particular, the creation of adequate housing, along with
22 an increase in employment. In all fairness, it must be
23 pointed out that effective action in each of these areas
24 of concern was long evident prior to last summer.

25 The GNDC continues to support all programs for the

1 development of Newark and is actively cooperating with
2 other organizations. For example, the Greater Newark
3 Development Council, the Greater Newark Chamber of Com-
4 merce and Total Employment And Manpower have joined in
5 the sponsorship of a program designed to recruit hard core
6 unemployed, ready them for employment and place them in
7 jobs they can handle. I have just come from a meeting at
8 which this program was described to a large gathering of
9 Newark businessmen, and I am hopeful that beneficial re-

10 sults will be achieved. I would like to point out, too, that the Greater
11 Newark Development Council has also dealt with other areas
12 effecting the character of life in Newark. These include
13 support for cultural activities, represented by Symphony
14 Hall and the New Jersey Symphony Orchestra; proposals for
15 improved parking and traffic control; improved rapid
16 transit facilities, and air and seaport development.

17 Necessarily, these activities will be subsidiary to our
18 principal thrust -- increased employment among minority
19 groups.

20 Newark's continuing vitality. Newark's problems.
21 If there is one single lesson to be learned from the
22 events of the past year, it is, perhaps, that the time has
23 come for the business community to give serious conside-
24 ration to the creation of programs which are directed to
25 achieving specific, positive short-term gains. For this

1 reason, the members of the GNDC, collectively as Council
2 members and in each of their individual positions as
3 business executives, are seeking means to accelerate pro-
4 grams of employment. Prudential and the Mutual Benefits
5 to Ultimately, of course, Newark will be evaluated in
6 terms of the response of all its people to the crisis
7 caused by urban decay, shifting population patterns, and
8 their attendant ills. The degree of Newark's success in
9 solving these problems will depend, I believe, on coopera-
10 tive action by the business community, municipal autho-
11 rities and local and civic groups. It will also require
12 the assurance of adequate financing, and in this, state
13 and federal agencies must cooperate. on the hard-core
14 We must all work together to create conditions for
15 our minority peoples which will encourage them to replace
16 bitterness with hope and to participate fully in the main-
17 stream of life in the city. of the time that we devote
18 to th In this context, it may be noted that all other areas,
19 industrial and urban areas in New Jersey have a very real
20 stake in Newark's continuing vitality. Newark's problems,
21 therefore, have passed beyond the limits of the city and
22 have become areas of concern for the entire state. pretty
23 much Supplementing my prepared statement, to me there were
24 several major decisions made by business back ten-fifteen
25 years ago. It was back before I was in town, so I had one

1 nothing to do with the decision, so you can compliment
2 those who made the decisions and realized the importance
3 of them. Two of those I would say were the decisions of
4 the management of the Prudential and the Mutual Benefit
5 to remain in Newark. I think if those decisions had not
6 been made in the way they were that Newark would be a
7 dead city. ~~and Judy shows, but we feel that this is a critical~~
8 ~~cal~~ With the decision of those two companies there has
9 been great construction in the area, but business has
10 gone much beyond that in many major fields. The amount
11 of money and personal time that we devote to all the
12 problems of the city, and these problems may be anywhere
13 from a meeting such as we had today on the hard-core
14 unemployment through raising funds for the United Fund
15 or for this fifteen million dollar hospital development
16 fund to arranging to have Symphony Hall bought and finan-
17 cially supporting that and all of the time that we devote
18 to the development of the cultural activities of the area.
19 ~~Regro~~ I might take just a minute on that to say that when
20 we set out to see that Symphony Hall remained as a cultural
21 center or was restored as a cultural center we felt that
22 this was an important institution in the area for pretty
23 much an island in this difficult ghetto problem that we
24 had, and we have expanded on that with every performance,
25 no matter how great the performance -- the most recent one

1 being Leontyne Price -- and in every one of those perform-
2 ances we bring in a large group of children from the
3 ghetto area to expose them to these things they would not
4 otherwise be aware of.

5 Also we run many children's programs down there during
6 the afternoon for anywhere from Arthur Schlesinger talking
7 to Punch and Judy shows, but we feel that this is a criti-
8 cal area that is not otherwise being served.

