

THE POLITICS IN THE DEMISE OF THE OKLAHOMA
DEPARTMENT OF COMMERCE AND INDUSTRY

By

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Bachelor of Arts

Oklahoma State University

Stillwater, Oklahoma

1964

Submitted to the faculty of the Graduate College
of the Oklahoma State University
in partial fulfillment of the requirements
for the degree of
MASTER OF ARTS
May, 1967

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ACKNOWLEDGMENTS

I would like to express my appreciation to Professor Harold Sare, whose encouragement, inspiration and advice made this study possible; to Professor Guy R. Donnell for his assistance in reading and advising my work. I would also like to express my gratitude to members of the Oklahoma legislative and executive branches who were kind enough to take time from their busy schedules for personal interviews; to industrial development officials in Arkansas, Colorado, Louisiana, New Mexico and Texas for providing information concerning the operation of their development agencies. Acknowledgment is also due to Professor Clifford A. L. Rich for his financial generosity and sustaining counsel. Lastly, I would like to express my appreciation to my wife, Sue, who had the onerous task of typing this thesis.

TABLE OF CONTENTS

| Chapter | Page |
|--|------|
| I. INTRODUCTION | 1 |
| II. THE CONCEPT OF STATE GOVERNMENT IN DEVELOPING STATE INDUSTRIAL DEVELOPMENT AGENCIES. | 6 |
| Reasons for State Involvement | 7 |
| The Proper Function of the Industrial Development Agency. | 13 |
| The Model Industrial Development Agency | 20 |
| The Relationship Between Strong Executive Branches and Effective Development Agencies? | 24 |
| III. RISE AND FALL OF THE OKLAHOMA DEPARTMENT OF COMMERCE AND INDUSTRY | 33 |
| Previous State Governmental Assistance. | 34 |
| Creation of a Department of Commerce and Industry | 36 |
| The Department's Legislative Relationships | 53 |
| Development of the Industrial Development and Park Department. | 55 |
| IV. THE POLITICS OF THE DEVELOPMENT OF AN INDUSTRIAL DEVELOPMENT DEPARTMENT IN OKLAHOMA | 59 |
| The Political Background of the Department. | 60 |
| Legislative Domination of the Department. | 67 |
| The Hiring of a Director | 67 |
| The Legislative Removal of a Director. | 71 |
| Source of the Merger | 73 |
| Rationale for Merger | 74 |
| Evaluation of the Merger | 78 |
| Specific Illustrations of Legislative Control. | 80 |
| Legislative Expectations of Executive Officials. | 85 |
| Partisan Politics | 89 |
| V. CONCLUSIONS. | 95 |

CHAPTER I

INTRODUCTION

Government, in recent years, has come to be looked upon as a positive force in the promotion of the general welfare of society. There has been a sharp increase in the demands for governmental services from most segments of the political community. As a result of these demands, there has been a widening of the scope and an increase in the responsibilities of government at all levels. These increases in activity have called for new governmental financial resources which all states have come to recognize as being quite burdensome to provide.

This study is concerned with a government service which only recently has become an added responsibility of state government. Economic, political and governmental interests call upon state governments to provide services which will promote industrial development. Business and industrial interest quite naturally desire an increase in economic activity which will enhance their own enterprise. Also, politicians, responding to the various political pressures in the state, and sensing a competitive spirit in relation to surrounding states, have taken an interest in the problem. Those who have assumed the responsibilities of government have come to see in industrial development a means of broadening the State's tax base which will in

turn provide much needed revenues. Today, all fifty states have governmental agencies designed to promote industrial development.

Oklahoma created its first department level industrial agency, the Department of Commerce and Industry, in February of 1955. Prior to 1955, state promotion of industrial development was the responsibility of a branch of the Planning and Resources Board known as the Division of State and Industrial Planning. The latter agency was considered to be ineffective. Consequently, Governor Gary, a Democrat, took the lead in the establishment of the Department of Commerce and Industry and won overwhelming support from the legislature in the process. However, after Governor Gary left office, the Department began to experience difficulty. Governor J. Howard Edmondson, who followed Gary was also a Democrat; however, he was not able to get the cooperation of the dominate forces in the state legislature. The fortunes of the Governor seemed to be directly related to the Department's existence. The Department's difficulties with the legislature were compounded by the mishandling of departmental funds by Max Genet, Governor Edmondson's Director.

Under Governor Henry Bellmon, who succeeded Governor Edmondson, legislative hostility toward the Department became more intense. This hostility was aggravated by Bellmon's appointment of New England Republican, Lloyd Allen, to the post of Director. By 1965 legislative hostility climaxed in the abolishment of the Department of Commerce and Industry through its merger with the Oklahoma Planning and Resources Board. Conversations with legislative leaders indicate the 1965 change is not the last one. Additional change can be expected during the next session of the legislature in 1967.

Obviously, Oklahoma has had considerable difficulty in establishing a functioning industrial development agency. It is the purpose of this study to explore the political controversy surrounding the agency in order to determine the impact of political conflict upon the creation and operation of such an agency. This, of course, assumes that the establishment of a functioning state industrial development agency is a desirable goal.

Fundamental questions guiding the course of this study have been: (1) What were the political circumstances under which legislation authorizing the creation of a state industrial development agency was enacted? (2) What were the political circumstances under which legislation was enacted merging the Department of Commerce and Industry with the Oklahoma Planning and Resources Board? (3) Does the fundamentally weak character of the Oklahoma executive branch of government in its relations with the legislative branch have a bearing on the problem? (4) Does the fundamental structure of the Oklahoma industrial development agency complicate the political environment in which it must function?

It is the hypothesis of this study that partisan politics has prevented the development of an effective industrial development agency as an institution of state government in Oklahoma, which today is considered to be essential for industrial development.

This study is based primarily upon information obtained through interviews with numerous individuals concerned with the creation, operation and alteration of the Oklahoma industrial development agency. Included among the interviewees were Governor Bellmon; Speaker of the Oklahoma House of Representatives, J. D. McCarty; Senate President Pro

Tempore, Clem McSpadden; past and present Directors of the Oklahoma industrial development agency and others who had a part in the affairs of the agency.

The literature on state government and politics was also explored. Unfortunately, there was very little material available giving information or thought on the state industrial development agency, though all 50 states possess an agency of one kind or another. Correspondence with industrial development authorities in the states of Missouri, Arkansas, Louisiana, Texas, New Mexico and Colorado provide a description of the structure of each state's agency. Pertinent Oklahoma documents and leading Oklahoma newspapers were also consulted.

In order to have a frame of reference for analyzing the Oklahoma industrial development agencies a model agency was constructed. This agency was constructed on the basis of the experience of the Oklahoma agency and similar agencies in surrounding states. An attempt was made to construct a model which would, under reasonable political conditions, insulate the industrial development agency against the vicissitudes of day-to-day politics. This is developed in Chapter II after the general need for a state industrial development agency is explored.

Chapter III deals with the rise and demise of the Department of Commerce and Industry. Particular attention is focused on such questions as the reasons for its establishment, the nature of its structure, and the scope and technique of the Department's operation and reasons for its eventual merger with the Planning and Resources Board.

In Chapter IV an attempt is made to reveal the political forces which were responsible for the alteration of the Oklahoma agency.

Attention is focused upon the political nature of the merger in an attempt to discover the degree of partisan political manipulation of the development agency.

The fifth chapter provides a summary and conclusions as to why the attempt to establish a properly functioning Oklahoma industrial development agency has failed.

CHAPTER II

THE CONCEPT OF STATE GOVERNMENT IN DEVELOPING STATE INDUSTRIAL DEVELOPMENT AGENCIES

The scope of governmental activity and responsibility has increased many fold during recent years. Although such expansion has been greater at the national level, the scope of state government has also become greater and greater. Today, it is rather commonly believed that state governments have a responsibility for providing public education, adequate highway systems, assistance for public welfare, health and housing facilities, in addition to many other general services. Government has come to be viewed as a positive force in the promotion of the general welfare. Consequently, it is not surprising to discover that all of the 50 states have recently established some type of governmental agency to promote industrial development.

As may be expected in a democratic system of government, the involvement of government entails the involvement of many political forces. The concert of these political forces determines the scope and nature of various public institutions which are established for the benefit of society. Thus, when state industrial development agencies are established, their relationship to the executive and legislative bodies is a direct result of a particular relationship of the general political power of the respective branches of government.

It is a general theory of American government that technical executive agencies should be established in such a manner that they are able to perform their technical function without undue direct political interference. Since industrial development agencies are primarily concerned with a highly technical function, it is believed that their operation should not be subject to the forces of everyday politics.

From the outset it should be acknowledged that the attempt to eliminate politics from industrial development agencies does not mean that such agencies should not be held responsible to publicly elected officials. Rather, by the elimination of politics it is meant that it is desirable to create an atmosphere in which industrial development agencies are able to carry out their function in a professional manner rather than serving as an agency directly subject to the dominate political forces at a given moment whether legislative or executive in origin.

Thus, it is the primary purpose of this chapter to focus attention on the reason for the establishment of industrial development agencies and how such agencies may best be organized so as to accomplish their fundamental task--the promotion of industrial development.

Reasons for State Involvement

Perhaps the most commonly shared characteristic of state governments in the United States during the 1960's is their common financial predicament. States throughout the nation have become extremely hard-pressed to keep up with the rapid increase in the

demand for state services. Most pressing have been the increasing costs of education and highway construction and maintenance.

During recent years, educational costs have risen sharply due to a large increase in the number within the school-age group. This expansion has been manifest throughout all levels of the education system. During 1964,

the total expenditures for public elementary and secondary schools advanced \$1.5 billion to a total of \$21.2 billion. In the last decade, total school expenditures have increased at an average annual growth rate of 8.8 per cent compared with a rate of 5.3 per cent increase in gross national product.¹

Educational expansion is equally as burdensome in higher education.

Educational experts predict

enrollments in colleges and universities will be approximately doubled within ten years. This expansion cannot be financed by merely doubling the operating income of the institutions. When the point is reached where there are twice as many students as now, the annual income will have to be about three times what it is now.²

Likewise, with the enormous increase in the number of automobiles in use today, it has become more and more difficult for the states to provide adequate highway systems. As an indication of the proportions of this problem, the federal government estimates that it will spend \$41 billion to provide a 41,000 mile Interstate Highway System. "A 1961 study estimated \$1 million a mile for 528 miles of unallocated

¹"Financial Status of the Public Schools, 1964," National Education Association Journal, LIII, November, 1964, p. 38.

