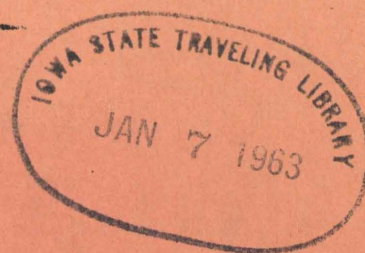


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FIRST ANNUAL  
IOWA ECONOMIC DEVELOPMENT CONFERENCE

December 7, 1962  
Iowa State University  
Ames, Iowa

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IOWA STATE UNIVERSITY of Science and Technology  
COOPERATIVE EXTENSION SERVICE  
Ames, Iowa . . . . . December 1962 . . . . . MA-1243



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## BACKGROUND ON THE CONFERENCE

The First Annual Iowa Economic Development Conference held at Iowa State University on December 7, 1962, was sponsored by the state Rural Areas Development Committee under the direction of its executive group.

Conference Program Chairman Earl L. King explained that the conference was designed to provide a medium for exchange of development concepts by Iowa and other states with development programs.

Final registration figures indicated that over 300 agricultural, industrial, educational, business, church, and governmental leaders attended the conference.

## EDITOR'S NOTE:

For the sake of expediting the publication of this record, the editor has found it necessary to abridge certain patterns of style and mechanical presentation. Several of the addresses presented here had to be taken from tape recordings of the conference and hence may not be quite as fluid in style as the spoken presentation. We ask the indulgence of the speakers and the readers and hope the speed of publication will offset the minor incongruities in style and presentation.

The tape recording of the conference and the editing and preparation of these proceedings was carried out by the Cooperative Extension Service, Iowa State University.

1-7-63 Iowa State Univ. gift



## FIRST ANNUAL IOWA ECONOMIC DEVELOPMENT CONFERENCE

Iowa State University

Ames, Iowa

December 7, 1962

"Iowa's Potential" by State Senator Ed Wearin, Red Oak, Member Iowa Development Commission.

I'm a small processor and fabricator actually down in southwest Iowa who is doing the same thing that his father and his brother and cousins and two uncles and two grandfathers and two great-grandfathers have done on the farm that I live on and the farm that my cousin lives on now and the farm that my brother lives on now. We are producing red meat.

Iowa ran very well this way with these three or four generations up to the last few years. But the rural revolution has changed this nice steady shift which we have had in Iowa for a long time, roughly a century. Iowa has changed and it is changing, and whether we like it or not and just as proof of this I would like to just cite some of the things that Bob has already mentioned. He wasn't quite specific when he said there were two hundred groups in Iowa; there are 247 groups in Iowa actively engaged in development -- some for profit and some non-profit -- endeavoring to locate and attract industry. There are 78 towns and cities in the state which are taking a look at themselves with Ron Gear's assistants contracting with private people to evaluate where they are and where they may be going for orderly growth. There are some 19 counties here in the state that either have started this type of study or are considering it. We have this very interesting discussion going on down and centered around the Ottumwa area, this ten county discussion group. We have Iowa Development Commission clinics which are held annually which are extremely popular and admirably to the point because people keep coming back. If you read the papers yesterday, you noted a commentary on a private group which is hopeful that it can assist the Iowa Development Commission in its venture and the Iowa Development Commission had no more exclusive right in the development of Iowa than you or this group or any other. We are interested in Iowa's development and we hope everyone will cooperate with us and that we can cooperate with every interested group in the state. Agricultural utilization as a term is not completely unknown any longer. This is one of the items of change. The legislature authorized a study on vocational and technical training for the state which is new. We have a technical institute going here which is a magnificent success, even though it is still comparatively small in form, but a magnificent success here at Iowa State University. Manufacturing and industry is being actively sought.

These are the proof, that Iowa has changed and is continuing to change. Some of these things we may like--by and large we are liking them as we become more acquainted with them.

Now what is this real revolution that I spoke of a little bit earlier? This is not anything that is blowing the lid off, this is a church term. Almost every church uses this term or some other type of term defining the problem in a capsule form. This defines what is going on in all the rural areas of the United States. Farms have become larger and as they become mechanized jobs become fewer. Small towns have



social, economic and religious problems as a result of this loss of farm population and farm income, costs and taxes. All of these things are related. As I stated, the impact is not just on the farm, it is not just on the small town, it is on the city, it is on the entire state. The entire make-up of all of our communities here in Iowa is involved and we are affected no matter where we live. No matter what each one of us may be doing we are affected by this rural revolution and it is dynamic and sometimes quite painful. Each of us knows, or is experiencing some of these pains either directly or indirectly. We are changing from a state which was almost solely agriculturally based, until World War II, to a state which is both now agriculturally and industrially related.

Now, you might honestly ask, "Are these just symptoms or have I said anything of the actual problem?" Well, the last time I went to school a guy told us "If you can't define the problem brother, you certainly can't answer it." I would like to be sure that we have the problem defined before we attempt to answer it. These are some of the problems which are current at the present time here in Iowa. The first is the problem of income. Personal income. Now I'm not talking, this is not Ed Wearin. I've given you some opinions but right now I think this essentially is factual information. Personal income of agricultural proprietors and employees in good farm years is just about equal to manufacturing wages and salaries here in the state. This has been going on for a few years. It is over 900 million dollars each for agricultural proprietors and employees as well as people who work in factories and have salaries and wages. We have roughly 155,000 farms in Iowa. Some 210,000 people are employed on these farms, compared to over 3,600 factories of one type or another and the 170,000 people employed in them. Now you can see that the income is a little bit higher because there are a 170,000 in manufacturing on the payroll and 210,000 others who are farmers or farm employees. Now about 100,000 more people service farms. They haul our gas or feed, they process our products, they work in plants or related industries processing agricultural products. Now about 40-50,000 of these people are part of the 170,000 who are in manufacturing so when you boil it down from 3/5 to 2/3 of the people who are at work in Iowa are almost totally related to agriculture.

The second point is the market value of Iowa in agricultural output compared with industrial output since 1942. It was almost the same. One and two-tenths billions of dollars was the agricultural output in Iowa in 1942. This is a rounded figure again. Industrial output was about 1 billion in 1942. The first good year that agriculture had after World War II was 1947 and we just about doubled when price controls lifted. I don't think things changed too much; we got a lot more money, we all know that. Two and 1/3 billion was the market value of the agricultural products in 1947. Now for 15 years we have slid sideways. In 1961 it increased from 2.35 billion to 2.55. We all know that 1961 was a reasonable year, we had quite a good crop. In this same period the 1 billion of industrial output market value in 1942 moved up in 1947 to 1 and 2/3 billions, and in 1961, five years later, it had increased 3.4 times to 5.6 billion. If you go back 20 years this is 2 1/2 time increase. It is a 5 time increase in industrial output against 2 times agricultural, or if you go back 15 years, it is 3.4 to 1.



Now you say, "All manufacturing plants don't add on this value." That's obvious, but in value added by manufacturing from '47 to '61 the increase in value added by manufacturing here in the state went up from 670 million to 1.8 billions. Roughly, 2 3/4 times the value added by industrial output here in Iowa. So if you round these things off business and agriculture have been virtually in a mature part of our economy. I'm not an economist. I got the only D's I have ever had in economics when I was in school, so I shouldn't be speaking about this, but I think agriculture is generally accepted to be in that stage of the game where it is a management skill and with research and whatnot we may be able to increase but certainly we are not increasing our income in agriculture as fast as our costs are going up.

At the same time manufacturing and industry is growing. In the past 15 years we have created 30,000 new jobs in industry in Iowa. I don't have the figures on what agriculture has done, but it is obvious that we have lost a lot of jobs in agriculture within this period. We have also invested about 100 million dollars each year in new plants and equipment in industry and manufacturing in the past number of years. This is a rough average. Obviously we have invested, sometimes over-invested in our farms and automation and mechanization. But the substantial increase in jobs and income has not been in the agricultural area. I think we can accept this without too much debate. I can back this up with either the Commerce Department figures or Iowa Development Commission figures, I think they, without question, are valid.

Thus this rural revolution is doing a lot of things to us. As agriculture becomes mature this is one of the continuing problems we have. We have shifts in population as we have less and less job opportunities in the small town as a result of the enlargement of farms. These things, no matter where you sit, hit you. Now, economically, socially, in churches, in representation, in taxation, in schools, roads, --- you name it and it is related. We are all one piece here in Iowa. To say that Iowa is divided is the most asinine thing in the world. We are all wrestling with the same problem and we are all related to the same problem. I think without question that we are working on the same problem together. Now I don't want to minimize the tremendous amount of support and the tremendous amount of vitality, both economic and social vitality, that comes from the farm. I'm the last person in the world to ever do that. I think without Iowa's land that Iowa would fold its tent like the Arabs and blow away. We just wouldn't be here without this 25% of Grade 1 land in Iowa. Let us not forget this, let us not minimize it. I think the thing to do is to work with it and to capitalize upon it as I think we can do and are doing. It is a dynamic thing for the state and will continue to be as it always has been. I think we can at the same time compliment the income which we have which pays a terrific amount of our taxes, which supports a lot of the ventures, creates a terrific head of steam for every town and city in the state. I think we need to supplement this and capitalize on other opportunities at the same time so we can continue to have work here in the state. So we can continue to have a growing income here in the state. So we can continue to have a tax base which is expanding to meet growing expenses because no one can deny that the cost of government is growing. As we continue to want more services, we are going to have to pay for them. This is one of the basic concepts of Iowa. You don't have a debt free state, at least on the state level, without paying as you go. I seriously doubt if this will be one of the things that will be modified in the immediate future. It is one of the things for



which we can be proud. We own what we have here in Iowa.