9 I would like to take a minute to correct two misim-
10 pressions that we run into constantly -- first, that when
11 we speak of business it sounds as though business is
12 something that is coordinated and heads into one operation,
13 that there is some individual or group of individuals who
14 are speaking for business. I wish that were the case,
15 but business is a splintered group of large and small
16 companies.
17 Another misimpression we run into constantly, is that
18 business is a power, especially politically; that the
19 Negro community at least thinks that the business community,
20 especially here in Newark, can be doing more than we are
21 doing and that if we suggest something that City Hall will
22 jump. This again is quite contrary to the fact. We wish
23 it were that way so we did have a stronger voice in City
24 Hall, but we have difficulty impressing on the Negro com-
25 munity that business is not as powerful as they seem to

1 think we are. ~~coming interested in what they can do in the~~
2 ~~cons~~ Going back in the development of the city in some of
3 the other organizations which we sponsor and in which many
4 of us are active and devoting a great deal of time, we
5 have an organization called the Newark Industrial Develop-
6 ment Committee which has as its purpose the industrial
7 development of the area. We are not moving as fast as we
8 would like to be moving in that area, but we feel that the
9 job part of the Newark problem is an important one and
10 that we not only have to keep industry here but also bring
11 new industry in. We are now realizing some successes,
12 but it has been slow in the past. ~~Business Industrial Develop-~~
13 ~~ment~~ We are devoting time to the educational problem.
14 There are just certain things that we feel we can do in
15 the educational area, but we do meet frequently with the
16 superintendent of schools and explore his problems with
17 him. This is an area that we feel that we cannot redo the
18 school system, and there are many problems that we cannot
19 possibly solve, but we are available to help them in that
20 area. ~~ically closed. We did prevail on the Governor in~~
21 that You are all familiar with what is being done in housing.
22 The insurance company program, and that was just the begin-
23 ning, the billion dollar insurance company program. We
24 are now in the bank getting many other inquiries from other
25 organizations -- churches, unions, the real estate boards

1 which are becoming interested in what they can do in the
2 construction of new housing in the area. The difficulty
3 in rehabilitating housing here is we don't have the type
4 of construction that they have, for example, in New York
5 and some other cities in that they are primarily frame
6 houses. They just don't lend themselves to reconstruction.

7 We would like to be able to do some rehabilitation
8 in that area, but we don't feel it can be done.

9 I mentioned this job meeting today. We have done
10 much more in that job area. One of my senior vice presi-
11 dents is the co-chairman of an organization that was formed
12 about six years ago called the Business Industrial Coordi-
13 nating Committee, and working with the Urban League we
14 have many employers giving us jobs and then we attempt to
15 match them with the people that the Urban League finds
16 who are seeking employment.

17 So there are many other areas. There was the business
18 community that was able to bring about the renewal of
19 Newark Airport. Newark Airport, as you will recall, was
20 practically closed. We did prevail on the Governor in
21 that case to take the risk of opening it to jets and working
22 with the Port Authority we were able to restore that
23 facility. the jets were coming in, and I am not certain of

24 MR. DRISCOLL: When was that if I may ask?

25 THE WITNESS: It was during Bob Meyner's

1 term, and I guess it was his second term. So
2 I would say that probably was about eight years
3 ago, something like that. Does that sound about
4 the right date? such as a meeting like this one
5 today. MR. DRISCOLL: This was a difference of
6 opinion between the Port of New York Authority
7 and users of the planes, the latter wanting the
8 jets?

9 THE WITNESS: No. This came about, you
10 may recall, because of the two accidents in with
11 Elizabeth when the planes crashed and the
12 pressure was such that the airport was practi-
13 cally closed.

14 MR. DRISCOLL: That is long before the
15 time you have fixed then?

16 THE WITNESS: No. I am saying when it
17 came back again. It was in effect practically
18 at a standstill for several years. I came here
19 twelve years ago. It might have been ten years
20 ago that this happened, that we were able to
21 prevail on him to open it up and take the politi-
22 cal risk of bringing jets back in. This is when
23 the jets were coming in, and I am not certain of
24 the date, but I recall it was during his term of
25 office.

