



COMMONWEALTH OF VIRGINIA
GOVERNOR'S OFFICE
DIVISION OF INDUSTRIAL DEVELOPMENT AND PLANNING
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February 25, 1965

The Honorable C. Douglas Dillon
Secretary of The Treasury
Washington, D. C.

My dear Mr. Dillon:

I have just read with a great deal of interest a report from the New York Times of February 14, captioned "Economic Spotlight". This news item purports to contain substance of your exchange with Congressman Reuss of Wisconsin on the subject of industrial financing. The last paragraph says "Mr. Dillon agreed that the prime purpose of these communities was the 'raiding' of businesses elsewhere established." I can not believe you you are uninformed on this subject, however -- either that or you have been led into a trap by the Congressman who has over the last couple of years consistently misrepresented truth.

The facts of life are that thirty-four states in all sections of the country provide financial inducements to industry in the form of statewide development credit corporations, general obligation bonds, revenue bonds, direct state loans or guaranteed mortgages. If one adds to this the states that provide inducements through tax forgiveness, then nearly every state in the Union is seeking to attract industry for the "prime purpose of 'raiding' businesses established elsewhere."

Admittedly, this is a controversial subject. If the Congress outlawed tax exempt bonds for industrial financing, I would support this. However, I refuse to accept the thesis that any state in the Southeast has the prime purpose of 'raiding' established businesses anywhere.

The truth is labor/management relations have so deteriorated in Milwaukee that the labor unions drove the electrical equipment manufacturer, so frequently referred to by Congressman Reuss, out of the area. It was a

matter of get out or go broke.

This country was founded on the free enterprise system. It has grown and prospered and even survived because of the free enterprise system, and neither Congressman Reuss nor the labor unions should be permitted to preempt the free enterprise system. The Congressman would be well advised to recognize there are legitimate objectives to tax exempt bonds for industry, and he would be still better advised to expend his energies on the labor relations in Milwaukee and Wisconsin, and the development of a more favorable business climate. Section 14b of the Taft-Hartley Act should not be repealed.

I hope the New York Times misquoted you, since the quotation is certainly out of keeping with the high regard in which I and millions of others have held you and your service to the country.

Sincerely,
Joseph G. Hamrick

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JGH:tpt

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