²"Rising Costs in Higher Education," School and Society, XCI, October 5, 1963, pp. 272-274.

highways, mostly in urban areas. This has now proved to fall substantially short."³

Thus, as is indicated through observing only these two items, educational and highway costs, state financing has become a real challenge to state government in the 1960's.

It is in those states where industrial development is still in primitive stages that state financing has become most acute. In such states as agrarian Oklahoma, political office seekers of varying political philosophies and party affiliation quite typically remark: "The financing of state government is the major problem facing the next governor."⁴

The industrially underdeveloped states, such as Oklahoma, often are required to allocate a large portion of their annual budgets to the operation of educational programs. Official budgetary statistics reveal that the Twenty-ninth Oklahoma Legislature [1963] appropriated \$169,303,963.68 for educational purposes; while the second largest item was a highway appropriation of \$18,499,000 from a State budget totaling \$256,713,719.35.⁵ As these statistics indicate, Oklahoma is required to set aside a large percentage of its budget in order to meet the requirements of public education. Yet, it has had difficulty coping with the burdensome demands of this rapidly

³"Road Costs Go Higher," Business Week, December 5, 1964, p. 84.

⁴Statement by gubernatorial candidate Fred R. Harris as quoted in The Daily Oklahoman, April 10, 1962.

⁵Oklahoma, Budget, for the fiscal years ending June 30, 1966-67. These figures are the amount appropriated from the General Revenue Fund.

increasing service as indicated by the National Education Associations' invocation of "sanctions" against the Oklahoma public school system during 1965.

Faced with problems of this magnitude, states have sought to discover new sources of revenue. Expansion of taxable income through industrial development has been one of the primary methods by which states have sought to improve their financial plight. Consequently, during recent gubernatorial campaigns in Oklahoma, candidates have often remarked: "Oklahoma must broaden its economic base if the people expect to keep up with surrounding states...."⁶ Or, "We must broaden the tax base and increase the number of taxpayers. This can only be done through new jobs. So I pledge to be a full time governor working to bring industry and tourists to Oklahoma."⁷

Remarks such as those cited above are based on expectations which stem from estimates developed by organizations such as the United States Chamber of Commerce concerning the effect of industrial development. For instance:

As the Chamber found in a recent study, a new factory with 100 jobs available brings in 359 new people to a town, 100 added households, \$710,000 in additional spending power, \$129,000 in new bank deposits, and \$331,000 spent in local stores.⁸

⁶Statement by gubernatorial candidate Fred R. Harris as quoted in The Daily Oklahoman, January 25, 1962.

⁷Statement by gubernatorial candidate George Nigh as quoted in The Daily Oklahoman, April 10, 1962.

⁸"The Big Plant-Site Scramble," Dun's Review and Modern Industry, LXXXIII, No. 3, March 1964, p. 105.

Realizing the potential of industrial development as an additional source of revenue, state governments have established governmental agencies to assist in the promotion of industrial advancement with basically a two-fold purpose: Expansion of existing industry, and the attraction of new industry. It is the thinking of many in state government that professional agencies can have much to do with the decision of management concerning the location of new plants. Similarly, state officials believe that such agencies can be especially effective in attracting large defense or space related industries. Consequently, many state industrial development agencies have been established specifically to take advantage of the expanding defense and space expenditures of the federal government. Gigantic projects such as the national Aeronautics and Space Agency's center at Houston, Texas, can provide a rich source of revenue sorely needed by state governments. In addition, it is believed that presently existing industry can be encouraged to expand through the guidance and assistance of state supported industrial development agencies.

By the end of 1965, industrial development had become a vital and commonly established function of state government. "All fifty states are for the first time, fully committed to the conduct of broad development programs through state agencies supported with state tax funds."⁹ Due to their dire need for additional revenue, the states have become embroiled in fierce competition for the location of industry within their borders. Several states are diverting large

⁹H. McKinley Conway, Jr., "State Development Programs," The Book of the States 1964-65, XV, Chicago, 1964, p. 486.

amounts of capital and manpower to their drive for expanded industrialization. For example, reports show that the State of New York has an economic development budget of \$4 million with a staff of 326 full time employees, while Florida's budget for fiscal 1965 was \$2.9 million with a staff of 284 employees.¹⁰ Thus, industrial development has become a big operation. As Dun's Review describes it,

never before has the competition among cities and communities across the nation to get in on today's onrush of plant expansion and movement been so great. As capital-investment programs are pushed through boards of directors at a record-rate, promotional campaigns by states and local communities are likewise burgeoning.

Indeed there are now no less than 20,000 area development organizations throughout the United States with just one thing in mind: Luring industry within the areas they represent.¹¹

Industrial development agencies have not always been created for the primary purpose of promoting expansion; states, because of the keen competition that has developed, have to be concerned with preserving what they have. Officials from New Mexico express it this way:

The fact that we are making a maximum effort to attract industries to New Mexico from other states does not make industries already situated here immune to the overtures of industrial development interests of other states.¹²

Thus, the state industrial development agency must not only be concerned with attracting industry but must also concern itself with the preservation of existing industry. This is particularly true in a relatively industrialized state such as Texas. Such states have

¹⁰Ibid., p. 487.

¹¹"The Big Plant-Site Scramble," Dun's Review and Modern Industry, LXXXIII, No. 3, March, 1964, p. 105.

¹²Annual Report 1965 New Mexico Department of Development, p. 28

been forced to develop extensive state industrial development agencies and programs in order to prevent industry from leaving their state. This is illustrated by the recent action of the Texas Industrial Commission. On June 16, 1966, the Commission resolved "to recommend to the Governor and to the next session of the Legislature a state-wide industrial financing program."¹³ According to the resolution, the Industrial Commission has been forced to act because "most other states in the nation have some form of public financing program making for extremely active competition for industrial locations."¹⁴

For whatever the reasons, states are actively involved in providing assistance to efforts of industrial development and expansion. No longer may a state be content with "natural" industrial growth.

The Proper Function of the Industrial Development Agency

There are two general concepts as to the proper scope and function of state industrial development agencies which are in use today. One concept holds that the state industrial development agency should shoulder primary responsibility for the locating of industry and that industrial development should be approached primarily from the promotional angle. Adherents of this conception of industrial development envision the state agency as a department of state government which

¹³ Personal correspondence with Mr. Alvin A. Burger, Executive Director of the Texas Research League, Austin, Texas, July 1, 1966.

¹⁴ Taken from a press release dated for release June 16, 1966, under the name of the executive director of the Texas Industrial Commission, Harry W. Clark.

collects enough data to send out a crew of field representatives to "sell" an industrial firm on locating within its borders. It is believed that personal persuasion such as the "wining and dining" of company executives is essential to industrial growth. The proper scope of this type of state agency is all encompassing. Such an agency is responsible for establishing contact with firms who are interested in seeking new locations. Likewise, it is the state agency which handles the negotiations with the industrial firm including the recommending of specific potential industrial sites within the state.

A second concept of the proper function of the state industrial development agency is one in which the state agency is conceived as an agency performing a more passive and supplementary role. Adherents of this type of development agency view its role as primarily that of channeling needed information to the local communities or regions of the state. It is the function of the state development agency to discover those industrial firms which are planning to relocate or expand their plant facilities. When such information is obtained, the state agency relays vital statistical information to chambers of commerce and other local groups throughout the entire state. Negotiation with the industrial firm then becomes the responsibility of the individual communities. Once contact has been made with an "interested" firm, the state development agency moves out of the picture unless specifically requested by the community or communities involved to provide additional assistance.

It is the primary responsibility of the "supplementing-coordinating" type of industrial development agency to prepare the local groups for effective negotiation. The state agency coordinates

the gathering and preparation of data that will be necessary in the community's efforts to locate any industry.

The primary objective of the state industrial development agency is to provide effective assistance to those communities seeking industrial plants. Perhaps the most effective approach for the state agency is to let the local communities of the various regions of the state assume the responsibility for expanding their present industry and bringing new industry into the state. The state agency should assume a supporting role. Such recommendation is expressed in the remarks of Dean Richard Poole when he said that basically a state industrial development agency should be an agency

providing information and research support--not a big state staff to do the actual research. As far as being an aggressive group to bring in industry, it probably should not attempt anything other than being on the lookout.... It should perform a supporting role. Let the local groups do the actual asking after they have discovered that a certain industry is interested in coming to the State.¹⁵

There are two principle advantages to the "supplementing-coordinating" concept. First, under the more passive approach, the possibility of the agency becoming involved in controversies which concern charges of favoritism toward a particular community is minimized. Whereas, with the state development agency doing the actual promoting and recommending of specific sites, any community that loses out in the struggle to get an industry may place the blame on the state agency. Also, when the state agency is assuming such a major role,

¹⁵Personal interview with Dr. Richard Poole, Dean of the College of Business, Oklahoma State University, Stillwater, Oklahoma, March 8, 1966.

local chambers of commerce may attempt to keep any contact which they have with an industrial firm a highly guarded secret for fear that the state agency might "sabotage" their efforts by recommending another site. This creates a highly undesirable situation since it may be that the city or town has need of additional technical information which only the state industrial development agency has access to through its extensive research activities.

A second advantage of the more passive approach to state industrial development is that it reduces the possibility of getting the state agency involved in conflicts with state legislators over who should receive credit for the locating of new plants within the state. With the state agency working primarily as a coordinating agency, both the state industrial development agency and the local chambers of commerce can claim mutual success from their joint efforts. However, when there is present a situation in which the state industrial development agency is spending a great deal of money for extensive travel, the state legislature may expect the agency to be able to account for its expenditures with specific results. This demand often causes the state industrial development agency to become too selfish in its claims and consequently leads to hostilities between state and local industrial development groups. This problem becomes more significant in the state in which the executive branch is weak. This specific problem is explored in relation to Oklahoma's Industrial Development and Park Department later in this study.

