

Economic

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GOVERNOR'S COMMISSION ON ECONOMIC AND SOCIAL TRENDS IN IOWA

("Committee of One Hundred")

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Introductory Statement by the Commission Chairman

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O P P O R T U N I T I E S   F O R   T H E   P E O P L E   O F   I O W A

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1. The Commission.

The Governor's Commission on Economic and Social Trends in Iowa is a non-partisan study group. It consists of 100 citizens representing all sections of the state, many vocations, and diverse backgrounds. The members were appointed by the Governor in early 1958.

The task of the Commission is to consider trends in the social and economic affairs of Iowa, to appraise future prospects for the state, to identify problems, and to offer suggestions for advancing the welfare of the people of Iowa.

The Commission has had no funds of any kind. The time of its members and their travel expenses have been given without reimbursement. Hence it has not been possible to prepare elaborate studies or to carry out an extensive public relations program. However, the Commission has been able to draw freely upon the intellectual resources of our colleges, universities, state departments, and private groups. We wish to acknowledge with sincere appreciation our indebtedness to these organizations and individuals.

2. The Concept of "Regional Development".

The Commission's objective is to help point the way toward the sound future development of Iowa. We are concerned with what has come to be

known as "regional development." We are not alone in this field. Hundreds of similar organizations have been created throughout the United States. Some are engaged in the development of metropolitan areas, others are concerned with river valleys, states, or groups of states. Most of these organizations are concerned primarily with economic development. Indeed, most of them are preoccupied with an even narrower objective, namely, industrial development.

Our Commission has construed its assignment more broadly. We conceive our goal to be the advancement of the total welfare of the people in Iowa. "Regional development" as we define it includes not only increases in production and income but also advancements in education, improvement of state and local government, extension of community services, and even the fostering of basic human values. We are of course deeply concerned about economic development. But we believe that a sound program for Iowa must extend beyond the narrow goal of greater wealth and income, and must be built upon the objective of the good life for the people of our state. We believe this for two reasons: (1) because true human welfare extends far beyond mere economic development and (2) because, paradoxically, the key to industrial development in Iowa is the improvement of our human resources and of our way of life.

The Commission has focused its attention on the development of our people because our general advancement, including our economic development, can be achieved only through the betterment of human life in Iowa.

### 3. The Goals of Regional Development.

It is frequently said that the goal of regional development is a high standard of living. We believe that the goal, instead, should be a high standard of life. Let us examine concretely the meaning of a high standard of life as applied to the people of Iowa in 1960 or 1970.

First, a high standard of life must be built upon a strong and growing economy. In such an economy, natural resources are being steadily improved and developed, plant and equipment is accumulating, the skill and productivity of labor are being enhanced, and improved technology is being discovered and applied. Through this kind of development, production is growing and family incomes are rising. In a strong economy, also, there are diverse opportunities for employment so that persons of varying interests and talents may be accommodated and so that the stability of our communities may be enhanced through the principle of diversification.

Second, a high standard of life requires good state and local government. Such government must be efficiently organized and operated, it must be democratically responsive to the will of the people and at the same time provide far-sighted leadership in public affairs, it must deal equitably with the interests of various individuals and groups, and it must be honest.

Third, a high standard of life requires a rich variety of community services some of which may be provided by state or local government and some by private agencies. Among these services are education at all levels, activities and opportunities for youth, research, the arts, health and safety, mental health, community planning and zoning, beautification of community and countryside, recreation, slum clearance and housing, care of defectives, and, by no means least, religion. These community services together establish the environment in which people live. They are of utmost importance in determining the kind of life that is possible in an area. The customary practice of measuring the economic welfare of a people by the amount they spend for private consumption grossly distorts the true situation. Their welfare is determined also by the collective expenditures in their area for community services. And it may often happen that important increases in welfare can be achieved by shifting dollars from non-essential private consumption to high-priority community services.

