

Improving R. I.'s business climate

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Early this year a talented lawyer-turned businessman announced that he would be leaving Rhode Island, a place he described as "probably one of the most livable areas east of the Allegheny Mountains." Sadly, his reasons for leaving were not based on living conditions; rather, they resulted from the better business opportunities in other states. Therein lies a major problem for Rhode Island.

There is little doubt that this state has much to offer residents in terms of quality living conditions.

But to do business in Rhode Island is difficult and expensive. Outsiders are reluctant to make capital investments here because of a perceived anti-business atmosphere which, it is claimed, pervades the state and its politicians. When looking for potential investors, the departing lawyer-businessman was told, "We'll back

whatever you want to do, but we think you are crazy to invest in Rhode Island."

This reluctance to invest in new job opportunities is also found among firms that operate within the state. About 40 foreign-owned businesses are located here, brought primarily through the strong efforts of the Department of Economic Development, which sold them, among other features, on the high quality of living here. As a group, these firms employ more than 9,000 persons and represent a major opportunity for more jobs, because experience has shown that 80 percent of new jobs in the state result from the expansion of existing firms, and that only 20 percent are generated by new firms' moving here. It would appear, therefore, that every effort would be made to encourage the foreign firms and others operating here to expand in the state. Yet such is not the case.

The problem relates to high energy costs, workers' compensation insurance rates and labor laws,

especially those giving unemployment benefits to people on strike. When nearly one of 10 workers in the state is unemployed, serious considerations must be given to instill a better business climate here. A step in that direction is under consideration in the General Assembly in the form of a bill to reduce rising costs of the workers' compensation system.

Cooperation between business and labor may be difficult to achieve in this state and some concessions by labor of hard-won rights and benefits may be difficult to swallow, but in a state with the third lowest manufacturing wage in the nation, high unemployment, and a perceived anti-business climate, some positive steps must be taken to improve our economy. Passage of the workers' compensation measure would be a move in that direction.

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