Now I've outlined the problem, attempted to define somewhat the problem, and I would also like to point out some of Iowa's assets. In the first place we have people, 2 3/4 millions of fresh, vibrant, and enthusiastic people who know how to work and love the state. If you don't believe it, just walk around on this campus and see if we don't have some vigorous kids, if we don't have vigorous people in this state. Don't ever kid yourself. We have tremendous vitality for self-sustaining people. If you have been in the services you know what the services have always thought of the Iowa kids. They have been the guys who could and would do anything. They can be taught, they are eager to learn, they are agreeable and they are flexible. They are not a bit afraid of getting dirty, they are not a bit afraid of work and you know this is a refreshing approach. This is one of the most marketable assets that Iowa has; its people and its point of view. We have a wonderful location for industry. We are bounded on two sides by navigable rivers. We are near the Chicago Great Lakes complex and they are so crowded there that they are boiling out like a pot of worms. They just can't help but spill out on us in passing. We have a terrific rail system. We are 4th among states in total mileage of Class 1 railroads. You know it is not a bad thing when you get industry. We can get something almost anywhere right away with fine rail service. We have air service which is excellent and despite what we may say, we have some darn fine roads and excellent motor freight facilities available.

I think taxation is one of the things which certainly is in our favor. We have too much negative talk about the taxes in Iowa. They are not punitive, that is the most ridiculous thing in the world. If you compare the tax structure on industry and on us with other tax structures you will find that we are not tremendously burdened with taxation.

We have room to live and room to expand and to work and we have got a lot of recreation near. We listen a little too much to Colorado and we listen a little too much to Minnesota. We tend to filter out of the state when the time comes instead of going to our very pleasant lakes and recreation facilities.

One of our other assets is that Iowa is at work on the problem. We have accepted the problem and we are at work. The Iowa Development Commission, last session, got within \$5,000 of its budgets request; the only agency or commission which got more, appreciably more, percentagewise than the governor suggested or recommended. You don't slide anything through the state legislature everything is scrutinized with a tremendous magnifying glass before the appropriation. But nobody objected to this area, this was popular, this is necessary, this is pertinent. We got the money. We have these groups at work as we have mentioned before. Two hundred forty-seven of these groups at work. We have a competent staff of professionals working for us in the Development Commission which we hope we can expand. This is an area which we cannot let down. Having our professionals at work for us, representing us with other professionals who have the discretion to locate plants. This is not a Chamber of Commerce, you don't wave the flag and get an industry to town. About twenty new industries and plant branches come to the state each year. These people are sophisticated and mature people. They know



why they want to come and they come because you can meet out in the middle, because the town can handle the industry and the industry can be happy in the town. I think this is what our records show in the Development Commission. I am not minimizing what we should do in each of our communities, in our county, in our town, in our city, and in our state. We should as we improve ourselves and at the same time we have this side benefit that makes it more attractive for someone to come and live with us. But please don't ask an industry to come to your town or your community to improve it. Obviously this is not current talk or I couldn't say it, but don't ask them to come to improve your town. They come because you have a pleasant town and they can live there pleasantly. This is inherent in any psychological approach and industry has to satisfy the people they move to a town to run their plants. It just makes sense to them. For this fact, we have our problem on our minds, we are at work on it, we have new industries coming continually. We have had 1,000 to 2,000 jobs created by plant expansion. This is normal in Iowa, it is normal almost anywhere. You don't get someone from Timbuctu to come here as often as you get someone who is here to enlarge and put more capital in and create more jobs. Use what we have is one of the slow soft sell things that make eminent sense. Please don't forget that we must nurture what we have, use what we have.

Now these things aren't glamorous, but we are not here to talk about a glamorous issue. It is not razzle-dazzle, this is slow, soft sell stable stuff. Iowa has always made progress on the basis of being a stable state and this is the only way that we make any reasonable approach to either an existing industry or to new industry. We must emphasize the positive things which we have without attempting to minimize the fact that we maybe short in some areas. We do have many very positive wonderful things.

I've defined the problem and I've outlined some of it and listed some of the assets. Now I would like to list some possible answers which are apparent and which are going on. These things I think are pertinent if we are going to talk about Iowa's potential. We have got to continue to give earnest effort to attracting new industry and expanding present industry as well. We have got to continue to encourage the Development Commission and our professionals on the Development Commission to do their honest, earnest work. They are doing a wonderful job for us. When you get 20 plants and new industries coming to the state each year and 247 development units working around the state obviously more of us are unhappy than are happy, but this again is one of the facts of life with which we must live. You cannot turn on the charm, throw in a few dollars, clean a few streets, paint your sign post and have a 500-man industry move to town. It doesn't happen that way and I'm sure each of us knows that now.

The second thing we can do is to improve our counties and towns so that others may find it a more pleasant place to live. One of my friends in Villisca encouraged the city to pave some 40 to 50 blocks of their town with asphalt. He said, "I don't know if we will ever get a plant or not, but the most amazing thing that ever happened to Villisca is the fact that we had courage enough to do this and it is the most satisfying thing to me and to everyone around. Just the fact that this got us out of the mud. This may have nothing to do with getting an industry. It is remarkable what it did for us." One other thing which makes eminent



sense and I hope you will remember, is this agricultural utilization area. We of the Development Commission have just given George Browning here at Iowa State, some \$14,000 for a project which will explore new uses for agricultural products. If we can find a new reason to grow something here in Iowa and we can process it here in the state instead of just growing corn to put in the sterile grain bins, we will be ahead. Believe me there is nothing more frustrating to a farmer than to sell his life's blood into a steel bin. It doesn't feed anybody there, no kids get fed out of it, it doesn't keep anybody warm. But we have to get back to this basic reason why farmers are farmers -- to feed people. When, at the same time, we have this agricultural product processed here in the state, we kill two birds with this same stone. We make farming more profitable, the farmer earns and he certainly shares, he is not a hoarder. At the same time we have this growth in the state because we create a new product which should normally be processed as close to the spot where produced as possible. It is more efficient that way. If we can process these new farm products here in the state this is where we are really going to clip some coupons. Both agriculture and manufacturing is benefited. If you are going to make any notes about what is important this ought to get three stars. We have a little project, it just started. Fourteen thousand dollars is really not very much money, but it is enough to start to see if we can adapt the sugar beet processing to soybean plants here in Iowa. Some 2,000 acres of sugar beets are grown in the state. We are not going to have to take over the state with sugar beets; obviously there are lots of areas where they will not grow. Sugar beets grow in many areas of the world and if we have these plants here with some modification, soybean plants seem to think they can process sugar beets. Well, this type of thing is what we are scrapping with in the Ag. Utilization area.

George Browning also has a story to tell about what soybeans and what the soybean council has done in feeding people throughout the world. Now there are not too many areas where soybeans really grow. We have sort of a toe-hold on soybean production. If we can find new uses for soybean oil and the meal as well, this again is an explosive proposition. As an endeavor to foster this idea of utilization of agricultural products, the Development Commission is asking for \$100,000 in its proposed budget for each year this coming bi-ennium for this purpose. We would like to get this idea accepted as one of the current important problems to consider here in Iowa. As you know, Nebraska has a tax levy on all tangible property since 1959 for this purpose. They can't use the money except for studying the industrial uses of agricultural products. They have 28 projects under way and they have money running out of their ears. They have even got a new glue that they think can come from agricultural projects. They have got a new lubricant and they have developed Nebraskan survival wafers. This is the type of thing that Nebraska is doing and making tremendous sense with what they are doing. I want to stress again the fact that we must not forget about agriculture and it's easiest to develop what you have. We have this tremendous backlog of fertility and we have this tremendous capacity to produce which is not being used fully here. We can find new ways of using our agriculture.

Now another wonderful thing which is going on and ought to be at least a one-star project is the Center for Industrial Research and Service which is being proposed here at Iowa State University. In the request by the Board of Regents there will be \$125,000 and \$175,000 in the two year bi-ennium to be used by this new center to



supplement industrial management consulting for Iowa manufacturing concerns. Now in other areas heavily industrialized, there are these concerns set up where you can go and say, "Will you help me with this problem? Can I market it? Is it valid? Should I try to patent this type of thing?" We are not that sophisticated as a manufacturing community as yet. This certainly is hitting the nail on the head, twice, by having a center here which can use the tremendous mental resource of this fine institution and its engineering extension service and the engineering department; and help supplement management consulting services now available in the state, but not presently covering the engineering area. The technical institute which is going here again, here is one of these two-star jobs. When industry comes or wants to come to Iowa one of the shortages they have often found is skilled people. Now they can get management people, they can get engineers--the 3,300 boys here in engineering school. The technicians are where we are short. People who can apply what the professional man says and works with. He is not a skilled worker. He is the technical person between the man on the line and the boss, or the superintendent. Well this technical institute which was started here two years ago in construction electronics and mechanical technology is really a bonanza for the state. And one of the things which is being hoped for and being considered is whether the chemical technology should be added to this area. There are only 50 boys in each of these areas, 25 in each unit per year is all that they have room for. It is being started as a pilot project. The Iowa Development Commission had a clinic last spring which dealt solely with how to procure government contracts. We are going to have to accept the fact that we need vocational and technical training here in the state. This is part of one of our needs, but we have a study going on attempting to find out what we can do about it and how it will help us.