General Operation of the Agency

Generally the agency should be capable of gathering and assembling information which is considered vital to industrial expansion. This would normally include such vital statistics as climate, water resources, waste disposal, transportation, power, fuel, labor resources, legislation relative to industry and tax information. Before any industrial firm will consider locating within a state, it must be supplied with all statistics necessary for it to ascertain the feasibility of such a project.

It is the responsibility of the state industrial development agency to supply that information which is needed by a particular community in its negotiations with an industrial firm. The state agency should be ready and willing to provide any necessary information upon request by the local community. The state agency's function should be primarily one of supplying the local community with vital statistics concerning both the needs of the firm and the industrial assets of the community. The effect of such an operation is to prepare the local community with information which allows it to supply prompt and proper answers. Such ability becomes important when dealing with business executives.

An additional responsibility of the state agency should be that of encouraging the expansion of industry already located within the state. Thus, the state agency should take steps to develop statistical studies revealing the availability of new markets for an industry's products. Armed with such knowledge, the state agency may

succeed in encouraging local industries to vastly expand their level of production.

The industrial development agency must develop a great deal of professional competence. In times past there was less demand for the highly skilled industrial development expert. However, Dun's Review reports that the trend of today is toward a much higher degree of professionalism on the part of the state development agency.

...blue-sky inducements are often viewed with suspicion by companies seeking new locations for plants. "The farther out the offers," says one, "the more desperate the community. And the more suspicious we are. They usually are desperate for a good reason."¹⁶

It has been discovered that the more desirable industrial firms are more responsive to a clear and simple exposition of the locale's virtues. Such a trend was noted as early as 1962 when the Book of the States 1962-63 reported: "There has been a trend away from dependence on door-bell ringing for industrial prospects."¹⁷

Several companies have discovered after their acceptance of some of the more enticing incentives that the entire situation was not portrayed by the state development agency's promotional propaganda. Dun's Review reports such happenings as an industry moving to a town on the basis of an agreement that the local community would provide a 12-inch water main for the firm's operational needs only to later discover that the water main had no water. A few other incidents such as this have caused industrial firms to place less and

¹⁶ Dun's Review and Modern Industry, LXXXII, No. 3, March, 1964, p. 144.

¹⁷ Harold V. Miller, "State Planning and Development," Book of the States 1962-63, XIV, Chicago, 1962, p. 454.

less reliance upon the unsophisticated development agency. Today

state development agencies are being called upon to provide a higher level of professional services. The economic feasibility study is replacing the idle claim. Graduate engineers and economists are being added to staffs and many groups are now ready to make techno-economic studies for prospective investors.¹⁸

The Texas Research League¹⁹ has made specific recommendations as to what the proper function of the state industrial development agency should be. The League's recommendations are based upon research into some of the weaknesses of similar agencies in other states. Thus, such recommendations may be viewed as guidelines for the model state development agency. The recommendations of the League include the following:

- The agency should serve as a clearing house for technical data which can be used effectively by private industrial location executives.
- The state development agency should work with prospects only until such time as they can be turned over to competent industrial development executives at the local level.
- Where no development personnel exist at the local level or if the prospect specifically requests that the state agency remain in the picture, then the agency might participate in actual placement; these situations should be few in number.
- The agency should work with smaller communities to help them organize resources and leadership for attracting and holding smaller industries.
- The Commission must not "sell" one region or community over another.

¹⁸Ibid., p. 487.

¹⁹The Texas Research League is a privately supported non-profit educational corporation engaged in research into the operations of Texas government. The League's offices are located at 403 East 15th Street, Austin, Texas.

--The Commission and its staff should not attempt extensive out-of-state travel unless such travel cannot be made conveniently or effectively by private industrial development executives.²⁰

The Model Industrial Development Agency

It is a general theory of government that administration properly belongs outside the sphere of politics. However, politics and administration undoubtedly will intermingle since administrative acts will often involve judgments which excite politics. Nevertheless, administration and general policy-making ought to be kept separate to the extent that it is possible.²¹ Thus, it is generally considered to be most desirable in the establishment of administrative agencies to employ the principle of "neutral competence".

Although the industrial development of a state may become politically significant, the primary function of state industrial development agencies does not involve basic policy-making. Industrial development agencies must be equipped with a high degree of technical competence. Most of their work concerns only the technical aspects of industrial development. Therefore, it is not necessary to subject such an operation to the day-to-day vicissitudes of politics. Thus, the question which arises is: What should be the proper relationship between the industrial development agency and the states legislative and executive branches? What constitutes the most desirable arrangement for achieving this relatively new and complex task?

²⁰Texas Research League Analyzes State Encouragement for Industrial Growth, Texas Research League, Austin, Texas, March, 1962, p. 2.

²¹Duane Lockard, The Politics of State and Local Government, (New York, 1963), p. 335.

Prior to answering this question, certain qualifying remarks should be made. There is no known publication outlining a model industrial development agency. The only publications available which are concerned with problems of this nature are materials such as the Council of State Government's Book of the States. Basically, this is nothing more than a biennial report of the general trends of development in the several states. Although the Book of the States indicates that there is a national organization known as the Association of State Planning and Development Agencies, this Association has not made any specific recommendations concerning the structuring of a development agency.²² In order to have a more systematic basis for analyzing the Oklahoma agency, a model or ideal agency has been constructed. It is based on the study of several agencies found in surrounding states. Since this study is concerned primarily with the problem of political relationships between the industrial development agency, the legislature and the governor, the emphasis in the model agency focuses on these relationships. No attempt is made to develop a model organization in reference to the technical problems concerned in the promotion of industrial expansion.

If day-to-day politics is to be prevented from interfering with the technical function of the development agency, it must be structured

²²The Association of State Planning and Development Agencies is an organization created for the purpose of coordinating the activities of the various states in this field and is staffed by people who are involved in such activities within the several states. All efforts to communicate with the Association have failed. The Association did not respond to a letter of inquiry nor was it possible to establish contact via telephone. Apparently, it does not maintain executive offices at its Washington, D. C. address.

so that such forces are held at some distance from its operation. It is thought that such a goal can be accomplished by establishing a governing board or commission which would be responsible for shaping the specific policies for industrial development and generally supervise the agency's operation. The commission should be responsible for hiring and firing the agency's director who would in turn assume complete responsibility for the administrative operation of the agency. There should be no direct relationship between the second-echelon policy-makers and the commission. These individuals should be hired by the director. The only check on the director is that of making him responsible for the performance of the agency.

The governing commission should be created in a manner which relates to the political forces bearing upon the operation of the development agency. One of the principle reasons for establishing this commission is to create a political-shock absorber for the industrial development agency. However, in order to insulate the development agency from political interference it is also necessary to provide protection for the commission. It is thought that the commission can be most effectively protected by structuring it in a manner which includes the major political forces of the state in its organization. Consequently, the governing commission should be nominated by the governor and confirmed by the state senate. Such a method of appointment should serve to neutralize potential legislative hostility toward the commissions' operation since legislators will be partially responsible for the commissioners presence.

The commission should consist of an odd numbered membership of five to nine members. The membership should not be so large that it

becomes unwieldy; however, it should be large enough to represent an adequate cross-section of the state. Although it might be wise for a governor to nominate commissioners who represent various sections of the state, there is no reason to restrict his appointments to certain numbers from specific sections of the state. Industrial development is a technical function which must be approached on a state-wide basis.

The commission should be established in a manner which prevents a governor from gaining control of a majority of the membership during a single term of office. This goal can best be accomplished by making the commissioners' terms longer than that of the governor and through the creation of a staggered expiration of terms feature.

Another feature which should aid in the establishment of an agency which is politically independent of both the governor and the legislature is a provision that the commission must have a bi-partisan membership. This may be accomplished through legislation which provides that the commission's membership shall be of such nature so that there is never more than one over a majority of members of a certain political affiliation. Such a requirement is beneficial in that it provides a safeguard for preventing legislative attack merely on the basis of the political affiliation of the membership. Experience has shown that this has been one of the major weaknesses of such commissions.

In order to provide protection from gubernatorial interference, the commissioners should be subject to removal only through the legislative impeachment process. A commission with these features should be able to realize a measure of political independence from both the governor and the legislature.

The Relationship Between Strong Executive Branches
and Effective Development Agencies?

Any meaningful discussion and evaluation of the general nature and effectiveness of state industrial development agencies must be preceded by a general knowledge of the power of the states' executive branches. There seems to be a relationship between "strong"²³ executive branches and "effective"²⁴ industrial development agencies. When compared with other state governments, it becomes quite obvious that Oklahoma's chief executive does not meet the standards of a strong executive suggested by the Council of State Governments. The Council sets forth the position that: "The governor bridges the gap between policy and administration--indeed if the governor is operating upon his proper level and the two become indistinguishable."²⁵

The executive branch in Oklahoma, while being nominally under the governor's direction, actually is divided among several different elected department or agency heads. Each of them, of course, answer to his constituents and not to the governor. A study conducted by the Bureau of Public Administration, University of California, Berkeley

REORGANIZING STATE GOVERNMENT

²³"Strong" as used in this discussion has reference to the general strength of the executive branch vis-a-vis the legislature. Without going into an elaborate discussion, those states in which the general executive function is performed at the discretion of executive officials rather than legislators will be considered as "strong".

²⁴"Effective" industrial development agencies will generally be those which play a major role or generally are able to perform their statutorily defined role in the establishment of new industry.

²⁵Council of State Governments, Reorganizing State Government, (Chicago, 1950), p. 10.

reveals some interesting comparative data concerning this problem.²⁶ First, comparing state executive functions which are performed by officials selected by means of popular election based upon state constitutional requirements, Oklahoma ranked highest of the 50 states with 17 state executive functions being controlled by popularly elected officials. The next closest states were Louisiana, Michigan, and North Dakota with each state having 11.²⁷ The actual number of executive officials selected by means of popular vote was 32 in Oklahoma, 24 in Michigan, 23 in Louisiana, and 22 in Nebraska.