1 So that we do have an active business
2 voice at community working on problems of the area.
3 Obviously we did not do enough, and we are mak-
4 ing every effort such as a meeting like this one
5 today. I wondered if you could give us your
6 views on the We have also started meeting with the
7 York, the various members of the Negro community to find
8 out what their problems are and attempt to
9 correct some of their misconceptions. So at
10 whether or least we have set up lines of communication with
11 the community. It is difficult because it is a
12 splintered community, but we realize we have to
13 do this and it is not completely unselfish. We
14 realize we have many assets in the area, and
15 this is part of our problem.

16 By Mr. Jaffe: and five members of the poverty

17 Q Mr. Davis, you mentioned in your statement that
18 there were some problems in relationship between the
19 business community and City Hall. I don't know if you
20 necessarily put it in terms of a problem. You put it in
21 terms of the Negro community thinking that the business
22 community had a stronger voice in City Hall than it may
23 necessarily have. I wonder if you would give us the benefit
24 of your views of what the relationship is between the
25 administration in the city and the business community.

1 A We are told by the Negroes that we have a loud
2 voice at City Hall, and we are told by the city adminis-
3 tration that we are backing the Negro community, so we
4 don't have friends in either place. business with a loan.

5 Q Mr. Davis, I wondered if you could give us your
6 views on the kind of program that presently exists in New
7 York, the Bedford-Stuyvesant program, which is a program
8 between the business community, the poverty groups and the
9 city government? Would you tell us your views on that,
10 whether or not such a program could be helpful in Newark?

11 A I think this is the way it should be done, that
12 it should be a triumvirate headed by the government with
13 the cooperation of business and the poverty organization.
14 We have some of this in TEAM where the board is split.

15 It is a fifteen-man board with five members of business,
16 five members of government and five members of the poverty
17 organization. one of the members of the meeting, Oliver

18 Q I wonder if you would like to comment on the
19 problem of loans to small businesses in high-risk areas,
20 particularly in the ghetto areas or among the group of
21 disadvantaged communities. Is there a problem in loans
22 and if you think there is one, what are your views and
23 what can be done?ioned before that you have someone who

24 A We have done some of this. One simple illus-
25 tration: there was a haberdashery on Springfield Avenue.

1 It was burned out, cleaned out during the riots. The
2 owner did not want to go back in. There was a Negro
3 fellow who had worked behind the counter in the store
4 who came to us. We put him back in business with a loan.
5 We took him to New York, taught him how to buy his haber-
6 dashery. We set up his books. We sent someone in every
7 month to look over his books for him.

8 In one of my dinner meetings with some of the leaders
9 of the Negro community they brought up this problem, and
10 I said that we were not interested in financing someone
11 who had no experience at all in a particular business.
12 For example, the haberdasher should at least have worked
13 in a haberdashery store; the fellow who wanted to go into
14 the grocery business should have been a stockman or a
15 checkout man so he had some familiarity with it.

16 These people, including one of your own members who
17 happened to be one of the members of the meeting, Oliver
18 Lofton, agreed we should not be making loans to people to
19 go into business where they had no experience whatsoever.

20 We are interested in financing people who want to go
21 into business where there is some reasonable chance of
22 success.

23 You mentioned before that you have someone who
24 would check the books and aid the person. Do you have
25 those facilities yourself, or are those facilities through

1 some other organization? We are using our own people, and I am sure you
2 plan to. We are using our own people, and I am sure you
3 can see very quickly on a \$10,000 loan we are spending an
4 awfully lot of money to make this fellow succeed. You
5 can't possibly continue to make contributions for everyone
6 who wants to go in business this way. There is an organi-
7 zation that the business community helps finance that
8 does do this type of thing. It is the BICC.

9 businesses. CHAIRMAN LILLEY: Bob Meyner is on the
10 board. They will be making people. One example:

11 some fellow who THE WITNESS: Yes. We do put up funds and
12 telephone work with that organization. But I don't think
13 some debt that we could have many \$10,000 loans where we
14 to buy, we were spending the kind of money we are spending
15 we are plan on this particular one.

16 of funds. By Mr. Jaffe: need for this purpose.

17 Q. Would you think, Mr. Davis, that there is need
18 for the business community, maybe through some kind of a
19 pooling arrangement or with some type of a re-insurance
20 program, either by the state government or other sources,
21 to aid in the high-risk loan business, not only in terms
22 of loaning to people but also in terms of the type of
23 training and follow through we were discussing?

24 A. Yes. We are having discussions with the SBA at
25 the moment. The SBA has some problems in that they don't

1 have clearance, but if they were to get clearance we would
2 plan to set up such a pool arrangement.