We have got some research and then I'm going to close. I don't want to miss this research project which will be announced very shortly. The report will be made next week by the Arthur D. Little Company to the Development Commission which is attempting to do two things. We are dividing Iowa up into economic areas and then attempting to identify industries which are suitable for each of these economic areas. So our professional people can go to the electronics people or to the packing people or manufacturing people or others and say, "We think we have distinct possibilities in this area and Arthur D. Little has a national reputation and their tremendous resources, and they feel that this fits you. Do you have a spot in your program for Iowa?" This is part of what we are doing.

Now I want to wind up. It is much to the heart of our problem here in Iowa that some of us get over enthusiastic about it. But one of the things I would like to leave with you is that all of this is being done in Iowa's tradition of the do-it-yourself approach. I think that Iowa is at work, it is not afraid to invest its time, its talent and its sweat in this venture. It asks counsel, it asks for professional guidance, it asks assistance wherever that assistance may be. This is also within Iowa's traditions. We want to make these decisions, do it ourself, and continue to make this a wonderful place to live. I think Iowa's potential is virtually unlimited.



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Iowa State University

Ames, Iowa

December 7, 1962

"A Package Plan for Development" by Father E. W. O'Rourke

Some years ago an Iowa farmer came by hard times, his crops had not been what he had hoped for, and the prices were poor so he decided to quit farming and move to Chicago. He called his little son, about ten years of age, aside and explained to him that they were moving to the city and that of course they would not be able to bring their livestock with them. Indeed, they wouldn't even be able to bring their pets. The little boy tried to understand, but he was very sad the night before they moved to Chicago. So much so that he went out into the barnyard to say good-by to his favorite pets. He patted his dog on the head and said, "Good-by Shep, I'm moving to the city". Then he went over to his favorite calf and put his arm around the calf's neck and said, "Good-by Brownie, I'm moving to the city". He went over to his pony, patted him on the shoulder and said, "Good-by Prince, I'm moving to the city". That night the little boy knelt down to say his prayers and he said, "Good-by God, I'm moving to the city."

Now good friends, we can surmise that this boy in his grief slightly over-stated his case. When you move to Chicago or any other city it is not necessary to say good-by to God. There are many God-fearing people in Chicago and other cities. On the other hand, it would be false to deny the very real impact that living on the farm or in a rural community has upon the religious life, the moral life, the family life, the community life of people.

In my present assignment I travel throughout the central section of the United States. In the past two years I have given 400 talks in rural areas of 30 states. I usually spend a whole day in each of these communities and get to know the people rather well. I continue to be deeply impressed at the extraordinary freedom from public corrupting influences, the extraordinary solidity of family life, the extraordinary stability of moral ideals that remain among rural people and people on American farms. But still we have to face the fact that more and more rural people are leaving this wholesome environment, often times for environment much less wholesome. And during the 1950's, 235,000 people left the state of Iowa, most of them seeking better employment opportunities. Indeed, since the 1960 census things have gone from bad to worse. Presently the population in this state is almost stable. There are only five other states in the union with less rapidly growing population. There are many counties in this state that are now losing population. To make this whole picture still sadder is the fact that although during the 1950's there were rather abundant employment opportunities in the cities to which I was moved, presently that is no longer the case. Particularly for the unskilled and semi-skilled people who leave our Iowa communities and go to the big cities. There is an ever growing unemployment of people in these categories in those cities.

Mr. Wearin quite correctly pointed out the many marvelous resources of this state; as a recent new citizen of the state, I concur. In my travels up and down the land I often marvel when I return to this state. At times when other areas are



dark brown, Iowa is still fresh and green. At times where there are times of very poor crops elsewhere, there are signs of great productivity in Iowa. So the question arises, if we have abundant resources and still are not providing adequate employment opportunities, adequate opportunities to live a good life in Iowa, then there is a defect. In an effort to remedy that defect, I suggest that we take a look in two directions. One is at the mind and motivation of us the people of Iowa, because in order to create any great social movement you need to reform, a change of attitude, a stirring of the people, a determination to make things better. Without this, no legacy, no law, no financial resource could be of any value. But even though you may have that stirring of the people, that deep desire and that determination to make things better, the people must have at their disposal organizational tools adequate to move in so broad an area, in so complex an undertaking. Many a group of people with the highest of ideals have failed because they lack adequate tools of an organizational sort. Mr. Wearin has described several organizational tools currently in use in this state.

I would like to say something about a relatively new organizational tool that is beginning to be used in this state. I refer to Rural Areas Development Committees. If the people of the county or a larger area, perhaps involving several counties, get together, resolve that they are going to do something about the agricultural income, about the industrial development, about the community facilities that are needed. If they create a committee representing them the people of that area. If they conduct a survey of these sources and of need. If they formulate an overall economic plan projected perhaps ten years or more into the future. Then they have a right to specialists from the already existing agencies of our government, local, state and federal governments, and also assistance of recently created agencies and programs.

Now you may say at the outset that we are only duplicating organizations. What could Rural Areas Development do that the development committee would fail to do? I look upon the Rural Areas Development movement first as a coordinating agency, an agency to which these several organizations to which Mr. Wearin spoke, will be coordinated. An organization to which these several agencies of the Department of Agriculture, of Commerce, of Interior, of Health, Education and Welfare, are coordinated. Again whereby the efforts of several communities might be coordinated. In my many visits in Iowa communities, I find that most of the people are concerned in this state to develop small industries and many of them in the recent past have created industrial development committees but the plain and happy fact is that most of them have failed to get results. And one of the reasons is that most of these organizations are based too narrowly. The leadership didn't have the insight and the contacts, and the financial resources and the professional help needed in so complex an undertaking. I suggest that these defects can be remedied to a well-planned Rural Areas Development Committee.

Now again you will say that most of the agencies of which I speak have been existent in Iowa for many years and have been doing good work in Iowa for many years. Then what revolutionary change should I expect from them? You will note that organizations like the Soil Conservation Service, Cooperative Extension Service, Farmers Home Administration, Rural Electric Cooperatives, etc. are doing good work, but it is not coordinated work. Oftentimes these agencies overlap one with the other, oftentimes they spend a large part of their time and effort merely



persuading the people of the area of the value of their services. I am thinking of a local organization that has done the planning, then goes to these agencies and tells these agencies the service that is required. In this fashion that loss of time and effort to promotion will be eliminated. One of the great geniuses, therefore, of this plan is this. From the nearly 2,000 Rural Areas Development Committees that have been created in the United States in the last 20 months there are approximately 200,000 local leaders hard at work on the job closest to hand to them. Now some of these have been at work before, but many of them are new leaders, brought out into the light because there now is a channel to which they can easily and effectively and with hope exercise their talents in behalf of the community.

I look to those 200,000 local leaders as a great resource to which a better rural America will be created in Iowa and other states. But let us look then to the motive behind this. How hard will we work at this? How strongly convinced will we be of this value? In this I think religious leaders have a responsibility. I hurried back today to participate in this program from a meeting of the National Rural Areas Development Committee in Washington. It was a very intense meeting. I was called out of that meeting, by way of the members of the Department of Agriculture, to be interviewed by a reporter from Saturday Evening Post, who wants to write a story on Rural Areas Development. At first he expressed mild amazement that I, a religious leader, would be in that room, sitting with the committee, that I would be concerned about Rural Areas Development. There are several answers to this. First of all, I am among those who believe that religion doesn't cease when we leave church on Sunday morning. I am convinced that it is only begun. To make a profession of Christian ideals is desirable, but to live in a practical way by the Christian ideal of cooperation of social responsibility, of justice and charity. This I feel is much more urgently needed these days. It would seem to be that we, the religious leaders of rural America, must teach again the motion of social justice. The individual has an obligation to justice toward his fellow man as an individual. Not to cheat him. He has perhaps a greater responsibility towards the society of which he is a part, the county or town which he is a part, to do his part, to keep that county, town and state healthy. To make it possible for all to live a good life there. To say you are to do these things, the omission of responsible action is, in my estimation, very often a greater fault than some of the sins of commission that so deeply disturb our consciences.

I at least would like to teach as a religious leader again. In practical and specific terms, the social responsibility of people to their community. Again I feel the religious leader in a community of Iowa has a large stake in that community. His people, his flock, of which he is the shepherd, live there. And their family life and their community life, indeed yes, their parish life too, will be affected by their ability to earn an adequate income. I am not among those who think that money is nasty. I am not among those who think that a paycheck, for example, is anything but magnificent. When a man brings a paycheck home, and as usually is the case I surmise, gives it to his dear wife to spend for the family and perhaps a little allowance for himself. I think that is indeed a holy act. I would like to think that those who labor to help create better incomes for the farmers of Iowa or a few new jobs for the townspeople of Iowa are doing a greater charity than those who organize and contribute to the United Fund, or other very worthy charities. Because to help a person to help himself, to help a person to live as a human being should, to help a person to be truly a bread winner for those whom he loves, is a great charity.