Secondly, a comparison of the appointment powers of governors in reference to offices concerned with 16 categories of functions-- Administration and Finance, Agriculture, Attorney General, Auditor, Budget Officer, Conservation, Controller, Education, Health, Highways, Insurance, Labor, Secretary of State, Tax Commission, Treasurer, and Welfare--reveals the following: (a) In the category of appointment of these officials solely by the governor, Oklahoma had one appointment while 50 per cent of the states had two or more. Tennessee ranked highest with 11, while Maryland and Indiana each had eight such appointments. (b) In the category of the governor appointing the executive officials subject to the approval of one legislative body, Oklahoma had one while 74 per cent of the states had two or more. New Jersey ranked highest with 13, while Hawaii and Pennsylvania had 12 and

²⁶Earl L. Darrah and Orville F. Poland, The Fifty State Governments: A Compilation of Executive Organization Charts, (October, 1961).

²⁷Statistics appearing in this study were gathered during 1961. Since that time, Michigan has had major constitutional reform which basically increased the power of the executive branch vis-a-vis the state legislature.

11, respectively. Only 16 per cent of the states, including Oklahoma, did not have more than two executive categories which were appointed solely by the governors or with the approval of one house of the state legislatures. (c) Only seven states, including Oklahoma, did not have more than two categories which were either filled through some combination of the methods described above or by gubernatorial appointment subject to the approval of both legislative bodies. (d) In the category in which the respective executive officials are appointed by the director or governing executive board subject to confirmation by the governor, Oklahoma had none, while Massachusetts had 11, Maine 10, and New Hampshire 8.

In summary, the University of California study reveals that only four states, Oklahoma, North Dakota, Delaware, and Colorado had less than three of the 16 categories analyzed in which appointments were made solely by the governor, by the governor in cooperation with the state legislatures or through the governor's approval of appointments made by an executive agency's action.²⁸ On the basis of these comparisons, it is almost an understatement to simply label Oklahoma's governor as "weak". This study is supported by the report of the Council of State Government which revealed as early as 1950 that, "undoubtedly one of the main trends of recent political history...has been the growth in significance of the chief executive."²⁹ However, as late as 1966, Oklahoma's chief executive still is not functioning within the

²⁸ Darrah and Poland, Table 6.

²⁹ Council of State Governments, Reorganizing State Government, (Chicago, 1950), p. 9.

mainstream of such a trend. Oklahoma's governor remains hamstrung by his lack of effective control over many of the so-called executive agencies. This results in the governor having only limited influence over the executive branch and creates a situation which complicates his relationship with the legislature since each of the elected executive officials has a vested interest separate from that of the governor. The fortunes of politics occasionally enable a governor to assume a legislative leadership role, but this has been rather infrequent.

Governor Raymond Gary was the last Oklahoma governor who was able to exercise effective legislative leadership. Much of Governor Gary's success resulted from his close association with the prevailing political forces of the legislature. He had served as a senate leader during the legislative session immediately prior to his election as governor in November of 1954. It was basically the same clique with which Gary had identified while serving in the Senate that remained in control of the legislature throughout the years of his administration.

Governors J. Howard Edmondson and Henry Bellmon, the immediate successors to Governor Gary, respectively, have not enjoyed the same degree of leadership success vis-a-vis the state legislature. Governor Edmondson was identified as a political "trouble-maker" or "crew-cut" in that he sought to make changes which would have drastically altered the power structure of Oklahoma politics.³⁰ Many of the

³⁰The Governor was successful in establishing a merit system for state governmental employees and a central purchasing law. However, it was his attempts to establish a constitutional highway commission and place county commissioners under the state highway department which generated such intensive legislative hostility.

Governor's proposals were ignored, altered or defeated by the power of a legislature which was controlled by the "Old Guard".³¹

Likewise, Governor Bellmon, serving as the state's first Republican governor with a heavily Democratic legislature, has not been able to exercise effective influence over the legislature as indicated by the fate of his proposals concerning the state's industrial development agency.³² Although the membership of the Oklahoma legislature has changed rather extensively since the federal courts ordered reapportionment, this change has yet to have much impact upon the control of the legislature. Representative J. D. McCarty remains in control of the powerful office of Speaker of the House of Representatives. This background of executive-legislative relationship has to be kept in mind as we pursue the development of the Oklahoma industrial development agency. In comparison with many other states, Oklahoma is not only confronted with a low level of industrial development, but also suffers from a weak executive branch which has been unable to pursue an aggressive industrial expansion program.

³¹Rural control of the Oklahoma legislature, which is extensively described in Chapter III, prevailed throughout the Edmondson administration. In fact, much of the legislative hostility toward Governor Edmondson can be attributed directly to his efforts to bring about legislative reapportionment on a population basis. This was not accomplished until the federal courts so ordered in 1964. Governor Edmondson left office in January of 1963.

"Old Guard" as used in this thesis has reference to that portion of the legislature which is basically conservative in nature. Often times the "Old Guard" and rural element will be used synonymously.

³²In a personal interview in Oklahoma City April 21, 1966, Governor Bellmon said: "I sent a message to the legislature requesting the establishment of two new departments, a department of planning and development and a department of parks and lodges; however, the legislature completely ignored my proposals."

As has been discussed throughout this chapter, industrial development agencies have often become entangled with political problems. Many of these problems have stemmed primarily from two sources--political involvement due to the general legislative-executive relationships and political involvement stemming from the state agency's approach toward industrial development. These problems are illustrated through a comparison of states surrounding Oklahoma with the model agency and its approach toward industrialization. It is hoped that some meaningful reference point can be established for analyzing the Oklahoma Industrial Development and Park Department which will lead to the source of its ineffectiveness.

Why has industrial development not flourished in Oklahoma as it has in some of its neighboring states? Is it due to the executive-legislative relationship, the involvement of politics in the approach of the agency, or some combination of the two?

In most of the states surrounding Oklahoma, the industrial development function is performed by an executive department created solely for that purpose.³³ Arkansas, for instance, raised the Arkansas Industrial Development Commission to the level of a separate department in 1955. "Prior to 1955, industrial development was the responsibility of the Resources and Development Commission which also was responsible for recreation and geological work."³⁴ Of those

³³The comparison is based upon personal correspondence with industrial development agencies in the states of Arkansas, Colorado, Louisiana, Missouri, New Mexico and Texas. The State of Kansas did not answer the letter of inquiry.

³⁴Personal correspondence with Windell R. Adams, Research Consultant for the Arkansas Industrial Development Commission, June 14, 1966.

states consulted, New Mexico is the only state which incorporates industrial development with other functions. The New Mexico Department of Development is responsible for publication, tourism and industrial development. Such a practice is considered undesirable since the additional functions may increase the chance for the involvement of politics. This is especially true when tourism is included as a function of the department. Tourism often involves the agency in such matters as state parks which are particularly vulnerable to political considerations.

Likewise, New Mexico is the only exception to the generalization that directors of the various state industrial development agencies are appointed by boards or commissions which are in turn appointed by the governors. In New Mexico the director is appointed directly by the Governor.³⁵ Such a practice increases the possibility of the appointment being labeled as "political". Thus, it is thought that appointment of the director by an advisory board or commission will serve to de-politicize the development agency.

Another provision set forth by the model agency for removing industrial development agencies from the struggles of partisan politics is the establishment of what is known as staggered-terms for the supervisory boards or commissions which do the hiring of directors. In Arkansas, Louisiana and Texas members are appointed for terms of six years with one-third of the positions expiring each two years. Consequently, in both Arkansas and Texas, where the governor's term is

³⁵ Personal correspondence with Milt Andrus, Chief of the Industrial Division of the New Mexico Department of Development, June 22, 1966.

only for a period of two years, a governor would have to be elected twice before he could appoint a majority of the commission members.

As is recommended by the guidelines of the "ideal" agency, Colorado has a statutorily established bi-partisan requirement. The Colorado Industrial Commission is composed of three commissioners appointed for staggered terms of six years, i.e., a new member is appointed every two years. "The Colorado law provides that not more than two members can be of one political party."³⁶

Likewise, Missouri makes use of the bi-partisan commission requirement. However, it does not employ the staggered expiration of terms technique. The Missouri Commerce and Industrial Development Commission consists of six members. "In compliance with the law creating the bi-partisan Commission, three are Democrats and three are Republicans."³⁷

In none of the states consulted is there any mention of a residence requirement as a prerequisite to serving as director of the state development agencies.³⁸ In fact, Louisiana's Act Number 403, sub-section 933, specifically states that "the executive director may be selected within or without the State of Louisiana...." Arkansas

³⁶ Personal correspondence with Richard E. Moss, Executive Secretary, Industrial Commission of Colorado, June 14, 1966.

³⁷ Missouri, Ninth Biennial Report, Division of Commerce and Industrial Development, July 1, 1962 to June 30, 1964."

³⁸ In the cases of New Mexico, Missouri and Colorado there was no opportunity to examine the legislation establishing the various agencies; however, there was no mention of such a requirement in the correspondence with these states' officials.

and Texas laws make no mention of residence as a requirement for their development agencies.

Arkansas, Louisiana, Texas and Colorado all require senate confirmation of the governor's appointees for the various governing boards or commissions. Such a requirement is considered desirable. Although the legislature has ultimate control of the agency through its power to control appropriations, it is thought that legislative involvement in the appointment process might cause less frustration than a refusal to appropriate funds. Once the legislature has approved the appointment of commissioners, it probably will appropriate funds.

There was no opportunity to explore the operational techniques employed by each of the agencies which were structurally analyzed. However, the basic operation of the Texas Industrial Development Commission provides an excellent reference point. The Texas agency follows rather closely the techniques recommended as most ideal. The Commissions' executive director explained the approach taken by the Texas agency as follows: "...we have tried to operate this organization on the 'complementing and coordinating' concept rather than the 'ball-carrying' concept."³⁹ The Commission now "leaves it to local industrial development people to explain the advantages of their locations to the prospect."⁴⁰

³⁹ Personal correspondence with the Executive Director of the Texas Industrial Commission, Harry W. Clark, May 17, 1966.

⁴⁰ Personal correspondence with Alvin A. Burger, Executive Director, Texas Research League, Austin, Texas, July 1, 1966.

CHAPTER III

RISE AND FALL OF THE OKLAHOMA DEPARTMENT OF COMMERCE AND INDUSTRY

All states have established governmental agencies to promote industrial development within their respective borders. Oklahoma established its first full-time development agency, the Department of Commerce and Industry, in February of 1955.