Fourth, a high standard of life requires that certain values and attitudes be widely held -- and practiced -- throughout the community. Among these are active concern for the welfare of one's neighbors near and far, participation in the life of one's community, and willingness to consider new ideas and new opportunities. Without these attitudes, a true community cannot exist and attempts at community development become utterly fruitless.

Fifth, a high standard of life requires sound families and gracious home life.

To summarize, the concrete goals for the development of Iowa are: (1) a strong and growing economy, (2) good government, (3) abundant community services, (4) community-oriented values, and (5) sound family life. We shall deal with some of these goals in subsequent paragraphs.

#### 4. Economic Development.

The economic development of Iowa or any other area is determined mostly by forces beyond the control of its people or its government. Its basic natural resources of climate, land, water, and minerals are essentially given and can only be modified -- not created -- by the actions of men. The demand for and supply of Iowa products, and their prices, are determined by nation-wide or world-wide forces over which the state and its people have little influence.

The present economic position of Iowa may be explained by the following facts: (1) abundant, rich and well-watered land has made agriculture the primary industry; (2) because of rapid technological changes in agriculture, surpluses have tended to depress farm prices; (3) because of the same technological advances, the amount of farm labor required for a given land area is declining rapidly; (4) Iowa offers few overwhelming advantages for manufacturing industries other than those related to agriculture, and so industrial development has been slower than in some other areas of the

country and perhaps slower than in the nation as a whole; (5) net growth of population in the state has been slow and in many counties total population has declined; (6) the growth of population has failed to keep pace with the natural increase and many young people have sought economic opportunity elsewhere.

In interpreting these facts, there are two common points of view. On the one hand, many people assert that it is unsound for a state to export a large fraction of its young people and that ways should be found to increase economic opportunity fast enough to absorb the oncoming generations of young people. On the other hand, many hold that in fact little can be done to expand jobs in the state and that we should encourage and facilitate the out-migration of our young people so that a favorable balance between workers and jobs can be achieved.

In appraising these facts, the Commission takes a kind of middle view. We believe that Iowa is unlikely to achieve industrial development sufficient to absorb the whole natural increase of population. We are not even sure that industrialization at such a rate could be assimilated without creating grave problems. We believe that it is sound to encourage and facilitate out-migration. A continuing population adjustment, we think, is inevitable over the foreseeable future and many of our young people should be educated and conditioned to seek careers outside the state. A persistent population surplus in the state will benefit no one. On the other hand, the Commission believes that the pace of industrial development in Iowa could and should be speeded up. More industry in Iowa would not only provide employment for our young people but would diversify the economy and raise per capita incomes. Some Iowans express the fear that industrialization would create problems of dirt, noise, air pollution, urban congestion, etc., and would change the traditional character of the state. We feel that the prospect of industrial expansion of this magnitude is slight,

and that Iowans everywhere should support industrialization.

In the attraction of industries to the state, Iowa has certain obvious limitations. It has few important natural raw materials other than agricultural products; it has no special advantages over many other states in water supply, sources of power, or transportation; it is not well oriented with reference to mass markets; and it has few climatic advantages. Moreover, there is little we can do about these limitations. They are simply given by the nature of Iowa and its geographic position.

On the other hand, Iowa has clear-cut advantages. First, technological changes in agriculture which reduce employment on farms and households tend to expand opportunities for industrial employment in the cities. These technological changes in agriculture increase the use on farms of city-produced equipment and services. For example, increasing quantities of machinery and equipment are used on farms; chickens are hatched and seeds, feeds, and fertilizers are prepared in city factories; and electricity and petroleum products are used increasingly on farms. At the same time, the rapidly growing tendency to process foods in factories instead of in households gives rise to industrial employment in farm areas. To put it another way, the production of food is being shifted from the farm and the home to the factory. The growth of agriculture-related industry is likely to proceed even more rapidly than the growth of farm production. An agricultural state will clearly participate in this development.