Again I pointed out to this gentleman from the Saturday Evening Post, that in the same room with me was Dr. E. W. Mueller who is in a position comparable to mine in Lutheran World Service. And that Dr. Henry McCanna of the National Council of Churches was also on the committee, and that Dr. E. W. Baloo of the Southern Baptist Convention has been very active in many of our endeavors. Indeed we four have prepared a document called "Rural Areas Development and the Churches." So I should like to think that the church leaders, the educators, and all those others who went towards motives and opinions and convictions would labor hard to get this sort of strong ferment in the minds and hearts of the people so that we will move ahead vigorously in this.

Now I would say that the time has come in Iowa and all states of the Union to move into action in this regard. After all, the Rural Areas Development Program is now nearly two years old. There are many places where the results are already very much in evidence. I would suggest though, that through continuous talk we will eventually lose the attention, and the enthusiasm, and the support of rank and file community leader. Without this nothing will succeed.

Let me tell you a success story, so that this will not be entirely in the realm of theory. On May 6th I had a speaking engagement at Henry, Illinois, which is located in Marshall County. I was invited to remain in Henry overnight in order that I might attend a meeting of the local Rotary Club at noon on May 7th. During the luncheon that day I learned that Marshall County had recently been designated for Areas Redevelopment Assistance. The gist of opinion expressed by the local leaders was that this was a political trick spurred by Democrats at Springfield.

Since the people of Marshall County were staunch Republicans, they resolved to have no part in this proposal. I was invited to make a few remarks. I chose my words carefully. I recommended that, before casting aside the proposal, it be carefully examined. I expressed the opinion that this program could greatly assist the people of Marshall County.

The Editor of the Henry News-Republican attended that meeting on the 7th and reported my remarks in detail in the May 9th issue of his paper. This started a series of activities. A few days later the local County Agent convened a meeting of Marshall County leaders to discuss the possibility of establishing a Rural Areas Development Committee. Approximately 100 persons attended. At that meeting a temporary RAD Committee was appointed. About ten days later it was made permanent. In a short time a survey was taken and an overall economic development plan was made. Now this all began in May. As of now they already have one new factory at Spartland there in Marshall County. A printing factory, a printing company that will employ fifty people. Rapid steps are being taken to develop a very large artificial lake at Henry that promises to at least double the population and income of that town. An effort to build sewage disposal plant in Henry, that has been bogged down because taxpayers didn't think it was worth what it would cost, is now going ahead and several other worthwhile projects are in the pipeline. This ladies and gentleman, since last May.

I mentioned a moment ago that in addition to all those resources we always had all the technical assistance, all of the loans that FHA and other organizations have been prepared to make to rural communities and individual farmers. Just in the last



year the following new authorities have been created. The Agricultural Act of 1962 was the subject of a great deal of controversy. Especially as regard mandatory controls of feed grains and wheat. In all of that controversy we almost overlooked other sections, section 101, and section 102, of that law which provided for Rural Areas Development. We now have under section 102 what we call a program for rural renewal. The Department of Agriculture is ordered by this new law to send a full time coordinator to hard pressed counties which request development assistance, to make sure that every possible utilization of the several existing agencies and their personnel is available. More than that, if there is still an economic development need that is not being touched by those existing organizations, than an indefinite amount of financial assistance can be given that county to make it truly a renewed area.

Now again the agricultural conservation program has been modified. Once it was true that in order for a farmer to get a loan to develop any sort of lake or terrace or any other facility on his farm he had to prove that it would increase agriculture productivity. But now all he needs to show is that it will increase his income by perhaps developing recreational facilities there for the townspeople or the people in nearby cities. This, I suggest, is a great new breakthrough. Again there are nearly twice as many funds available through the FHA today as a year ago. The conditions under which loans can be made are more generous than they were a year ago. The REA has new funds. The Manpower Development and Training Act has funds and personnel to help you investigate and eventually to carry on training programs to develop the skills among your young people and adults so that they will be better employable. There are now steps being taken to develop a domestic sort of Peace Corps which will be called the Service Corps, where young people will be made available to assist with some of these projects.

I think we have at our disposal the organizational tools that we need. I hope that we have the determination that we need. And I would like to return to that theme and to do so to recall one of the biblical persons that I most deeply admire, Nememiah, who lived in during the fifth and sixth century before Christ. Let us get the context so you can see the greatness of this man. Incidentally, he engaged in development of a community. You see the Jews, although the chosen people, occasionally departed from the ways of the Lord, and Almighty God then permitted them to be chastized. Such a chastisement occurred in the year 1605 B. C. when the Babylonians moved into the Holy City and made siege on it, and destroyed the city, killing many of its inhabitants and carrying the rest away into captivity in Babylonia. Sixteen miserable years were spent in captivity. Then the Caesarians overcame the Babylonians and Cyrus, the king of the Caesarians, ordered that the Jews be returned to their native Palestine. But when they arrived there they found, as you would well imagine, the fields were overgrown with weeds and the walls of the city of Jerusalem were in shambles. There was much rubble in the streets of the city, and there was poor leadership among these people who had been enslaved for more than a generation. Therefore, there followed another 90 years of misery back in their own holy land. At this time upon the scene appeared a great leader, Nememiah, a man who was able to unify, inspire and coordinate the efforts of the people. He convinced them that there was a better way. He convinced them that they had the resources to do the job. He convinced them that there was hope. The first task to which this revitalized community assigned itself was the building of the walls of the city, because what value was a city if the enemy could come and over run it? Again the enemies



of the Jews, who were the Arabians, the Amenites, and the Samaritans, realized too, significance of this move and so they threatened to attack unless the building of the walls should cease. But Nemehiah and the aroused people of Jerusalem were't so easy deterred. They stationed garrisons along the walls of the city and they even gave each workman a sword. You would see there on that wall a man with a hammer or trowel in one hand, and the sword in the other. They were determined to get this work done. When the enemies saw their threat did not avail, they resorted to trickery. They sent envoys to Nemehiah and invited him to come into the valley below the city and hold a council. They intended as he came into the valley to destroy him and then to attack the city without a leader. Nemehiah suspected their trickery so he sent back by the same envoy a reply that is a great passage. To the enemy, Nemehiah said, "I am doing a great work, I cannot come down to the valley with you."

My dear friends, I would like to think that each of you is potentially a Nemehiah in your community. I think that you are potentially capable of doing a great work there. You and the aroused people you may lead may be tricked. Oh not by Amenites, or Arabians, or Samaritans; but by more deadly foes--selfishness, laziness, and the lack of courage. And if you do engage in an endeavor of this sort then you and your people must be convinced of its value. And to all who would deter you from this work you will say, "I am doing a great work. I cannot come down into the valley with you." Do this, dear friends, and I predict that in your communities as in Jerusalem in the sixth century before Christ there will follow a period of great peace and posterity.



FIRST ANNUAL IOWA ECONOMIC DEVELOPMENT CONFERENCE  
Iowa State University  
Ames, Iowa  
December 7, 1962

Luncheon Address by James E. Trainer, Jr. Plant Manager, Firestone Tire and Rubber Co.

At the completion of our first year in 1900, Firestone had sales of \$100,000 a year. We had one plant located in Akron, Ohio and had 14 employees on roll. At the completion of our 1962 business year which ended on October 31st, although final figures have not been tabulated, the sales of the Firestone Tire and Rubber Company will be between 1,250,000,000 and 1,300,000,000 dollars. We have throughout the world 90,000 employees on roll. As far as total employment is concerned, I believe we rank about 19th in American businesses and as far as dollar sales are concerned we rank about 38th. As compared to the one client that we had in 1900, we now operate 106 plants in 23 nations throughout the world, and are represented by a sales organization in all free nations. We operate to the size of the manufacturing plants that I mentioned in excess of 800 company-owned stores and we have approximately 70,000 dealers in the United States alone.

The Firestone Des Moines plant is on Second Avenue and Hoffman Road about two blocks outside the city limits. The original construction of this plant was started in 1944 by the Federal Government under the direction of Firestone. The original purpose of the plant, upon its completion, was to produce flotation gear tires, which at that time was stopping the progress of our military action in Africa, and the Pacific because of the inability to move military vehicles over sand and through mud. With the completion of the war, Firestone purchased this plant from the government. At the end of our first year of business at our Firestone Des Moines plant we had 390 employees on roll and we were producing 750 tires a day. Since 1945, the plant has had approximately five major expansion programs. Where today, as of December 7th, we have on roll approximately 2,200 employees. We are producing 22,000 passenger tires a day. We are producing 1,200 rear tractor tires a day. We are producing 900 truck-bus tires a day and are producing 72, "8-2", or what we refer to as large off the road tires that go on heavy equipment used in building highways, dams and etc. The products produced at the Des Moines plant are limited to tires and retread materials.

Under roof today we have 1,350,000 square feet as compared to the original building that was completed in 1945, when we had 245,000 square feet under roof. Our annual payroll for this coming year with fringe benefits will be in excess of 22 million dollars. Two-third's of the employees of our plant reside within the city limits of Des Moines, with one-third of our employees coming from 76 surrounding municipalities, some communities as far as 50 to 55 miles away. The operation of our plant is a 24 hour-a-day business. The tire business is such that we must put the tires in heaters to cool and they must operate around the clock. It takes four hours to cool the heater down and eight hours to heat it up so that we can process tires.