Since it is the primary purpose of this study to reveal the nature and the effect of "political interference" on the State's industrial development effort, it becomes necessary to probe the political background of the Department of Commerce and Industry. Thus, it is the purpose of this chapter to focus attention upon the political aspects of the following questions: What type of development agency existed prior to the establishment of the Department of Commerce and Industry? Why was the Department established? In other words, what was the political significance of the Department's establishment? What type of agency was established? What was its legal relationship to the legislative and executive branches? How did the Department's method of operation relate to the political forces of the state? To what extent was the Department able to avoid partisan political entanglement and thus successfully accomplish its primary task? What was the relationship between the Department's degree of success and its structural organization?

Previous State Governmental Assistance

Immediately prior to the creation of the Department of Commerce and Industry, governmental assistance to industrial development in Oklahoma was performed by a branch of the Oklahoma Planning and Resources Board known as the Division of State and Industrial Planning. This Division actually came into existence in 1951, and was commonly known as the Division of State Planning.¹ The parent agency, the Oklahoma Planning and Resources Board, had a membership of 11 with the governor appointing seven of the members. The seven initial appointees served terms of varying lengths so that only one vacancy was created each year. Subsequent appointments were to be for seven year terms. The Governor, the Director of the Department of Highways, the Director of the Game and Fish Commission and the President of the State Board of agriculture served as ex-officio members of the Board.² The Chairman of the Oklahoma Planning and Resources Board was also the Director of the Division of State and Industrial Planning.³ Thus, until the creation of the Department of Commerce and Industry, the only governmental agency organized for the purpose of encouraging industrial development in Oklahoma was a subsidiary branch of a department which was also concerned with the management of state parks and recreational facilities. The record of the operation of the Board indicates that the management of state parks and other state recreational facilities was its primary interest.

¹Oklahoma, Oklahoma Statutes 1951, Title 74, sec. 351e.

²Ibid., Title 74, sec. 344.9.

³Ibid., Title 74, sec. 344.10.

The function of the Oklahoma Planning and Resources Board was made conspicuous by the nature of its ex-officio membership. They were people who would ordinarily be expected to be concerned with matters other than industrial development, per se. This assumption is supported by the thought conveyed in personal interviews with certain members of the Oklahoma legislature. They indicated that industrial development was a secondary function of the Oklahoma Planning and Resources Board. However, a somewhat different picture is reflected by the statutes creating the Division of State and Industrial Planning. In fact, the industrial development function of the Planning and Resources Board, as ascertained from a review of the pertinent statutes, appears to be quite comprehensive in nature. It was to collect and assemble various types of information necessary to the promotion of industrial expansion such as statistics on raw materials available, power and water resources, transportation facilities, availability of labor, availability of markets, availability of banking and financial facilities, and availability of industrial sites, plus the additional function of acquainting the people of Oklahoma with industrial opportunities and encouraging new industrial concerns to locate in Oklahoma.⁴ However, at least two factors lead to the conclusion that the Board was not successful in its efforts to achieve its statutorily stated goals. First, the Division of State and Industrial Planning never did collect and assemble adequate information on matters such as cost of production,

⁴Ibid., Title 74, sec. 344.11.

transportation costs, and the type and availability of labor.⁵ Secondly, members of the Oklahoma legislature justified the creation of the Department of Commerce and Industry as a replacement for the Division of State and Industrial Planning on the basis that the Division lacked accomplishment.⁶ In fact, the objectives of the Department of Commerce and Industry, as stated in Oklahoma Statutes 1961⁷ are almost identical in scope with the objectives of the Division of State and Industrial Planning which were discussed above.⁸ It was the thought of several legislators that more emphasis was needed in order to realize the achievement of these designated goals. Therefore, a separate department was specifically created for industrial development.

Creation of a Department of Commerce and Industry

The impetus for the creation of the Department of Commerce and Industry came from the gubernatorial campaign of 1954. "Raymond Gary ran for governor in 1954 on a platform which included adding new

⁵Personal interviews with Dr. Larkin Warner, Associate Professor of Economics, Oklahoma State University, Stillwater, Oklahoma, February 23, 1966, and Dr. Richard Poole, Professor of Economics and Dean, College of Business, Oklahoma State University, Stillwater, Oklahoma, March 8, 1966.

⁶Personal interviews with Heber Finch, Jr., State Representative, Sapulpa, Oklahoma, May 27, 1966, and Lou Allard, State Representative, Drumright, Oklahoma, April 7, 1966.

⁷Although the Department of Commerce and Industry was created during 1955, due to the fact that the statutes are brought up to date each ten years, the proper citation became Oklahoma Statutes 1961.

⁸Oklahoma, Oklahoma Statutes 1961, Title 74, sec. 673b.

emphasis to industrial development. Part of this was apparently the creation of a commerce and industry department."⁹ Consequently with the beginning of the twenty-fifth session of the Oklahoma legislature, creation of such a department was labeled as "Governor Gary's number one bill."¹⁰ In fact, the Governor included a request for such legislation in his initial legislative message to a joint session of the Twenty-fifth Oklahoma Legislature.¹¹

The Governor's request for a new department received almost immediate legislative response. House Bill 501 passed both houses of the legislature and was on the Governor's desk by February 14, 1955. Such extraordinary success gives the appearance of the existence of a strong executive branch vis-a-vis the legislature. However, the example of House Bill 501 portrays a picture which greatly distorts the normal executive-legislative relationship in Oklahoma. The legislature's unusually prompt and cooperative response can only be explained within the context of the prevailing political forces at the time of the passage of House Bill 501.

Representative Lou Allard of Drumright said of House Bill 501, "it was a very popular bill in the 1955 session."¹² Several factors are important in providing an explanation for such extraordinary acquiescence by the Oklahoma legislature.

⁹Personal interview with Dr. Richard Poole.

¹⁰The Daily Oklahoman, February 8, 1955.

¹¹Oklahoma, Journal of the Senate of the Twenty-fifth Legislature of the State of Oklahoma quotes the governor: "I hope that within a few days you will lay this bill on my desk to be signed and become a law of Oklahoma."

¹²Personal interview with Representative Lou Allard.

First, Governor Gary was able to exert extraordinary influence over the legislature, which is within itself explainable by many factors rather uniquely related to his being in the governor's office. His inauguration as the state's fifteenth governor was much more than the mere arrival of another occupant in the Mansion. January 10, 1955, brought to the position of chief executive a man who had been intimately associated with the state's political situation for several years. Not only had the new governor been a member of the State Senate for almost 14 years,¹³ he had been in the forefront of legislative leadership throughout most of his years in the legislature. In fact, Governor Gary had served as president pro tempore of the State Senate as recently as the 1953 legislative session.

The significance of the Governor's legislative experience is directly related to the political nature of that body. Governor Gary's success was to a great extent due to his close identification with the "Old Guard" or rural element of the Oklahoma legislature. As a member of the State Senate, Gary represented a predominately rural district, District Number 26 [Love and Marshall counties]. It was this rural element which was very much in control of the 1955 legislative session.¹⁴ Consequently, Governor Gary did not have to go

¹³Mr. Gary resigned from his Senate seat in September of 1954 after receiving the Democratic Party's nomination for governor in July.

¹⁴Rural control of the twenty-fifth session may be evidenced by the following: Senator Ray Fine, President Pro Tempore and Senator Don Baldwin, Majority Floor Leader, represented districts with a population per senator ratio of 51,286 and 31,996 respectively, while in District 21 (Tulsa county) the ratio was one senator for 297,348 people.

With the exception of the Speaker, a similar situation existed in the House of Representatives. Representative Bill Harkey, Speaker,

through the process of establishing an effective relationship with the legislature; he was a member of the "in group". In fact, the Governor had an extraordinary amount of influence over the leadership of the twenty-fifth session. This influence was particularly strong in the Senate as indicated by the following:

Both Ray Fine and Don Baldwin, Anadarko, the other candidate for president pro tempore, supported Gary from the start of the governor's race....Fine as President Pro Tempore will be leader of the senate and Baldwin will be the spokesman for Gary....¹⁵

Further, "Don Baldwin...was named floor leader of the Senate and George Miskovsky, Oklahoma City, was elected assistant floor leader. Gary had previously recommended Baldwin and Miskovsky for the posts."¹⁶

Governor Gary's influence over the legislative leadership was likewise extended to the House of Representatives.

The House followed the recommendations of Gary and named James Bullard, Duncan, floor leader; Floyd Sumrall, Beaver, speaker pro tempore, and four assistant floor leaders,

represented Oklahoma county which had a representative to people ratio of 1:54,436. No other House officer had a higher ratio than 1:17,981. The situation was as follows: Speaker Pro Tempore, Floyd Sumrall, Beaver county, 1:7,182; Majority Floor Leader, James M. Bullard, Stephens county, 1:17,981; Assistant Floor Leaders, Lou Allard, Creek county, 1:13,928; Jim Cook, Latimer county, 1:8,529; Jay E. Payne, Marshall county, 1:7,707 and Hugh M. Sandlin, Hughes county, 1:17,896. It is readily apparent that rural representation dominated the House leadership. Further evidence of rural domination of the Oklahoma legislature can be ascertained by these statistics: In the House of Representatives 26.2% of the people elected 61 members while 73.8% of the people elected 60 members. Whereas, in the Senate 22.9% of the people elected 22 senators while 77.1% of the people elected 22 senators. (Statistics are based upon an average of the 1950 and 1960 census figures as found in Legislative Apportionment in Oklahoma, Bureau of Government Research, University of Oklahoma, Norman, 1951 and 1961.)

¹⁵The Daily Oklahoman, November 7, 1954.

¹⁶Ibid., August 4, 1954.

Hugh Sandlin, Holdenville; Jay Payne, Kingston; Jim Cook, Wilburton, and Lou Allard.¹⁷

Thus, the 1955 session of the Oklahoma legislature began with an unusually high degree of harmony between the legislature and the governor's office. The Governor had succeeded in selecting the leadership of both houses. In short, it can be said that the Governor enjoyed a relationship which has not since been equaled as indicated by the remarks of members of the present legislature which typically reflect an attitude similar to the following: "No governor has been in control of the legislature since the time of Gary."¹⁸

The Governor was not only able to have direct influence upon the selection of legislative leadership, he experienced similar success in the selection of the chairman of important legislative committees as indicated by the following:

It already is indicated [that] there has been a tug of war over the selection of the chairman of the senate appropriations committee. Gary has apparently shown his desire for Herbert Hope, Pauls Valley, to serve in the position again, although some of the backers of Fine for president pro tempore don't want Hope to have the position.¹⁹

When the final committee selections were made, Governor Gary had once again been successful. Senator Hope was the chairman of the Senate Appropriations Committee during the Twenty-fifth Legislature.