3 Here You might be interested to know we are doing the
4 same pool type of arrangement or setting it up on personal
5 loans. This is working with Ylvisaker's department where
6 we are setting up a pool of funds to which pool contri-
7 butions will be made by the state, the federal government,
8 maybe city government, financial institutions and other
9 businesses.

10 would Then the banks will be making to people. One example:
11 some fellow who wants to take advantage of the new
12 Telephone employment program who maybe has accumulated
13 some debts or maybe he wants to go to school or he has
14 to buy a suit of clothes so that he can get employment,
15 we are planning right at the moment to set up this pool
16 of funds that will be used for this purpose.

17 in the Q You also commented about the role of BICC and
18 the job placement problem and the training problem. Do
19 you think there is room in this community for some overall
20 placement organization run by business in cooperation with
21 government and with various training programs to really
22 button down the problem of job training and then a job at
23 the end of the training program? The Commission has heard
24 a lot of testimony that one of the real problems is a
25 trainee program and then no job at the end of the program.

1 It has been concerned about it, wondering whether or
2 not the business community could make a real contribution
3 here in aiding the fellow through, in aiding the placement
4 of people who do go through various training programs.

5 What I have been attempting to do, we have 24
6 training programs in this town, most federally sponsored
7 in one way or another, but in many cases like the program
8 of Western Electric and other companies that are spending
9 a great deal of time on this my hope would be that you
10 would have coordination so that the person would be
11 directed to the right training program and when he finished
12 he would be directed to the right job. Unfortunately you
13 have a lot of built-in interests here who may not be
14 interested in coordination.

15 The organization that I see coming out as a possible
16 coordinator of all of this is the TEAM operation. In fact
17 in the employment of the new head of TEAM I asked him if
18 with his Philadelphia experience he could visualize TEAM
19 trying to pull all of this together. It concerns the
20 business community that people are finishing a training
21 program and that they are at the end of the line at that
22 time. We think that person should be directed to an
23 employment activity, but the trouble is that we have so
24 many people who are trying to run employment services and
25 others who are running a training program, and there is

1 no overall coordination.

2 small One possibility for this would be the United States
3 Employment Service, but that has not been as strong as
4 it should be in trying to pull this together. In this
5 meeting we had today on the jobs, the way this will work
6 TEAM will be finding the hard-core unemployed and the
7 BICC, along with the Urban League, will be trying to match
8 this together. The business community is sponsoring the
9 financial end of that, so that we have people who will go
10 out to the employers and look for the jobs and TEAM has
11 the people to go out in the community to find those who
12 need employment.

13 Q I wonder also if you might give us the benefit
14 of your views on this: Are tax incentives or tax rebates
15 or some sort of a tax credit program necessary and/or
16 feasible for on-the-job training or for hiring people on
17 standards that might be a little lower than the standards
18 you have been setting normally in order to get more people
19 into jobs and to give them an opportunity to grow on the
20 job with a potential factor, although not a particular
21 actuality factor at the beginning?

22 A I would think it would be helpful. Certainly
23 all of us who are stockholders are in the business for
24 profit. As I said to the Governor, we are prepared to
25 carry this overhead, but certainly if you had tax incentives

1 there would be more encouragement, especially for the
2 smaller companies that can't take the absorption that
3 some of the larger companies might be able to.

4 So I would think a tax incentive would expand this
5 base that you have or that you need to get all of these
6 people employed.

7 Q Particularly when you are talking about the
8 smaller companies?

9 A Yes, but even in the larger companies. If we
10 knew we could take on a training program now, in effect
11 you do have some tax relief just because it is a normal
12 operating expense.

13 CHAIRMAN LILLEY: How do you feel about the
14 swirl of red tape and beauracracy that would be
15 inevitable in any kind of government support of
16 an industrial program?

17 THE WITNESS: Well, I would suppose the
18 difficulty would be in who qualifies as a
19 trainee for this special tax incentive, so that
20 it could be complicated. I don't know quite
21 how you would qualify, but I would think that
22 problem could be surmounted.

23 JUDGE WACHENFELD: Do you think there are
24 so many agencies and so many efforts being made
25 by different agencies at different governmental

1 levels that we are getting in a vast state of
2 confusion as to who has authority and who can
3 accomplish something?