As of today, this is an approximate figure, we have produced in the Des Moines plant more than 44,000,000 tires. Firestone feels, and we know by facts and statistics, that the plant in Des Moines is not only one of the most successful plants operated by Firestone, it is one of the most successful tire plants within the rubber industry. The success of this plant, I believe, can more or less be based not particularly upon the building or the equipment or the formulas we have because all other plants have these things. I strongly feel that the success of this Des Moines plant is based upon the people, the employees that we have. All Firestone plants since the end of World War II, when our sales were approximately 100 million dollars as compared to our sales today of 1.25 billion, have undergone many expansion programs. But no Firestone tire plant has had 25% of the expansion that we have had in Des Moines. The expansion in Des Moines by the Firestone Tire and Rubber Company has taken place for one reason and one reason only. It was good business for Firestone to expand the plant. We operate six tire producing plants in the United States, and since our formulas, the equipment we use from one plant to another is basically the same, I believe that this is concrete proof of the part the people play. Although our plant is only 18 years old and we are a relatively new plant as compared with existing plants here in the state I believe that ours is certainly a success story here in Iowa.

In speaking to you about what I feel we can do here in the state, I believe that all of us are concerned. We should justly be concerned. We should never be complacent regardless of how good a job we are doing, and should conduct our business in such a way that at the completion of every day we can say that as far as the overall operation of all things in the state is concerned, we have made progress. True, from day to day it will be hard to measure the success that we have made, but over a year's time we can certainly measure whether or not the state of Iowa has progressed. I think that we will all certainly admit, regardless of what our individual views may be as to how we should do this job, that it is important that we have the right atmosphere and the right climate existing. We cannot afford to have negative attitudes or indifference existing when it pertains to the welfare of all in the state.

I believe that facts do serve a purpose, although when you do get a fact it is history, past history it has to be so for it to be a fact. But sometimes we can use it as a rule or a guide for making decisions today that could basically affect how successful we are going to be tomorrow. I believe that it is interesting to note that in 1900 Iowa, as far as population was concerned, was the 10th largest state in the union. Today we are the 24th largest state in the union. Based upon statistics the United States Census Bureau the population increase for the United States from 1960 to 1970 will be 19.1 percent. For the state of Iowa it is 5 percent. As far as percent of growth from 1960 to 1970 of the 50 states, Iowa will rank 43rd. If we can consider this in a different light, we are a business. Certainly the state of Iowa is a business and in the toughest competition there is. Some people might say that automotive business is the toughest, or oil, or your various parts of your retail businesses, are the toughest, but I believe the toughest competition that exists in the United States is the competition as it pertains to why we are here today. - The competition between states and communities. There are 50 states in this business, each one of them competing hard to attract new business to their states and communities. Each community sending out in all sections of the country literature, to all types of business, to attract them to the state. I believe that we must face



reality as we have it and realize we must change this percentage, if we are going to get our fair share of the business.

I'm going back to the remark I made a minute ago about the state of Iowa being a business. What we are saying is that if the population increase of the United States for the ten year period of 1960 through 1970 is going to be 19.1 percent and we are only getting 5 percent of it, I don't believe that we would truthfully be able to look at ourselves in the mirror and say that we are getting our fair share of the business. And I believe that the people are important. I know of nothing more important than people. So as I understand it, I believe that by all you being here what we are doing today is the right thing to attract more business, whether it be industrial, retail or agricultural. There are going to be many different ideas and opinions expressed here. Certainly as many different ideas and opinions as how the job should be done as there are people. But out of a meeting such as this we want to develop a general program through negotiation and compromise that will bring to this state what we feel is justly ours. Not only for this year, but for the coming period of years.

I think that if all of us were the management of a business and we were going to expand existing facilities if we had plants, we would choose the area based upon the customers we are going to serve. So let's pinpoint this section of the country. If we were operating a business, say, a tire business, and wanted to build a new tire plant in this section of the country, including Iowa, the two Dakotas, Nebraska, Missouri, part of Illinois, Wisconsin and Minnesota; we would come here to this area to look for the site of the plant. And once we decided on this area we would investigate all states and communities within the area. I think what we would look for when everything was finally said and done, since we are considering investing not hundreds of thousands of dollars but millions of dollars, is our cost of operation. Now as far as costs of operation are concerned, the bargaining being done on a nationwide basis as it is, the wage rates for operating a plant would basically be the same, not only within a given area, but from coast to coast within that given industry. This is certainly more of the rule than it is the exception to the rule. As far as receiving the raw materials in to manufacture our product and send the finished product out, wherever we locate in this area, the cost will be about the same.

So what is the big difference today in the cost of operating a plant, establishing of a new plant? It's taxes. It is too bad that this does become the major significant factor in the cost of the operation of a plant today, but it is. I believe that within the state of Iowa we do not give a free ride to a new business who might want to come in and establish a plant. But we do have an opportunity to make this state more competitive with states that over the past few years have been gaining not only more new businesses but expanding present facilities. So what do we do? We have to come up with a program where we can at least meet competition. The best program is to beat competition. The problems involved are many and complicated, certainly, but this we have to do. I believe there is a possibility within the state of Iowa, to improve our competitive position as far as taxes are concerned. According to the Constitution and laws of the state this decision should be made by our legislature and the legislature basically, as I understand it, is to do what the people of the state feel in the best interests of Iowa. Therefore, I believe each and everyone of us has an obligation, if we are interested in bringing business to this state, to let the representatives in our districts know that we want this state to be competitive in regard to taxes.



Of course this is a real challenge. We realize that there are many interests when we delve into the legislature or politics even at the local level.

To bring together all these different interests so we can agree on a common program, so that the whole state can gain by it, becomes a very difficult task. If we are to have the type of program we need, our legislature must give us another plank to present to businesses throughout the country. I only hope that this coming year, in January when the legislature meets, that it will not be said that we had too many Republican legislators or we had too many Democratic legislators. Let us be sure as far as the total legislature is concerned that they are all there meeting as Iowa legislators acting in the best interests of the state.

Now I believe that which ever group we represent we have to realize this; that no one interest is going to have it 100 percent their way. The negotiating and compromising is a very challenging thing and it is one that is certainly worth the effort of all people concerned. So if we can become competitive as it pertains to taxes, we can meet the competition that is presently beating us today. This in itself will give us a strong point.

Certainly as far as the capabilities of the people of this state are concerned, we are the best right now. Federal figures on military service will prove that. Iowa has less rejections for military service for mental and physical reasons than any of the other 50 states. The state of Iowa has less illiteracy than any other state in the union. These are facts that are recorded by the federal government. The heritage of the people of Iowa is deep rooted in the basic fundamental principle that makes this great country what it is today. This can certainly not be denied, we can prove this beyond a doubt. The people of Iowa are intelligent. Good business and fair business is interested in this type of employee. We certainly don't want industry coming into the state that is going to take advantage of people with the intelligence level of the state of Iowa. Industry or business that has in its mind that it is going to take advantage of people should never dare come into this state. As far as population is concerned we are not in as strong a position as other states, but as far as this area of the country is concerned we are in a strong position.

The university is one institution of higher learning. It is a wonder the roof doesn't cave in here standing on a university campus making that statement. But lets face facts and realities. There is not a state in the union that we are competing with for new businesses that doesn't have fine institutions of higher learning and they are going to be better tomorrow. Another thing, the secondary education. In 16 years I have lived in 9 communities, in 8 different states and this is amazing. Each one of them has the finest school system and what is more amazing each one of them can prove it. Art museums, parks, recreational facilities, etc. certainly they are important, but let us face this fact too. All other states that we are in competition with for new businesses also have these things and if they don't have an art museum they are building one.

These things I only mention so that we do not get them out of perspective. It is like so much parsley on the meat platter. Companies coming in and establishing new businesses where hundreds of thousands and millions of dollars are going to be invested are interested in the meat on the platter. That is the cost of operation,



all phases, all things that make it up, and also the people. We know we have the finest people. We are number one there and we are second to no one. But, to new business we are second place in taxes. It is too bad that we have to do something that we don't like to do about taxes; to give future businesses coming in here an advantage. But let us face it; we have to meet competition. We can't always play the ballgame the way we would like to play it. We haven't been given the sole right to set the rules on it.

In closing, the views that I have given to you I believe are basic, sound and fundamental. I believe that all of us, regardless of what our political affiliations or interest may be, are always willing to listen to the other fellow's story, to compromise. We can come up with a more effective program than what we have today. We must re-establish Iowa so that we are again getting our fair share of the business without giving away what we are proud of now. I am a strong believer that the strength of any community, of any state, of any nation is based upon the people. I certainly hope that out of this conference as it continues will come some ideas and some thoughts and some organization and some better plans. I think it is a wonderful opportunity when you have a large group represented here from all over the state; as long as everybody leaves here with the same enthusiasm that you had when you came and you get your fellow neighbors back home interested in the program. This state certainly has the ability to accept the challenge to compete. We will be just as successful in the field of business as we have been the last ten years with our football teams. If we can get the people concerned this in itself will be the first step up the mountain. We can climb the highest mountain if we climb it one step at a time.