Second, the growth of many industrial areas of the country is limited by pollution of air, lack of suitable open spaces for housing and plant sites, shortage of water, urban congestion, difficulties of home-to-job travel, and related problems. By comparison, Iowa is a land of fresh air, open spaces, and lack of urban congestion. Under the circumstances, it would not be surprising, as our national population expands over the next quarter-century, if industrialists looked to Iowa as a favorable location

for new plants, and if people began to think of Iowa as a vastly more attractive place to live than Southern California, or Chicagoland, or the New York area.

Third, Iowa provides a source of high quality labor. The people of Iowa are educated, motivated toward work, and relatively free of the vices associated with urban congestion. Their experience on farms or in small towns has enabled them to acquire ingenuity and mechanical skill. Declining employment in agriculture frees many of these people each year for industrial jobs in nearby cities and towns. If the employment opportunities do not exist nearby, they will sooner or later leave the state, as they should do.

Given the limitations and the advantages of Iowa for industrial development, what should be our strategy in attracting new industries? Obviously, it is to make the most of our advantages.

Our first advantage is that we are well-located for the production of farm supplies and equipment and for the processing of food. This implies that our industrial-development activities should be specially geared to opportunities in these areas, that we should provide basic economic and technological research relating to these industries, that we should train young people for employment in them.

Our second advantage is that we have priceless fresh air, open spaces, and lack of congestion. Basically this means that Iowa can be an attractive place to live and to rear one's family. It means that many people -- executives as well as workers -- may choose to live in Iowa over other areas that may once have been preferred but have lost their advantages. Over the years, however, even in Iowa the attributes of fresh air, open spaces, and lack of congestion can be lost for lack of proper planning. The state as a whole and every community in the state should become actively interested in the planning of land-use and transportation so that this ad-

vantage can be maintained, and so that we do not recreate the slums, the transport bottlenecks, the noise, and the air and water pollution characteristic of many industrialized areas. It may seem premature for Iowa to be concerned about planning for industrial and population growth. Yet there are already obvious signs of lack of planning in some of our cities and towns. When we consider that the population of the United States is heading toward 200,000,000 and that Iowa will almost surely absorb some fraction of this increase, far-sighted preparation for further growth is a clear and immediate responsibility.

But if we wish to attract and hold people in Iowa, beyond those who are here to escape from unattractiveness elsewhere, we must have more to offer than fresh air and open spaces. We must offer a good environment for people and their children to live in. We must offer a satisfying way of life. This is where we come to the human aspect of economic development.

To attract people, we must offer state and local government of the highest standard of efficiency, probity, democratic responsiveness, and leadership. We must offer a rich variety of community services. Our education at all levels must be of the best. Research and the fine arts must flourish. Health services, including mental health, must be excellent. The standards of safety on our highways and elsewhere must be of the highest. We must eradicate juvenile delinquency and related problems. Our communities and our countryside must be clean, orderly and beautiful. We must have parks, playgrounds, and a great variety of recreational facilities and activities. We must have thriving and active churches. Above all, we must have achieved a spirit of community, a sense of civic pride, and the will to make our area the finest place to live, from the point of view of human values, in all the world.

If we can achieve in Iowa the way of life I am describing, we need

never concern ourselves about attracting industry and people to the state. And the kind of people who will be attracted by this way of life are the kind who will provide the hard work, the imagination, and the leadership to build a thriving economy.

5. Political Development.

The existing governmental institutions and procedures in Iowa, at all levels, are clearly anachronistic. Designed for a horse-and-buggy era, they have failed to keep pace with changing conditions and are grossly inadequate for the tasks that lie ahead.

At the state level, many vestiges of the early 19th century remain. The Governor is prevented from supplying the leadership or assuming the responsibility that should be his. He is scarcely more than the titular head of a sprawling and uncoordinated maze of administrative agencies. Too many of our officials are elective, with the result that administrative channels are unclear and responsibility is diffused. Terms of offices are too short and salaries meager; as a result elective offices are not often attractive to able people. We lack a proper civil service system. Our judicial system is antiquated and outmoded, with the administration of justice often delayed or even denied. Representation in the General Assembly is based on arrangements dating from the turn of the century, and succeeding population shifts have produced serious inequities, preventing the expression of the will of the electorate.