4 THE WITNESS: There is no question about
5 that, Judge.

6 JUDGE WACHENFELD: Have you got a suggestion
7 to make as to how it might be clarified and
8 simplified?

9 THE WITNESS: I think that primarily has to
10 be cured at the federal level. As I mentioned,
11 it is my understanding there were 24 training
12 programs in this town that are being sponsored.
13 As a matter of fact, our fellows on their visit
14 to Washington were told that this is one thing
15 the federal government was now concerned about
16 and wanted cured, to put some of these 24 together
17 so that there was coordination. They, too, I
18 think are probably looking to this TEAM effort
19 to see if we can't have a more efficient operation.

20 JUDGE WACHENFELD: I agree with you the only
21 clarification or simplification you can get is
22 from the top down and not from the bottom up,
23 and that is from the federal government.

24 CHAIRMAN LILLEY: Do any of the commissioners
25 have any further questions?

1 MR. DRISCOLL: I have two or three very
2 brief questions.

3 Your bank's principal office is in the
4 City of Newark, is it not?

5 THE WITNESS: Yes.

6 MR. DRISCOLL: How many branches do you
7 have in the City of Newark?

8 THE WITNESS: We have seventeen offices
9 and five of them are outside, so twelve in
10 Newark. Two are right in the ghetto area.

11 MR. DRISCOLL: Are you familiar with the
12 fact that in the City of Camden they are engaged
13 in tearing down a great many brick buildings on
14 the ground it costs more to fix them up than to
15 tear them down and build new housing?

16 THE WITNESS: Yes. I think Mr. Lindsay
17 found that out, although he did get a great
18 headline out of putting the kitchens in on the
19 West Side. I think the figure came out that it
20 cost him something like thirty-five or forty
21 thousand dollars an apartment to drop the
22 kitchen in from the roof.

23 MR. DRISCOLL: I am interested in the man
24 who wanted to take over a clothing store where
25 your bank was very helpful. Do you know whether

1 he was a veteran? That is all I have.

2 THE WITNESS: Do you know, Mr. Lofton?

3 He is on Springfield Avenue, the haberdasher.

4 MR. LOFTON: I know what you are talking
5 about. I don't know whether he is a veteran or
6 not, Governor.

7 MR. DRISCOLL: Is the bank still granting
8 loans to veterans under the guaranteed loan
9 program that was established following World
10 War II?

11 THE WITNESS: You mean the Veterans Admini-
12 stration Loans?

13 MR. DRISCOLL: The state had a program to
14 help people get into business following World
15 War II whereby the state guaranteed the loan.

16 The veteran went to a bank and the bank handled
17 the loan, collected the interest and collected
18 the principal, and if there was a default, looked

19 to the state which had guaranteed the loan.

20 THE WITNESS: I was not here at that time,
21 but I can say that we have no such loans now

22 and have not, to the best of my knowledge, had
23 any application for such a loan in the twelve
24 years I have been here. In educational loans

25 there is a state program.

1 metropolitian **MR. DRISCOLL:** That is all I have.

2 **CHAIRMAN LILLEY:** We thank you for coming
3 naturally, here, particularly after running a big luncheon.

4 July, 1967 As I said before, it means an awful lot to
5 and sub- Newark. It produces the jobs that are talked
6 vation are about. It is one of these things that this
7 believed. Commission is looking for and which has been
8 deeper and put on the road. for permanent damage to the

9 nation's social order is far more (Witness excused)

10 have been imagined only - - - years ago

11 Whereupon, should note at this point that the pre-1967 reaction

12 of the Chamber to **LAWRENCE HOGUET** and welfare was

13 called as a witness, first duly sworn, testified as follows:

14 member firms have been **EXAMINATION** partners of civic and

15 charitable **By Mr. Jaffe:** In addition to funds, the Chamber

16 member **Q** Could we have your employment and your official

17 connection? successful organization and execution.

18 **A** I am senior vice president of Englehard Minerals
19 and Chemical Corporation located here in Newark.

20 **Q** Are you also connected with any business organi-
21 zation in the city? Newark Chamber was an influence in the

22 **A** I am president of the Greater Newark Chamber of
23 Commerce. The Newark Chamber is the largest such organi-
24 zation in the State of New Jersey and draws its membership
25 from the wide spectrum of commercial interests within the