FIRST ANNUAL IOWA ECONOMIC DEVELOPMENT CONFERENCE  
Iowa State University  
Ames, Iowa  
December 7, 1962

"Financing Plans" by Donald M. Draper, Assistant Director of Industrial Development, Department of Economic Development, Kentucky Development Commission, Frankfort, Ky.

I am certainly honored and pleased to be given the opportunity to be here in the lovely state of Iowa to talk to you today concerning industrial financing and its role in industrial development.

It has been conservatively estimated that there are nearly 16,000 active industrial development organizations, such as chambers of commerce, area development groups, and other groups in the nation today seeking new or expanded industrial plant facilities. We, in the Commonwealth of Kentucky, have realized from this figure that to complete our industrial development package and stay competitive in today's market, we must have within this framework every conceivable financing plan to offer the industrial client or prospect.

Kentucky has perhaps as many industrial financing plans as any state in the country. Some of our biggest and finest industries in recent years have used one, or a combination, of these plans. Due again to the competitive nature of this business, in the last several years, we have seen a marked increase in the number of firms wishing to start operations in leased facilities. For some of these, expansion plans may prohibit tying up capital in plant and equipment; some may be interested in local public relations benefits resulting from community participation; and still others may be attracted by the property tax savings that may be realized.

I would like to discuss briefly our experience in Kentucky with the various industrial financing methods.

One of the oldest and one that has experienced a great deal of success is the local industrial foundation. These organizations, usually non-profit, vary in function. Most of these local citizens groups limit their activities to the raising of funds for buying and improving plant sites for sale to industry and/or the financing of industrial building. However, in some cases, these foundations have provided financing assistance to industry by loans directly to the firm or by means of a stock-purchase plan.

The articles of incorporation define the purpose, fix the capital stock, indicate whether it's profit or not, and, in general, are so stated as to conform to laws regulating corporations. In Kentucky, official recognition has been made by the Kentucky Court of Appeals that these laws apply to the industrial development corporation.

Most of these corporations raise their funds by a combination of contributions from their members or stockholders and local subscription. This not only can impress the industrial prospect but it also gives the whole community a sense of participation. In most cases these funds are repaid when the sites are sold.



A success story which might be used to illustrate the effectiveness of a local industrial foundation can be cited at Lexington, Kentucky. Lexington was for many years one of the finest cities in the state-----a typical university town with a wide range of cultural pursuits, excellent recreational advantages and above all an attractive place to live. However, with all these attributes, industrial development had lagged; principally because of Lexington's location in our Blue Grass Region. This area, known primarily for its many famous race horse farms, had a serious drawback in that industrial plant sites were scarce and very expensive.

In 1954 a group of local citizens of Lexington formed an industrial foundation, purchased a 139-acre tract which they developed and subdivided into five sites. A price of \$2,600 an acre was determined. Now, eight years later, five companies employing approximately 1,400 persons are operating on this property. And that is not the entire story----this industrial upsurge together with the location in Lexington of the large IBM typewriter plant have brought a number of satellite firms and suppliers into other smaller communities in the Central Kentucky area. The results of this one Lexington venture have been far-reaching.

Approximately 90 local industrial foundations have been incorporated in the Commonwealth of Kentucky. These foundations have to date constructed 34 new plants and expansions for industries, and have developed 26 industrial subdivisions, which have become the location of 26 new industries. Funds involved have exceeded \$6,113,000. From these local industrial foundation activities can be traced more than 11,000 new jobs.

The success of the local development corporation and the Commonwealth's interest in promoting industrial growth led, in 1958, to a law passed in the legislature setting up the Kentucky Industrial Development Finance Authority.

This Kentucky Authority is an instrumentality of state government established to provide funds for the stimulation of economic development through industrial loans. The Authority is governed by a nine member board composed of five public members and four ex-officio heads of state departments. The Authority is currently operating with a \$2,000,000 revolving fund.

The Authority may make loans to local non-profit development corporations, and in the case of federal joint participation, may loan directly to the locating industry. Loans may be made for the purpose of establishing buildings or developing industrial subdivisions. Length of loan and interest rate is set by the Authority; loans are secured by a mortgage on the building or subdivision and the assets of the local development corporation. The Authority is responsible for determining the financial soundness and feasibility of each proposed project.

Applications for loans accepted from local non-profit development corporations must be in a form prescribed by the Authority. The local development corporation must have a potential responsible tenant before a building loan may be approved. The local group holds title to the building until the loan is repaid.



The Authority may lend up to 40 percent of the cost of an industrial building project provided that the local development corporation raises 10 percent and has a firm commitment for 50 percent of the cost from an independent and responsible source, such as a bank or insurance company. The local group must also furnish proof that the total amount cannot be obtained from private lending agencies at the going cost of money.

It must also be established that the sum of the monies plus the equipment to be furnished by the tenant will be sufficient to assure completion and operation of the plant.

The Authority may loan an amount not in excess of 50 percent of the cost or estimated cost of an industrial subdivision project. Such a project is defined as "any tract of land of not less than 25 acres, located within or near the corporate limits of a city, together with utilities, services, and access roads, to be acquired by a local development agency for sale or lease to one or more manufacturing enterprises."

The local development group must hold funds or property or have obtained from an independent lending source a firm commitment for funds which together is equal to at least 50 percent of the estimated cost of establishing the subdivision. These funds plus the loan obtained from the Authority must be adequate to provide the industrial subdivision with utilities, access roads and other facilities necessary to make it attractive as a site for one or more manufacturing enterprises.

The Finance Authority has created and disbursed, at the present time, loans totaling \$517,000 and has approved loans which are awaiting disbursement in the amount of \$320,000.

Another financing plan created in 1960 by legislative act is the Business Development Corporation. The Business Development Corporation idea originated in England as a means of promoting employment for returning veterans of World War II. Since then the idea has spread throughout, not only the New England states, but North and South Carolina, Alabama, and Kentucky. The Business Development Corporation is a private institution regulated by its own Board of Directors and operating independently of any state organization.

The purpose of the BDC is to provide development funds particularly for industrial development throughout the state. This agency in Kentucky is composed of 220 stockholders including practically all of the state's major financing institutions and public utilities and has a total credit lending ability of \$3,700,000. This corporation is also authorized to borrow money from the United States Government under Section 501 of the Small Business Administration Act of 1958. The corporation will make loans to persons, firms or development corporations and is authorized to regulate the terms of these loans as provided by the Board of Directors in the by-laws.

The certificate of incorporation has set forth the amount of authorized capital stock which is one million dollars. All domestic Corporations organized for the purpose of carrying on business in the Commonwealth were authorized to purchase shares of capital stock in the Corporation and all financial institutions were



authorized to become members of the Corporation also.

The amount of capital stock any financial institution could purchase was set at 10 percent of the loan limit of the institution. Any financial institution may request membership in the Corporation by making application to the Board of Directors. The loan aggregate of the Corporation may not exceed 10 times the amount of capital stock. No member may loan more than 20 percent of the loan capital to the Corporation.

All loans by members to the Corporation will be evidenced by notes or some other means which shall be freely transferable at all times. The interest rate paid to members on borrowed money shall be not less than one quarter of one percent in excess of the prime prevailing rate on unsecured commercial loans as determined by a majority of the New York City clearing house banks.

The Board of Directors was elected by the incorporators in the first instance and thereafter the members of the Corporation have elected 2/3 of the Board of Directors and the stockholders have elected the remaining Directors. Each year the Corporation has set apart not less than 10 percent of its net earnings until such funds equal 1/2 the amount paid in on capital stock. This surplus is to cover possible losses.

Nine loans ranging from \$13,000 to \$300,000 have been made by the Kentucky Business Development Corporation. It is estimated that these loans have created up to 1,000 new industrial jobs.

The general obligation bond issue, while less popular in Kentucky, is available as a financial aid. Only 3 cities in the state have thus far pursued this particular method to the point of an actual vote to the people, which is, of course, necessary in this type of bond issue. One city has the authority to issue the bonds but has never actually participated. One city has issued bonds but has not utilized fully the proceeds for any industrial project, and the third community is constructing, at the present time, a building under a general obligation bond issue which was voted by the people for one of its existing industries.

Under the recent Federal Area Redevelopment Act loans for industrial and commercial projects in designated areas may be approved.

In order to qualify for these funds the project must create additional permanent jobs and must not be a relocation.

When projects are eligible the Area Redevelopment Administration may loan up to 65 percent of the cost of the project at 4 percent interest.

Local sources (government or local development groups for example) must raise 10 percent of the cost of the project and an additional 5 percent must come from private sources. These funds cannot be repaid until the ARA loan is retired.

The remaining 20 percent of the funds usually come from local financing institutions; but, if local resources are inadequate, the borrower is eligible to apply for a loan from the Kentucky Industrial Development Finance Authority.



To date, 6 industrial loans involving \$702,212 in ARA funds have been approved, and a number of other loans are pending approval. These loans have created 256 new jobs.

The next method of financing I have saved till last because I am reasonably certain that everyone here is probably more concerned about this type of industrial financing than any other; that is, municipal industrial revenue bonds.

