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WORLD TRADE CORPORATION

FIRST REPORT

to the

NEW YORK STATE LEGISLATURE

Under Chapter 92S
of the Laws of 1946

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Van Winkle on 9/1/47

Submitted: December 31, 1946.

By:

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Directors of World Trade Corporation

WORLD TRADE CORPORATION

First Report

To the Honorable the Senate and Assembly of the State of
New York:

World Trade Corporation was created as a public benefit corporation by Chapter 928 of the Laws of 1946, known as the World Trade Corporation Act, constituting Title 7 of the Public Authorities Law. The Board of Directors of the Corporation consists of nine members appointed by Governor Thomas E. Dewey on July 8, 1946 and the State Commissioner of Commerce, who is also a member of the Board, ex officio.

The undersigned, constituting all the directors of the Corporation, submit this report pursuant to the directions set forth in the Act.

Organization

The Board of Directors held its initial meeting in New York City on July 22, 1946, and elected Mr. Winthrop W. Aldrich as Chairman. Mr. Herbert Brownell was subsequently elected Vice-Chairman. The Board has also held meetings on

September 10, September 17, October 1, October 15, November 7 and December 20, 1946, in addition to meetings of Special Administrative Committees on September 24 and October 8, 1946.

The Board appointed Hermann H. Place as Administrative Assistant to the Chairman, the firm of Judd & Gurflein as General Counsel to the Corporation, and Orrin G. Judd as Secretary, Hermann G. Place as Treasurer, and Irvin L. Dyer as Assistant Treasurer.

The World Trade Center

Section 1452 of the World Trade Corporation Act states that the Corporation "is intended to establish and develop a world trade center to be located within the state of New York for exhibiting and otherwise promoting the purchase and sale of products in international trade."

The nature of such "world trade center" was not defined, but was left to be worked out by the Corporation and to be the subject of further recommendations to the Legislature, as referred to below. The Board of Directors, together with their officers and consultants, have made a broad study of the requirements for the development of world trade in New York, and have compiled substantial material on the various aspects of the situation.

At the initial meeting of the Board of Directors, Mr. David Sholts, a member of the Board and former Governor of Florida, presented for consideration the outline of a suggested form of World Trade Center, and made available preliminary architects' drawings and financial estimates. A careful study of this project has been undertaken by the Board. The suggested project would comprise twenty-one buildings covering ten blocks in the City of New York, to be operated as a permanent industrial exhibit, with buildings for different domestic industries and various foreign exhibitors. It would occupy a ground area of over 1,000,000 square feet, with a rentable area of exhibition buildings and other facilities, including garage, amounting to over 5,000,000 square feet. It was contemplated that the space would be rented for the exhibition of goods for world trade and not for office space other than sales space. The financial estimates showed a probable cost of the land and buildings in excess of \$140,000,000, requiring an average rental of approximately \$4.80 per square foot per annum in order to operate on a self-liquidating basis.

The Corporation retained the firm of Sanderson & Porter as engineers, and Kenyon & Eckhardt, Inc. as public relations counsel, to aid in the study of the suggested project and plan a form of interview and questionnaire to ascer-

tain the extent of support which might be anticipated from industry. While the work of these firms developed much information of value to the Corporation and indicated that exhibitions have a definite contribution to make to the export and import trades, yet their findings indicated serious doubts of the possibility of operating the suggested project on a self-liquidating basis as a permanent exhibit and on the scale proposed. The United States census figures show only about 5900 industrial firms in the United States with 250 or more employees. Assuming an average floor area of 1,000 square feet for each exhibitor as the most that could reasonably be expected, it would require 5,000 of these firms to fill the space contemplated. Preliminary interviews with a number of representative concerns of all sizes did not show a sufficient affirmative interest in taking exhibit space in such a project to justify a reasonable belief in the financial success of the suggested project.

Uncertainties about the trends of world trade in the post-war era that is just opening have made the months since the Corporation was organized an especially difficult period in which to obtain long-term commitments from business concerns.

The Board concluded, after considerable study, that it was not advisable to undertake the suggested project in the form proposed. It is continuing its efforts to work out a

plan which will be feasible. The Board has not had sufficient time to analyze the possibility of making a more modest venture on different lines operate on a self-liquidating basis, either alone or as a part of a plan embracing other facilities of value to trade in New York State.

Sample Fairs

One of the matters which has been studied is the procedure and results of industrial sample fairs abroad and in this country. In Europe, they have long constituted an important medium of commerce.

While the plan originally presented to the Board was said to have been thought of because of the success of the Leipzig Fair in promoting German export trade, our study showed that the Leipzig Fair itself was very different in important respects.