Secondly, the creation of the Department of Commerce and Industry was partially due to much legislative concern with the plight of

¹⁷Ibid.

¹⁸Personal interview with Curtis Lawson, State Representative from Tulsa, Oklahoma City, Oklahoma, April 1, 1966.

¹⁹The Daily Oklahoman, November 7, 1954.

industrial development in Oklahoma. This concern was especially prevalent among the leadership of the House of Representatives. Representative Lou Allard expressed a commonly shared attitude when he said:

Prior to this creation, [the Department of Commerce and Industry] the function of industrial development was carried on by a division of the Planning and Resources Board. It [industrial development] played a role of secondary importance. We thought it should be of primary importance.²⁰

The uniqueness of the circumstances surrounding the creation of the Department of Commerce and Industry is reflected by Allard's comments. Representative Allard, who was chosen by the Governor as an assistant floor leader, was also selected by the Governor to manage House Bill 501 in the House of Representatives. Allard labels himself as one of the "originators" of such legislation.

Thirdly, the creation of the Department of Commerce and Industry can be partially attributed to general support from the business community. Chambers of Commerce and leading individuals of the business community such as W. P. Bill Atkinson were among the ranks of the group urging the legislature to establish a department for the purpose of promoting industrial growth.²¹ Atkinson called the establishment of the Department "one of the most forward steps"²² that Oklahoma has taken in the direction of industrial development.

²⁰Personal interview with Representative Lou Allard.

²¹State Representative Heber Finch, Jr. indicated in a personal interview April 7, 1966, that the Chambers of Commerce were always in favor of the establishment of such a department.

²²The Daily Oklahoman, March 14, 1954.

Legislative opposition to an executive initiated proposal to either alter or abolish a governmental agency would ordinarily be considered as a "normal" reaction. For example, when Governor Henry Bellmon proposed to the Thirtieth Legislature the creation of two separate departments to replace the Department of Commerce and Industry and the Planning and Resources Board, he was completely ignored.²³ Instead of following Governor Bellmon's advice, the legislature reacted with the creation of the Industrial Development and Park Department.

Legislators often concern themselves with the operation of particular executive agencies or take pride in the legislation which originally established the agency. However, in the case of House Bill 501 the official legislative records indicate nothing other than legislative enthusiasm and cooperation in the creation of the Department of Commerce and Industry, as proposed by Governor Raymond Gary. If opposition existed, it was not expressed in the form of a negative vote. The official record of the House of Representatives reveals 107 House members voted in the affirmative with the balance being recorded as "excused".²⁴ Likewise, the Senate vote reflected a similar situation with 42 of the 44 members voting "Aye" while one senator was recorded as "excused" and another as "abstaining".²⁵

²³Personal interview with Henry Bellmon, Governor, State of Oklahoma, Oklahoma City, Oklahoma, April 21, 1966.

²⁴Oklahoma, Journal of the House of Representatives of the Twenty-fifth Legislature of the State of Oklahoma, p. 140.

²⁵Oklahoma, Journal of the Senate of the Twenty-fifth Legislature of the State of Oklahoma, p. 163.

Additional evidence of Senate support for House Bill 501 is provided through the eagerness of senators to be personally identified with the Bill. According to official records, 10 senators were listed as coauthors when the Bill was introduced in the Senate,²⁶ while an additional 19 members requested to be listed as coauthors in later Senate consideration of the measure.²⁷ Thus, eventually 30 members of the 44 member body were willing to have their names directly associated with what had been labeled as "Governor Gary's number one bill" of the twenty-fifth session of the Oklahoma legislature.

Perhaps of greater significance than the general support which the Senate gave the proposal was the cosponsorship of Senator Clem Hamilton. Only three sessions later, in 1961, it was Senator Hamilton who introduced Senate Bill 256 which was designed for the express purpose of abolishing the Department of Commerce and Industry by placing it once again under the Oklahoma Planning and Resources Board.²⁸

As has been indicated throughout the first portion of this chapter, the Oklahoma legislature undoubtedly was controlled by the rural element. Why did such an agrarian dominated legislature establish a separate department for the purpose of industrial development? Were rural legislators expecting to reap political benefits from the creation of such an agency? The answer to these questions

²⁶Ibid., p. 158.

²⁷Ibid., p. 163.

²⁸Oklahoma, Journal of the Senate of the Twenty-eighth Legislature of the State of Oklahoma, p. 437.

stems directly from the particular individual occupying the governor's office. It was Raymond Gary who represented the concensus of the Twenty-fifth Oklahoma Legislature. The elections of 1954 had merely brought about a change in the title preceding Gary's name. He was now governor of the State of Oklahoma, whereas he had been president pro tempore of the State Senate from 1953 until his resignation in 1954.

It is significant that Governor Gary, who was very closely identified with the rural faction of the legislature, proposed the creation of a department of commerce and industry. It must be remembered that he first proposed the creation of a separate department for commerce and industry during the gubernatorial campaign of 1954. Therefore, the question which arises is: Did Raymond Gary propose to create a separate industrial development agency as part of his overall effort to broaden his political base? There is no precise answer to this question; however, some of the circumstances surrounding the Democratic Party's gubernatorial primary of 1954 lend credence to such an assertion.

Certainly, adding emphasis to the need for industrial development should have done no harm to Gary's image among urban voters. As events developed, it was the vote of the urban counties which provided Gary with a large portion of his narrow primary victory. Gary defeated Oklahoma City attorney, William O. Coe, by the slim margin of 18,841 votes out of a total of 484,999 votes cast in a bitterly contested runoff primary. Gary received 14,065 of his 18,841 vote margin in the State's two largest counties, Oklahoma and Tulsa counties.²⁹

²⁹ Oliver Benson, et. al., Oklahoma Votes 1907-1962 (Norman, 1964).

Another indication of the importance of the urban vote in the 1954 election was reflected in the Democratic Party primary results. With the exception of Gary, all of the gubernatorial candidates placing among the top five were from Oklahoma City, Tulsa and Lawton. Thus by 1954, it was becoming more and more essential for a candidate in a state-wide election to run well in the urban counties. Raymond Gary's proposal of adding greater emphasis to industrial development may have been a recognition of this fact.³⁰

Role and Operation of the Department

For whatever may have been the reasons, a Department of Commerce and Industry was established as provided for in the Oklahoma Statutes Supplement 1955, Title 74, Chapter 23. The State Economic Development Act, which created the Department of Commerce and Industry, placed the supervision of the Department under the Governor's Economic Development Commission. This Commission originally was composed of 25 members who were to be appointed solely by the Governor for terms of six years after the establishment of the Commission. The initial Commissioners, who were appointed in 1955, were appointed so that one third had two year terms, one third had four year terms, and the other third had six year terms.³¹ However, in 1961 the legislature passed legislation which

³⁰The significance of Mr. Gary's request for a separate department for commerce and industry should not be expanded out of proportion. Many other factors were of equal or greater significance. It should be remembered that the 1954 Democratic Party gubernatorial primary was, to a very large degree, a personality contest between Mr. Gary and Mr. Coe. Very few issues of substance were discussed. In fact, Mr. Coe mentioned throughout his campaign speeches that he had no platform.

³¹Oklahoma, Oklahoma Statutes Supplement 1955, Title 74, sec. 675.

reduced the number of commissioners to six. This amendatory act provided that the governor was to appoint these six members from among the original commission. These appointments were to endure only until February 1, 1963. After February 1, 1963, the Governor was to appoint, subject to the State Senate's approval, two members for terms of two years, two members for terms of four years, and two members for terms of six years, thereby establishing a staggered expiration of terms feature. Commission members were subject to removal for cause only.³²

The Governor was authorized to appoint the Director and "employ such other office and technical staff and consultants...on such terms and conditions as he shall consider necessary and advisable...."³³ In 1961 the Economic Development Act of 1955 was amended so that the Economic Development Commission appointed the Director. The amendment removed the word Governor and supplemented the words Economic Development Commission. Otherwise, Section 672b was not altered.³⁴

The Commission was created to "serve as a planning and co-ordinating body to the Governor and the State Department of Commerce and Industry."³⁵ The Commission was statutorily required to meet with the Department at least once a month. Special meetings could be called by the governor or the Commission chairman, who was selected from among the Commission members by a vote of the membership, although in

³²Oklahoma, Oklahoma Statutes 1961, Title 74, sec. 675.

³³Oklahoma, Oklahoma Statutes Supplement 1955, Title 74, sec. 672b.

³⁴Oklahoma, Oklahoma Statutes 1961, Title 74, sec. 672b.

³⁵Ibid., Title 74, sec. 675d.

actual practice the governor had much influence over this selection. The scope of the Commissions' "planning and studies shall include all of those specific powers, duties, and subjects assigned to the State Department of Commerce and Industry...."³⁶

In summary, the Commission was appointed by the governor to direct the Department of Commerce and Industry in a very general sense. Actual operation of the Department was the responsibility of the Director. Although after 1961 it was the Commission which was officially responsible for the hiring and firing of the Director, the Governor continued to direct the development of the Department's policies through his control over the Commission. Mr. Ed Malzahn, who was appointed to the Commission in February of 1963 and served as Chairman until the Commission's abolishment in May of 1965, said that he considered his responsibility to be that of carrying out the policies of the Governor.³⁷

The only relationship between the legislature and the Commission was the power of the Senate, after 1961, to reject the Governor's nominees to the Commission. The legislature had no economic leverage over the Commission since its members were not salaried. The only compensation which the Commissioners received was a statutorily

³⁶Ibid.