At the local level, we have a multitude of small and inefficient units of government, including our counties, towns, townships, and school districts. We have no significant machinery -- with the single exception of the consolidated school district -- for integrating the government of towns and outlying rural areas. Only in some of our larger urban units have modernized structures and processes been adopted. In most instances,

new and increasingly complex and demanding problems are being approached with century-old governmental machinery and procedures.

The costs of these governmental anachronisms are tremendous. Tax dollars are inefficiently employed, governmental costs soar, services suffer, and substantial losses of time and effort result. In short, the full potential of public efforts is not realized. Moreover, there is the incalculable social cost of a diminished respect for and confidence in governmental activities.

The situation is bad. A wholesale overhaul is clearly indicated. Constitutional revisions, legislative enactments, and administrative actions must be undertaken that will permit and accomplish the effective reform of state and local government in Iowa.

Without basic government reorganization, Iowa will be unable to meet the challenge of tomorrow. We are making belated progress in school reorganization, and sentiment is building up for legislative reapportionment and court reorganization. But we must move faster than we have ever done in the past, or than we seem to be doing now, if Iowa is ever to make the transition from the horse-and-buggy age to the age of nuclear power and inter-planetary travel.

#### 6. Counter-Arguments.

To the position we have expressed, objections are sometimes raised. It is said that the program we have presented is visionary and impracticable. To this objection, the only answer is that the future of a great state can be assured only if there is vision and if there are ambitious programs to make the vision a reality.

It is also sometimes objected that while the program is desirable enough we can't afford it. Our answer is that the wealth and income of Iowa is clearly sufficient to support the best in government and social

services if we are persuaded we want these things. The real question, as we survey the future of the state, is whether we can afford not to embark upon a great program of community betterment with all the costs involved. However, the tax problem must be faced frankly, and we shall deal with it in a later section of this report.

Another objection is that Iowa is good enough the way it is, and that efforts intended to modernize or develop it will merely upset a time-tested and adequate way of life. This argument is a source of all too much apathy and inaction. The members of the Commission are unanimous in their love of Iowa and in their respect for its values and traditions. In all candor, however, we must point out that Iowa has lost some of the vigor and the momentum of its earlier days. Its government and its community services have not kept pace with the needs of the present and are unprepared to meet the demands of the future.

Still another objection is that conditions are no worse in Iowa than in many other areas of the country, and in fact, better than in some. This, of course, is true. But the members of the Commission hold that Iowa can be one of the outstanding places to live -- and to make one's living -- in the whole country. We are not satisfied that what is good enough for Mississippi or Arkansas or even Illinois or New Jersey is good enough for us. We mean to present to the people of this state the possibility that a great civilization might be achieved here -- a civilization that could be great not only in wealth, but also in education, research, the arts, community life, and human values.

We believe that the economic and social elements of our life must develop hand in hand -- that one nourishes and supports the other. A great civilization needs a strong economic base, but the education, the research, the motivations derived from a great civilization will in themselves generate economic development, and a great civilization will itself attract

industries and people who wish to be part of a superior way of life.

The strategy of regional development is a two-pronged strategy. It involves economic progress combined with social and cultural advancement.

7. The Problem of Taxation.

Many aspects of regional development would cost very little. For example, legislative reapportionment or court reorganization would cost nothing, and school district reorganization often reduces costs per pupil. Moreover, regional development if successful would in the long run increase the base of wealth and income in the state and thus tend to reduce taxes. We do not pretend, however, that the kind of development we have proposed would be achieved without increased public costs. If we are to have better government, better education, and better community services we shall have to support them with our tax dollars.

But Rome was not built in a day, and the development of Iowa is not going to take place overnight. We are not proposing a crash program but rather a long-range program to extend over 10 and 20 and 50 years. We believe that Iowa can easily afford the resources to make a determined start toward realizing the goals we have suggested. In a fundamental sense, we cannot afford not to move ahead in the advancement of our state.