The Leipzig Fair has developed gradually over a period of seven hundred years, and attracted (up to World War II) large numbers of foreign buyers, but the number of domestic visitors always far exceeded the total of foreign buyers, and the number who came from outside Europe was never more than a small fraction of the total. The Leipzig Fair did not operate on a year-round basis, but was open twice a year for periods not exceeding ten days, an arrange-

ment which had the advantage of concentrating the sales efforts of the exhibitors and the visits of the buyers. It was able to meet its operating expenses, but certain buildings which it occupied belonged to the City of Leipzig, and it enjoyed subsidies from the Government of the Reich.

What is true of the Leipzig Fair appears to be true of most of the European sample fairs, namely, that they are operated for only a few weeks each year, and that they do not attempt to cover fully carrying charges on buildings out of their revenues.

There have been many projects for the establishment of permanent sample fairs in the United States, but none that have been successful except on a small scale. For instance, the Architects' Sample Room in New York City occupies only one floor of an office building and is an integral part thereof. The International Trade Mart presently under construction in New Orleans by private interests is reported to have a floor space of only 80,000 square feet and is essentially a combination sales office and exhibition enterprise. A permanent international trade exhibit which was opened in New Orleans in 1926 with Federal support failed to accomplish any tangible results toward increasing the foreign commerce of the United States and was liquidated after three or four years' operation.

On the other hand, periodic trade exhibitions, devoted to particular industries, have had a considerable vogue in the United States and attracted a modest number of foreign exhibitors and visitors, without any serious promotion of their international aspects. A considerable number of such exhibitions are now held each year in New York City, in various buildings.

The Board believes that there is a real possibility of devising and developing improved facilities adapted to the needs of commerce in New York, and that continued attention to the subject is desirable, not only to maintain New York's commercial position but also to aid the United States in maintaining its proper position in world trade in the future.

Studies of the work being done in Great Britain to foster international trade indicate that the development of sample fairs is considered important in the export program of that country today. A report prepared in 1946 by a committee appointed by the British Secretary for Overseas Trade emphasizes the part which exhibitions and fairs may play in the promotion of export trade, and recommends an international trade fair for British industries, but also recommends that the site and buildings be provided by government action and that the fair be conducted for a short period each year rather than as a permanent exhibit.

Other Problems of International Trade in New York

The studies made by the Board have revealed many problems affecting New York's position as a center of world trade, which could not be solved by the single device of a trade center for exhibiting and promoting products for international trade. A centralized meeting place for foreign buyers, where necessary services can be readily obtained, may be useful and fill a need that may not recently be adequately provided for. More fundamental problems, however, such as unfavorable rate differentials on rail traffic, and many other allied situations, directly affect New York's competitive position in the field of trade. Increased use of the facilities permissible in foreign trade zones under existing Federal legislation, and possible requests for liberalization of that legislation, form but one of the problems to which the Board is recently giving study and consideration. The time available since the appointment of the board of directors of the World Trade Corporation has not been adequate to reach conclusions on other projects.

Recommendations

By Section 1456 of the World Trade Corporation Act, the Board of directors was required to make determinations and submit recommendations to the Legislature on or before January 1, 1947 with respect to:

- "1. The most suitable location and type of facilities for a world trade center.
- 2. An appropriate sponsoring municipality.
- 3. An appropriate organization for the corporation.
- 4. Required legislation on behalf of the corporation, including powers thereof with respect to borrowing, tax exemption and condemnation."

Final decision on these subjects cannot be reached without further study, both respecting the type of world trade center which can be successfully operated and respecting other projects to promote trade and commerce in and through the State of New York. The Board is of the opinion that steps to establish some form of a world trade or exhibition center designed to create improved facilities for trade and commerce are in the public interest and should be pursued. None of the determinations or recommendations contemplated by the Act can well be made, however, until the specific facilities to be furnished are decided upon. It is important to have a careful study made of the usefulness and economic soundness of any project before committing the State to a course of action which may have a permanent effect upon the well-being and prosperity of New York and of the entire nation.

The Board therefore recommends that the time for making the determinations called for by Section 1456 be deferred for one year.

Certain immediate changes in the World Trade Corporation Act are desirable, to clarify problems that have arisen during the six months since the Board was appointed. A proposed bill embracing these changes will be submitted to the Legislature during the 1947 session.

Finances

The 1946 Legislature made an appropriation of \$100,000 to the Corporation by Section 2 of Chapter 928 of the Laws of 1946. The Corporation has received \$45,000 of this amount and expended \$17,405.08 therefrom up to December 31, 1946. There remains \$27,594.92 of cash in the Corporation's treasury (subject to accrued expenses of approximately \$5,000), and \$55,000 balance of the appropriation available from the State Comptroller.

We request that the unexpended balance of the appropriation made under Chapter 928 of the Laws of 1946 be reappropriated in order to enable the Corporation to continue the necessary studies which must precede the making of its final recommendations.

Dated: December 31, 1946.

Respectfully submitted,

WINTHROP W. ALDRICH

Winthrop W. Aldrich, Chairman

HERBERT BROWNELL JR.

Herbert Brownell, Jr., Vice Chairman

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