³⁷Personal interview March 15, 1966, Perry, Oklahoma with Ed Malzahn who became chairman of the Governor's Economic Development Commission in February, 1963. At the present time Mr. Malzahn is Chairman of the Industrial Development and Park Commission, the successor agency.

established \$15 per day while attending meetings or on official business, plus ten cents per mile for travel expenses.³⁸

The legislature was not too precise in spelling out what was expected of the Department of Commerce and Industry. Oklahoma Statutes 1961, Title 74, sec. 673b provides for many of the Department's general objectives such as:

To study, investigate and undertake ways and means of promoting the prosperous development and protection of legitimate interests and welfare of Oklahoma business, of markets for Oklahoma products, and the securing of additional employment and payrolls within the state.

Based upon both the general nature of the statutory functions and the statements of Oklahoma legislators, one of the most important functions of the Department of Commerce and Industry was to serve as the industrial promotional agency for the State. Oklahoma Statutes 1961 include such statements as:

To encourage, promote, and do those things which are deemed to be necessary to cause the establishment of new commercial and industrial operations, the location of branch plants and establishments....³⁹

Also, "The principal duties of the Governor's Economic Development Commission will be to attract beneficial industry to the State of Oklahoma...."⁴⁰

Individual members of the Oklahoma legislature have expressed opinions concerning what they consider to be the proper role of the

³⁸ Oklahoma, Oklahoma Statutes 1961, Title 74, sec. 675.

³⁹ Ibid., Title 74, sec. 673b.

⁴⁰ Ibid., Title 74, sec. 675e.

Department which are similar to Speaker McCarty's statement: "It should be one of selling the State."⁴¹ As indicated in Chapter II, such a role today is generally viewed as ineffective. Also, there are many indications that emphasize the "attracting" or "selling" approach is self-defeating in that a record of low yield, in terms of new plants secured, places the Department in a weak position when it seeks new appropriations. This problem will be explored at greater length in this study.

Although it is not the purpose of this study to probe the technical operation of the Department of Commerce and Industry, a brief discussion of such operation is necessary in order to understand the nature of the political forces which relate to the Department.

It should be noted that the statements which are made concerning the actual operation of the Department are based upon the remarks of individuals which were made within the context of an attempt to discover the extent and nature of the Department's political involvement. Consequently, the discussion of the Department's operation is rather general in nature.

The Department of Commerce and Industry functioned as a general industrial promotional and research agency. It placed great emphasis on the "sell Oklahoma" technique. Field representatives were sent to establish contact with major industrial firms in an effort to discover companies which were either planning or could be encouraged to expand

⁴¹Personal interview with J. D. McCarty, Speaker, Oklahoma House of Representatives, Oklahoma City, Oklahoma, April 19, 1966.

or move their plant facilities to Oklahoma. In certain instances the Department attempted to play a direct role in the actual negotiations with firms which had indicated that they had some interest in moving to Oklahoma. On the other hand, the Department sometimes functioned in a more passive manner in that it notified several Oklahoma communities of potential prospects and let them do the negotiating.

It was part of the Department's responsibility to gather and compile statistical information vital to industrial development. Much of this information was used by the field representatives in their promotional work. However, the Department also provided statistical data concerning the feasibility of certain industrial projects. In this capacity the Department made recommendations or helped prepare general reports for presentation to the Oklahoma Industrial Finance Authority. It is the latter agency which controls the sale of bonds and loans for the purpose of financing new industrial plants.⁴² The Department of Commerce and Industry was directly related to the Finance Authority in that its Director served as a member of the Authority's Board of Directors.⁴³

In an attempt to evaluate the effectiveness of the Department's operations, Mr. William Wright, Manager of the Chamber of Commerce, Stillwater, Oklahoma, was consulted. On the basis of Mr. Wright's remarks, the Department has not been of much benefit to local groups seeking to attract new industry. Mr. Wright indicated that he has been

⁴²Oklahoma, Oklahoma Statutes 1961, Title 74, sec. 855-860.

⁴³Ibid., Title 74, sec. 854.

concerned with industrial development for many years during which time he has learned what industrial firms want to know prior to making a decision to move to a new location. Consequently, he does not need to use the state agency since it only would be able to provide him with general guidance.

In regard to the locating of a particular industrial firm, Moore Business Forms, Incorporated, which during recent months decided to locate a major manufacturing plant in Stillwater, Wright indicated that the state development agency had nothing to do with the firm's negotiations with the Stillwater community. All necessary statistical information was prepared by Mr. Wright and his associates. The Industrial Development and Park Department was notified of the company's interest in Stillwater only after it had been decided that they would come to Stillwater if the necessary financing could be provided. It was at this stage that the Department's assistance was sought. Wright said that he had the Department's Director assist him in the preparation of a presentation to the Oklahoma Industrial Finance Authority.

Mr. Wright explained that he kept his contact with Moore Business Forms a well-guarded secret because he feared that the Department would pass the information to other cities throughout the state and thereby increase the competition. Thus, the Department was not notified until after most of the detailed negotiations had been completed.

In the case of Moore Business Forms, Mr. Wright related that he got his "lead" from personal sources. The state agency was of no assistance in this regard. Wright did say that the Department quite regularly provides him with information on potential prospects.

However, according to Wright, "many of these 'leads' are way-out affairs."⁴⁴

Although this particular illustration involved the Industrial Development and Park Department rather than the Department of Commerce and Industry, it was indicated that there would have been no significant difference in the relationship between the local development groups and the state agency. In particular, Mr. Wright indicated that there has been no significant change in the relationship of the state development agency and local chambers of commerce.

Thus, on the basis of this limited inquiry it appears that the Department was not very successful in its attempt to attract new industry to Oklahoma. Such an assumption is supported by the comment by certain legislators that local groups were more effective than the state agency. Senator Robert Murphy said,

there was hostility from legislators because Commerce and Industry tried to take credit for all industry coming into the State when the legislature knew that private concerns and chambers of commerce were responsible for a great deal of this.⁴⁵

Similarly, Representative Heber Finch, Jr. remarked, "The Commerce and Industry Department was not as effective as chambers of commerce and other civic groups."⁴⁶ On the other hand, the published report of the Department indicates that the Department was generally successful. However, it is difficult to tell just what role the Department played

⁴⁴Telephone interview with William Wright, Manager, Chamber of Commerce, Stillwater, Oklahoma, August 1, 1966.

⁴⁵Personal interview with State Senator Robert Murphy.

⁴⁶Personal interview with Representative Heber Finch, Jr.

in bringing industry to the state or in expanding existing industry. According to the published reports of the Industrial Development and Park Department between January 1, 1965, and January 1, 1966, 107 new plants were brought to the state and 183 expansions of existing industries were completed. The Department does not indicate what role it played in such industrial development. The Activities Report January 1963-January 1966 merely states: "...the department has had at least a partial, or indirect effect, on practically all of this growth."⁴⁷

The Department's Legislative Relationships

The Department of Commerce and Industry, under the leadership of its first director Dr. Randall Klemme⁴⁸ apparently began its operation with the blessings of the legislature. From all indications Klemme's relationship with the legislature was quite harmonious. Several members of the Oklahoma legislature express highly favorable sentiment for Klemme, such as: "The Department [of Commerce and Industry] was of little value after Klemme left."⁴⁹ Never have any members of the legislature elaborated as to why they had such high regard for Klemme. Nevertheless, the significant fact is that the legislature was pleased

⁴⁷Activities Report January 1963-January 1966. This Report includes statistics from both the Department of Commerce and Industry and its successor, the Industrial Development and Park Department.

⁴⁸Klemme was the director of a Ford Foundation project in Pakistan at the time of his appointment. Previously he had served as a member of the faculty and as Vice President at the Oklahoma A & M College.

⁴⁹Personal interview with Representative Lou Allard.

with Klemme's operation of the Department, which is indicated by the rather prosperous position of the Department in terms of appropriations.⁵⁰

Dr. Klemme served for two and one half years of the Gary administration, resigning in December, 1957, to take a job in private industry. He was succeeded by an Oklahoma State University Professor Emeritus of Economics, Dr. Raymond Thomas. Apparently, the Thomas administration was nothing more than an "interim term" since there is no indication that anything of significance happened during this period of time.

With the election of J. Howard Edmondson as Governor in 1958, the Department of Commerce and Industry passed into a new era. Governor Edmondson's nominee for the Director's post was Max Genet. Mr. Genet remained in this position throughout the next four years although the latter part of his administration was marked by intensive legislative hostility aimed directly at his operation of the Department.

It was during the last two years of the Edmondson administration that the state legislature began to attempt to alter the administration of the Department of Commerce and Industry which eventually led to the merger of the Department with the Planning and Resources Board in 1965. The first effort to abolish the Department came in 1961 when Senator Clem Hamilton introduced Senate Bill 256. This Bill proposed to place the Department under the Oklahoma Planning and Resources Board.

⁵⁰State of Oklahoma, Budget, for the fiscal years ending June 30, 1956-57 and June 30, 1958-59 reveals appropriations of \$450,000 and \$610,000 respectively.

Hamilton's proposal was sent to the Committee on State and Federal Government where it died due to the failure of the Committee to report it.

Again in 1963 the legislature began to discuss altering the Department of Commerce and Industry. This action resulted after it was learned in the latter part of 1962 that Genet had become extremely irresponsible in his handling of Departmental funds. Legislative hearings in early 1963 resulted in Genet being charged with three counts of grand larceny. The Genet investigations once again led to discussion which had as its goal severe alteration of the Department. Only a few weeks later, the Department was once again a legislative target; however, this time it was not Genet who was the cause for concern. Rather it was Governor Bellmon's appointment of Lloyd Allen which stimulated the discussion. Legislative opposition temporarily subsided until 1965 when legislation was once again proposed to merge the Department with the Planning and Resources Board. The major difference in this proposal was the result. On June 30, 1965, Senate Bill 327 was sent to the governor's office for approval.