Kentucky municipalities have had the authority to issue industrial revenue bonds since 1948 when this law was passed by the Kentucky legislature. This law empowers the community to issue these revenue bonds for the purpose of acquiring or constructing industrial buildings and to purchase the necessary operating machinery and equipment. Such bonds are issued only when a specific tenant has signed a rental agreement. The interest rate is determined by the current market for such bonds and also the financial stability of the company involved.

Bonds issued under this authority bear an interest rate not to exceed 6 percent per annum and must be payable within 25 years. Security for the bonds is based solely on revenue derived from rentals from the building and/or equipment. They are not a general indebtedness of the city. This means of financing may be used to construct buildings outside of municipal boundaries when the effect of the plant will improve the economy of the issuing municipality.

Interest from this type of municipal bonds is exempt for income tax purposes. There are also no state and local property taxes levied during the period when title to the property is held by the municipality.

Additional bonds may be issued for expansions to existing facilities but here again the interest rate of the bonds depends entirely on the bond market, the structure of the corporation, and on its history of past earnings.

Since 1948, in the State of Kentucky, there have been 38 industrial revenue bond issues sold, for a total of \$27,000,000 investment in new plants and equipment. Thirty-two new plants have been gained in the 25 Kentucky cities issuing these bonds. The remaining 6 issues were for expansion of existing plants.

These 38 issues have ranged in size from \$25,000 to \$9,500,000 with interest cost varying from 2.56% to 6%. As I have previously stated, realizing that these bonds are issued only when a specific tenant has signed a rental agreement, the interest range here almost exactly reflects the national bond market over the past few years on municipal issues. The cities in Kentucky which have issued bonds for this purpose are well distributed geographically with the only notable exception being in the extreme northeastern portion of the state.

Population of the cities so far issuing bonds have ranged from below 2,000 to approximately 27,000. There is pending, at the present time, a bond issue in the state which will be the largest ever agreed upon. It will be a \$50,000,000 issue negotiated by a small community of less than 1,000 in population. These 38 bond issues have resulted in a gain of 8,117 new industrial jobs with an annual payroll amounting to \$29,743,613.



I would now like to show you some slides on some of the plants that have located in Kentucky using one or a combination of several of the financing plans that I have outlined.

As you can realize from the pattern that I have outlined, more industrial plants have been located in Kentucky by use of the municipal industrial revenue bond plan than any of the others I have explained.

As I have stated, adequate financing has become a must for vigorous industrial growth in recent years. Probably the main reason for the number and different types of financing methods available in Kentucky, is the need for flexibility in financing plans, which is particularly felt in relatively non-industrilized states such as Kentucky, who are attempting to develop an improved economic balance.

I hope that some point or explanation that I have made here today, in my discussion, will help you here in Iowa in your industrial development activities.



## FIRST ANNUAL IOWA ECONOMIC DEVELOPMENT CONFERENCE

Iowa State University

Ames, Iowa

December 7, 1962

Vocational Technical Training - - "The Industrial Education Centers of North Carolina" by Gerald B. James, North Carolina Department of Vocational Education.

In North Carolina we believe we have a good system of elementary schools, a good system of secondary schools, and a good system of colleges and universities, but there definitely has been an educational gap between the high school diploma and the baccalaureate degree. Many young men and women want and need more education than they get in high school and more specialized education than they get in high school, yet not to the baccalaureate degree level.

About four years ago North Carolina made a move toward filling the educational gap -- the development of 20 rather strategically located Industrial Education Centers. The oldest of these Centers is just three years old, yet last year with only 14 in operation, 25,789 individuals were enrolled. Perhaps this is not too distant from the enrollment on the three campuses of the University of North Carolina. We predict that within five to seven years after all 20 Centers are in operation they will enroll more people than are enrolled in all 12 State-supported four-year colleges in the State.

No, all enrollees are not four-year students -- the aim is to train skilled craftsmen and technicians -- but in terms of helping the citizens of North Carolina develop their talents to the fullest of their potential, these Centers have already begun to have a tremendous impact. What is a technician? An engineer devotes the most of his time, energy, and effort to dealing with ideas and concepts - theory. A craftsman devotes most of his time, energy, and effort to the manipulative areas. A technician is about half way between the craftsman and the engineer. He possesses sufficient knowledge, understanding, and abilities in the area of theory to enable him to communicate effectively with the engineer, and sufficient ability in the manipulative area to take the ideas and concepts of the engineer and apply them in a laboratory or industrial setting. The Industrial Education Centers do not train engineers - that is the University's job. The Industrial Education Centers deal with both other areas - the training of skilled craftsmen and technicians.

North Carolina has never had a state-wide educational program aimed specifically at training technicians. We have not been making most effective use of our human resources. A skilled craftsman cannot perform the duties and responsibilities of a technician. Thus, we have had many engineers who were actually doing the work of technicians.

A closer look at the educational spectrum in North Carolina will show the need for and place of the Industrial Education Centers. The June, 1962, graduating class from the public schools of North Carolina was comprised of only 51.8 per cent of those who were in the fifth grade during the 1954-55 school year -- 48.2 per cent dropped out along the way. Thirty-seven per cent of those who graduated entered



college. This is as far as we have accurate data, but the college personnel tell us that only about one-third of those who enter college graduate. Thus, for each 100 who enter the fifth grade, 52 finish high school, 19 enter college, and six or seven graduate from college. If 19 of the original 100 enter college, then 81 do not. What becomes of the 81?

We provide millions of dollars each year in North Carolina to support twelve four-year State institutions of higher education, not to mention the many private colleges. We feel a keen sense of responsibility to provide opportunities for individuals to develop to their fullest potential -- yes, for those whose potentials lie within the scope of college work. But what about the other 81 out of every 100?

No society will remain in a leadership position long based upon its developed college graduates alone. Furthermore, in a democracy we are concerned with all the people -- not just the six per cent who comprise the intellectually elite. The other 81 per cent who do not choose to enter college have just as much right to educational opportunities to help them develop their talents to the fullest of their potential as the college-bound. The 81 per cent -- herein lie the masses of our people. Our greatest hope for increasing per capita income, improving level of living, and improving citizenship in general lies with the 81 per cent. If one has talents in the area of electronics he has just as much right to expect educational opportunities for his development as one who has talents in the area of medicine. Thus, educational opportunities must be expanded to all the people, irrespective of the area in which one's talents may lie and irrespective of whether he has five talents or three. Thus, the Industrial Education Centers provide depth and breadth to the educational spectrum in North Carolina.

Now, to answer some specific questions:

1. Who may enroll in the Industrial Education Centers?

Any North Carolina citizen may enroll if he meets the minimum admission requirements.

2. What are the minimum entrance requirements?

Entrance requirements vary among courses and curricula. A student must have the ability to enter into and make advancements in the area in which he desires to enroll. Tests to measure areas of interests, aptitudes, and levels of achievement are administered as a basis for counseling and admission. A student must be 16 years of age or older.

3. What is the cost to the student?

There is no tuition charge. A student is expected to purchase his books and to pay reasonable laboratory fees. Costs for books usually will not exceed \$25 per year for a full-time student. Laboratory fees will vary, but in no case may exceed \$10 per month. Thus, for a full-time student, in a curriculum with expensive laboratory fees, for a 12 months' school year, the total costs will be less than \$145. In most cases it is less than \$100.



4. When are classes held?

These Centers operate from 7:30 a.m. to 10:30 p.m., five days a week, twelve months a year. This operating schedule insures continuous use of equipment and facilities and thus provides for maximum use of tax dollars spent for providing quality vocational and technical education. The schedule also provides citizens an opportunity to take advantage of educational opportunities during their non-working hours.

5. How are the Centers administered?

An Industrial Education Center, under the immediate supervision of a Director, is administered by the local superintendent of schools and Board of Education under a state-wide plan supervised by the State Department of Public Instruction, according to regulations established by the State Board of Education.

6. What courses and curricula are offered in the Centers?

A wide variety of courses and curricula are offered. Courses and curricula may be added when area surveys indicate educational needs. The Centers are community and occupationally oriented. If job opportunities are available, we can train people for them. Examples of programs offered are:

a. Technician areas (2 years)

- Air Conditioning and Refrigeration
- Agricultural Equipment
- Drafting Design
- Electronics
- Dental Laboratory
- Production Engineering
- Poultry Services
- Industrial Chemistry
- Data Processing

b. Skilled craft areas (1 year)

- Auto Mechanics
- Bricklaying
- Cutting (Furniture Fabric)
- Drafting
- Electricity
- Farm Machinery
- Knitting Machine Fixing
- Machine Shop
- Radio and TV
- Sewing (Furniture)
- Upholstery



and work together to prosper together.

Secondly, I think we have placed too much faith in methods--in get-rich-quick schemes for developing our state, and too little faith in over-all planning and thorough building of our state in all of its aspects and segments.

Everybody seems to have his own patent idea as to what will make the economic life of our state click. There is a tendency to emphasize one approach to the exclusion of others. The truth of the matter is that we need many different ideas and approaches--some new and some old and there is no one magic solution.

I am convinced, also, that our basic problem is psychological and spiritual--rather than technical.

Isn't the goal we are really seeking an "Iowa--For better living for all of her people?" We want the finest of farms and the best of industries, yes, but above all, we want a good life for our people, both rural and urban, and communities of good homes, churches and schools. Too seldom we recognize the fact that these objectives go hand in hand--and that only by working towards good government at all levels and sound community development across the board can we further the economical development we are seeking.