In all frankness, the kind of program the Commission has presented would probably involve modestly higher public expenditures and possibly higher taxes. Here we encounter the big obstacle -- some say the insurmountable obstacle. Proposals that may involve increased taxes meet powerful political opposition in this state. Moreover, it can be argued that high taxes discourage industry from locating in Iowa.

We clearly face a dilemma. On the one hand, we can develop the amenities of our state and improve our way of life possibly at the cost of higher taxes. On the other hand, we can hold taxes down while foregoing

going the improved public services that the state so clearly needs. In either event, we run the risk of discouraging industry. The crucial question is: which course involves the greater risk? It is the belief of this Commission that industry of the kind we would want in Iowa will be attracted by a good environment for conducting business, by progressive government, by rich community life, and by cultural opportunities more than it will be attracted merely by low taxes. Businessmen know that you don't get something for nothing, and good businesses do not expect to enjoy a superior environment without paying for it.

But even if one were convinced that business would be more receptive to low taxes than to a superior environment, the case for our recommendations would still be strong because our program would improve the way of life for those of us who are already in Iowa.

In the opinion of the Commission, the case is overwhelming for the improvement of our government, our communities, our schools and colleges, our research facilities, our recreational and cultural opportunities. The benefits to be derived by the people of Iowa would far outweigh the benefits to be derived from the small amounts of personal income they would have to give up.

In short, we believe that this state and its communities need a new and bold conception of what tax dollars could do for us as a people. We believe the state has been held back by over-concern for low taxes.

At the same time, we are not unmindful of tax burdens and we would not propose a sudden drastic change in levels of taxation. We believe that as our incomes increase over the years, a higher proportion of these incomes should and must be devoted to the common good. Moreover, if we are successful in achieving the desired economic development of the state, the tax base to support the improved way of life will be augmented. What is needed in the near future is a special push to get us off dead center.

8. How Shall We Go About It?

The kind of development we have envisioned is not easy. It cannot be accomplished by exhortation. Copious speeches and Commission reports are not enough. And it cannot be done by volunteer groups like ours without resources of either time or money. The state must organize effectively for the job ahead.

We believe that the task of state development is primarily the responsibility of the state government, more specifically, that it is a major duty of the Governor. We believe that the Governor must give first priority to state development in the allotment of his time and energy. He is the one person who represents all the people and to whom citizens look for leadership in matters relating to the advancement of the state.

To assist the Governor in carrying out this responsibility, we recommend that an Office of State Development directly responsible to the Governor be created. This office would be charged with the formulation and coordination of long-range proposals and recommendations for advancement of the state in the following areas: (1) reorganization of state and local government, (2) economic and industrial development, (3) improvement of communities and community services. The office would be primarily concerned with policy-formation, not with research. It would draw upon existing research and knowledge, and would concentrate on the formulation of concrete plans for action which could form the basis of the Governor's recommendations to the General Assembly, to agencies of local government, and to private groups. In short, the office would assist the Governor in the formulation of long-range policies and programs for the state.

The office would consult with many citizens and groups and hold hearings. It would encourage discussion of important questions among the people of the state. It would be assisted by a non-partisan advisory committee of leading citizens similar to the present Governor's Commission on

Economic and Social Trends in Iowa.

We propose, therefore, (1) that the Governor be accorded specific responsibility for leadership in state development; (2) that a permanent Office of State Development be established and that the Office be directly responsible to the Governor; (3) that the office have a paid director, appointed by the Governor and subject to removal by him, a small paid staff, and necessary consultants; (4) that the salaries of the Director and his staff be sufficient to attract persons of the highest professional competence, whether or not they are residents of Iowa; (5) that the Assembly appropriate at least \$150,000 annually for the work of this office, the terms of the appropriation being such as to give the Governor maximum discretion in the specific uses of the funds.

In short, we are asking that the Governor and those associated with him in the proposed Office of State Development spark the future advancement of our state.

9. Reports of Committees.

The Commission has concerned itself not only with the general philosophy of regional development and organization to carry out a long-range program. Its Committees have each submitted a report containing concrete recommendations in their respective fields. These reports follow.