The simplest things are often the hardest to see. We can knock ourselves out studying technics and programs--but if we lack enthusiasm and basic vision, our efforts will be of no avail.

The people of Iowa are a proud and independent and industrious breed. We have the spiritual resources as well as the material resources to get the job done. We simply need to re-kindle our pride. In this reference, I am reminded of a story.

A few months ago, as you may recall, a delegation of Russians were touring the midwest. They stopped in Coon Rapids where their host was Roswell Garst. Earlier, when he had learned that the Russians were coming, Mr. Garst had sent a wire to the editor of a National Farm Magazine, inviting him to join the group at the Garst farm. The editor had wired in reply, "When the roll is called out yonder, I'll be there."

To the Russians gathered in his living room at the farm, along with other guests, Roswell Garst was trying to explain the humor of this telegram. He was addressing the Russians through their interpreter, a young Russian woman.

"Out here in Iowa," Garst said, trying to explain the "Roll called out yonder," "We have a hymn that everybody knows and sing."

"Oh yes," interrupted the interpreter, "I know this hymn. It goes: "We are from Iowa, Iowa . . ."

Well, the Russian interpreter may have missed the point that Bob Garst was trying to get across, but she showed that she had grasped a much more important point about Iowans--namely that we are deeply proud of our state and don't care



who knows it--Russians, Congolese or residents of outer space.

We have a right to be proud of our state--of its good homes; splendid churches; fertile croplands; clean cities; industrious, intelligent people; and its God-given abundance.

This pride is a firm foundation to build on. It is the most important ingredient of all to our economic development. It is the cohesive element that brings all of our efforts together and clothes them with meaning.

But the pride alone, of course, is not enough.

We need the courage to take new approaches. We need the grace to free ourselves of old prejudices. We need the initiative to jar ourselves out of old ruts. We need the vision to see our destiny in true perspective.

In addressing ourselves to the problem of economic development, the question is not what we have. We know what we have. The question is what are we doing with the assets and potential we possess?

All of us who are native-born Iowans are not too far removed from the farm. We have an affection and a nostalgia for a way of life that was followed by our fathers and grandfathers. It was a good way of life--a wholesome and spiritually rewarding one.

But today, when seven out of eight of the children who are born on the farm will leave it, we must adapt ourselves to changing times.

Sometimes we have a tendency to want to preserve the way of life of yesterday--but in this it seems to me we forget one important fact.

Our forefathers who built this state--in their time--had the courage to adapt themselves to new approaches and to meet new problems as they arose.

We would be faithless to our heritage if we clung to a way of life of yesterday--forgetting the initiative and vision of our forebearers that endowed us with what we have today.

I think every honest Iowan knows that in these rapidly changing times, we have serious problems and new challenges, and that if we don't meet them with decision, Iowa will not remain in the forefront among the states where she belongs. I think that every honest citizen of the state knows in his heart that we aren't doing as much as we could and should do to move our state ahead, to find new solutions to new problems, and to measure up to the greatness of the past.

Great as this state is, her potential is far greater, and if our devotion is real, I think we will want to work with all the strength we have to fulfill that potential.



Since World War II, as we all know, Iowa has experienced a steady and encouraging trend of industrial development which has brought new plants into Iowa and has resulted in expansions of existing industries. This industrial growth, coupled with our matchless agricultural abundance, has given us a balanced economy that has been envied by other states and that has weathered the economic ebbs and recessions through the years with unusual stability.

We have long had a formidable, though not large, nucleus of sound industry in Iowa. Just consider the internationally known products that are produced in our state--Lennox, Maytag, Sheaffer, Fisher, Quaker--to name only a few. Our industry is substantial and much more diversified than is generally realized.

In 1950, the value of industrial products in our state, for the first time, exceeded the value of agricultural products. And at the present time, it is estimated that two-thirds or more of the gross state product of Iowa is represented by its industrial output, as compared to less than one-third by its agricultural output.

In 1961, the most recent calendar year, a total of 68 industrial developments in the state were reported by the Iowa Development Commission, representing newly organized industries, new branch operations, plant relocations and plant expansions. The total money value of this new plant and equipment gains in 1961 was \$55,518,170 and an estimated total of 3,359 new job opportunities were created in this period.

The Iowa Development Commission on the state level and some 245 community industrial development groups on the local level deserve great credit for the progress that has been made.

But without discrediting any of the effort that has been made, we are still not measuring up to our potential; we are still not keeping pace with our need. Two years ago, a leading management consultant organization, Fantus Locating Service, called Iowa "The Last Frontier for Industrial Development" and commented in glowing terms on the state's assets for industrial growth.

I think it is plain to all of us that we must continue and accelerate our effort along established and proven lines, and that we must also get down to brass tacks on new approaches.

One of the most important efforts that must be exerted is the development of bold new programs of research. We need research, of course, to develop new utilizations of the agricultural products we use in Iowa. There is also an equal need for need for major economic research and analysis--studies of raw materials, products, by-products, adaptation studies for industry, income studies, manpower surveys and many more categories. The current study sponsored by the citizens committee for industrial growth in Iowa is an encouraging development. But our research efforts on every front need to be stepped up far beyond anything that has been done to date.

Good economic research would greatly aid the selling end of our Industrial Development Program. Industries seeking new locations are much more interested in concrete information than in advertising slogans.



I recently received the report of the Economic Development Associates, Inc, of Boston which agency was hired by the citizens committee for industrial growth in Iowa under the presidency of Milton Capp.

While I have not had the opportunity to examine this report in detail, I can assure you that I am in general agreement with some of its central points.

For example, I feel very strongly that we must strengthen the Iowa Development Commission as a state wide agency working for our economic growth.

I also agree that we should do everything possible to gain the support and confidence of business and the general public in the commission. I also feel that there is real merit in the proposal for the creation of a citizens economic development council to work with the State Commission.

Other suggestions such as the establishment of a state wide financing program to encourage new industry should receive our serious attention.

I think we are all indebted to the citizens committee for industrial growth of Iowa for having this study made. I can assure you that it will receive the most careful attention of the new administration.

A second great need in the industrial development of the state is, of course, for a vastly improved and expanded system of vocational-technical education.

I am happy to note your emphasis of this point in your program here today--and to have a representative here of the North Carolina department of vocational education, known to be tops in the nation, is especially fine.

As we all know, we have a large supply of substantially higher quality labor than is found in most other regions--and this is our number one attraction to new industry.

But what we have at the present time is simply the high-grade raw material of people who become skilled workers. We need workers who have at least foundation training in the basic, technical skills of industry so that industry does not have to bear the full financial burden of training industrial workers.

The solution to this problem must be found in greatly expanded programs of vocational, technical training in our public school system--in high school, post high school and in adult courses. We need to develop area vocational schools, to expand the apprenticeship training system and to place added emphasis on vocational counseling. The plain fact is that we haven't even scratched the surface of this important area of need, and if we don't get about it pretty quickly, we are going to be in real trouble in the years ahead. It would be tragic if we got Industrial Development moving at the rate we would like--only to find ourselves stymied at some future point for want of trained manpower. This could happen.



Another new approach we must take to the economic development of the state is the one to which you have given full recognition here today--for perhaps the first time--rural areas development.

There is a great deal of confusion in the public mind, I am afraid, about rural Areas Development--as a concept. Certainly, the planning and promoting of the development of an area of a number of communities and counties, as a unified section, offers a great deal of hope for the future of our state. A community of county that is in economic trouble alone may derive strength it never dreamed of by fitting into an area development pattern.

Certainly another of the most important needs in creating a favorable climate for economic development in Iowa is for general tax reform. The fact that our state government has no debt or property tax is an attraction to industry, as we all know. But the fact that local property taxes are rising at an alarming rate is scarcely encouraging to industries looking for new locations. Moreover, I believe that something should be done about the equalization of property valuations in order to give a picture of fairness and stability in taxing methods that would appeal to large, growth-type industries. While mentioning taxes, I think the time has come to review the moneys and credits tax in this state, and I am hopeful this may be done in the approaching session.

It is especially appropriate that you have had a presentation on "Financing Development" in this conference by an official of Kentucky's nationally-known Development Commission. On the eve of our legislative session here in Iowa, we need to consider legislative measures that may be advisable to further economic growth in our state. I can assure you that I will examine with the utmost interest the transcript of this presentation--and the other presentations--of your program today.

I see that my time is drawing short, and I must apologize for rambling a bit in these remarks this afternoon.

In conclusion, I would like to leave you with this thought--which I think needs to be expressed.

If we are to realize the great potential of economic development our state possesses, we need not only unity--we need continuity as well.

We have just been through an arduous political campaign. Naturally, in a campaign, we concentrate on the points of disagreement rather than the points of agreement between candidates and between parties. This, of course, tends to make us forget that there are greater areas in which all people of both parties are in essential agreement. We all want a better, more progressive, more prosperous Iowa. I can assure you that I do not intend to set aside any constructive accomplishments of the present administration, simply because of a change in administrations.

In the final analysis, it is the people we serve--all of the people regardless of party affiliation. We owe them our best effort, and I can assure you that this is what they will get from the coming administration. Thanks to all of you for your contributions--past and present--to the state's development. I conclude with the words of the subject assigned me on the program today: "Now, Let's Go."



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