Development of the Industrial Development and Park Department

The legislature during its 1965 session, replaced the Department of Commerce and Industry with a department which also assumed responsibility for the promotion of tourism and park management. This legislation known as the Oklahoma Resources Development Act of 1965 placed general supervision of the industrial development agency under the Industrial Development and Park Commission. This Commission consists

of seven members, one from each of the State's six Congressional Districts and one member to be appointed at large. Commissioners are appointed for terms of six years by the governor with the advice and consent of the Senate. The initial appointments are made in a manner so that one member's term expires each year with the exception that two terms expire during certain years because there are seven members serving six-year terms.⁵¹

Section V of the Act states that, "the Oklahoma Industrial Development and Park Commission shall be the policy-determining agency for the Oklahoma Industrial Development and Park Department and shall determine the broad plans and programs for the accomplishments of duties and responsibilities vested by law in the said commission."⁵²

The responsibilities of the Commission included the appointment of the director who serves at the pleasure of the Commission. The director is the Department's chief administrative officer and is responsible for carrying out the policies of the Commission. In order to accomplish this task the director is given the authority to appoint five division heads. The divisions provided by the Act are as follows: "(a) Industrial, Business and Economic Development (b) Lodges (c) Parks, recreation and Waterways (d) Publicity, Advertising and Information, and (3) Research and Planning."⁵³

There are certain portions of the Act which are of such significance that they should be given particular attention. First,

⁵¹Oklahoma, Oklahoma Statutes Supplement 1965, Title 74, sec. 1104.

⁵²Ibid., Title 74, sec. 1105.

⁵³Ibid., Title 74, sec. 1109.

Section VII provides that "no person shall be appointed Director who has not been a resident and a qualified elector in this State for a period of at least three years preceding his appointment."⁵⁴ Such a provision is unusual and undesirable since it may prohibit the hiring of the most qualified person to perform a technical function which is not directly related to state boundaries.

Secondly, Section XV authorizes the Director to appoint an associate director,

who shall be recommended by the Executive Committee of the State Legislative Council, provided, however, if the Legislature is in session when said position is vacant; a six-member committee comprised of three members of the Senate, to be appointed by the President Pro Tempore, and three members of the House of Representatives; to be appointed by the Speaker, shall recommend said appointment.⁵⁵

This provision was such a blatant legislative interference into the operation of this executive department that the State's Attorney General "ruled" it to be unconstitutional. According to the Attorney General's opinion, Section XV of the Act violates that portion of the Constitution which says that "the Legislative, Executive and Judicial departments of government shall be separate and distinct, and neither shall exercise the powers properly belonging to either of the others."⁵⁶ Obviously, legislative appointment of the Associate Director failed to meet this requirement.

Apparently the legislature agreed with the Attorney General's interpretation since it failed to attempt to make the recommendation.

⁵⁴ Ibid., Title 74, sec. 1107.

⁵⁵ Ibid., Title 74, sec. 1115.

⁵⁶ Oklahoma, Constitution of the State of Oklahoma, Article IV, sec. 1.

On December 29, 1965, Ed Matthews was named by the Commission to the associate director's post.

On the basis of the interviews conducted during the course of this study, it appears that the function of the Industrial Development and Park Department is essentially the same as the Department of Commerce and Industry. The Department continues to emphasize the promotional "sell Oklahoma" approach. Direct contact of leading industrialists is still considered essential to the success of the Department's operation.

CHAPTER IV

THE POLITICS OF THE DEVELOPMENT OF AN INDUSTRIAL DEVELOPMENT DEPARTMENT IN OKLAHOMA

When a new executive agency, such as an industrial development agency, is formed, its precise scope, structure and function is determined by the legislation which established the agency. Oklahoma has a very weak executive branch. Consequently, the development of an executive agency in Oklahoma will, to a very large degree, be determined by the dominate political forces of the State legislature. It is the purpose of this chapter to explore the general nature and extent of these political forces in relation to the establishment of an industrial development agency in Oklahoma. A specific question is: What political forces brought about the merger of the State's original development agency with the Oklahoma Planning and Resources Board?

In order to discover the nature of the political forces which have had an impact upon the establishment of a state industrial development agency, we must explore the following factors: First, the political relationship between the Department of Commerce and Industry and the legislature. Secondly, the nature and extent of legislative control over the State's industrial development agency. Thirdly, the extent to which the political interests of dominant political factions in the legislature have been served in the legislature's interference with the agency.

The Political Background of the Department

There was little surprise or alarm within the Oklahoma legislature when Senator Ralph Rhoades and cosponsoring legislators introduced the proposal to merge the Department of Commerce and Industry with the Oklahoma Planning and Resources Board. This proposition merely marked the culmination of prolonged legislative opposition to the operation of the Department. It had become almost common knowledge among legislators that before the adjournment of the thirtieth session of the Oklahoma legislature action would be taken to drastically alter this beleaguered agency.

Before the merger of these two executive agencies can be meaningfully analyzed, it is necessary to have a basic understanding of the political forces at work. Much of the political significance of the merger is directly related to the individual personalities involved.

As was pointed out in Chapter III, the creation of the Department of Commerce and Industry must be primarily attributed to the wishes of former Governor Raymond Gary and to a somewhat lesser degree to a desire on the part of the legislature and the general business community to place greater emphasis on industrial development in Oklahoma. It is the years of the Gary administration which provide the exception to the general relationship between the legislature and the Department from the time of its creation in 1955 until the time of its thorough alteration in 1965. Throughout the Gary administration, no difficulty of significance developed between the Department and the legislature-- a legislature which experienced a rapport with the Governor's office

that has since to be equaled. Apparently, the legislature was quite willing to leave its "hands" off the Department due to an "understanding" that the Department "belonged" to Governor Gary.

From the time of its creation, the Department of Commerce and Industry was involved in "politics". Mr. Robert Wolf, who was employed in the information and research division of the Department remarked, "initially, with the exception of Randall Klemme, it was all politics. Most of the people in the Department were Gary campaign workers." Wolf added, "I talked to Governor Gary before I went to work; politics were partially involved."¹

Mr. Wolf's elucidation is particularly significant; he is the son of Cleveland County's State Representative, Leland Wolf, who was first elected to the Oklahoma House of Representatives in 1952. The significance of this relationship was set forth through the remarks of one of Representative Wolf's colleagues, State Representative Heber Finch, Jr. of Sapulpa. During the course of a personal interview, Representative Finch identified Robert Wolf, who had since resigned his post with the Department, as an important source for an explanation of the actual operation of the Department of Commerce and Industry. Finch explained that Wolf, for various reasons, was not liked by some of his superiors within the Department; "however," Finch added, "they could not afford to fire him because of Leland's influence in the legislature."²

¹Personal interview with Robert Wolf, former staff member of the Commerce and Industry Department, Purcell, Oklahoma, April 26, 1966.

²Personal interview with State Representative Heber Finch, Jr.

Additional evidence of the Department's involvement in politics at the time of its creation is revealed through the comments of Representative Finch in reply to a series of questions concerning some of the problems of the original agency. Finch remarked, "the Department was a political football from the outset." Later, within the context of the same interview, Finch again emphasized the political nature of the Department by adding, "it had always been a political parking ground."³

Thus, from the time of its establishment the Department of Commerce and Industry was entangled in "partisan politics". This political involvement did not result in any noticeable hardships vis-a-vis the legislature throughout the administration of Governor Raymond Gary. As long as the Department's personnel reflected a realistic recognition of the dominate political forces of the moment, its relationship with the legislature was quite smooth. As pointed out in Chapter III, the executive-legislative relationship during the Gary administration was exceptionally harmonious. Consequently, Governor Gary's "political" appointees were usually agreeable to the legislature. It was the evolution of a new executive-legislative relationship that resulted with the election of Governor J. Howard Edmondson which marked the beginning of the deterioration of the legislature's positive attitude toward the Department.

According to Robert Wolf, Governor Edmondson "put in a very few political cronies." Wolf continued, "Edmondson's political appointees

³Ibid.

were primarily summertime helpers."⁴ However, there is one important exception which eventually proved to be one of the principal reasons for the demise of the Department. This exception was Governor Edmondson's selection of Max Genet as his director of the Department. Without elaborating any further, Mr. Wolf stated, "Max Genet was a political appointee. He was a friend of some of Edmondson's big contributors."⁵ Once again the Department of Commerce and Industry had been used as a refuge for "necessary" political payoffs.

The remarks of several members of the Oklahoma legislature indicate that it was the appointment of Max Genet which drastically altered the relationship of the Department of Commerce and Industry with the legislature. In fact, the adverse impact of Mr. Genet is essential to an understanding of the eventual fate of the Department.

The Department was in trouble with the legislature soon after the beginning of the Genet administration as indicated by the following remarks of State Representative Heber Finch, Jr.:

With the coming of Genet the legislature got drawn in on it the "politics" of the Department. They legislators became very hostile due to the fact that money was being spent to provide parties, girls, etc., for the Governor and Genet.⁶

A similar attitude toward Genet's operation of the Department is reflected in Senator Robert Murphy's explanation of the legislature's intensive hostility toward the Department: "There was a great deal

⁴Personal interview with Robert Wolf.

⁵Ibid.

⁶Personal interview with Representative Heber Finch, Jr.

of resentment over the misuse of money by the Commerce and Industry Department during the years of the Genet administration."⁷

Both Representative Finch and Senator Murphy are referring to hostilities which resulted from the legislative hearings of early 1963 at which time the nature of Genet's mishandling of Departmental funds was revealed. A special Senate investigating committee revealed information which showed that Genet had charged to the Department of Commerce and Industry \$24,000 for consultant services rendered by Dan Savage, Tulsa liquor dealer. Savage later testified that he had only received between \$1,300 and \$1,800 for his work with the Department. He told the investigating committee that he had authorized Genet to use the remainder of the warrants to "entertain industrial prospects."⁸

The legislative investigations ultimately led to the trying of Genet on three counts of grand larceny in February, 1964. Specifically, Genet was charged with depositing \$650 of departmental funds to his personal bank account. At his trial it was admitted that he had in fact made such a deposit; although, according to Genet, the deposit was made because the Department "owed" him the money since he had used his personal money for departmental expenses.⁹

⁷Personal interview with Robert Murphy, State Senator, Stillwater, Oklahoma, March 26, 1966.

⁸The Daily Oklahoman, January 31, 1963.

⁹Information is based on articles appearing in The Daily Oklahoman on January 31, 1963, February 5, 1963, and February 19, 1963.

The Senate investigations of Genet also revealed evidence which caused many legislators to believe, whether justifiable or not, that the Director had been involved in an "illicit" romance at the expense of the State. It was learned through testimony of the legislative auditor that the Department was charged \$5,286 for telephone calls to a California residential telephone number during 1961, which was more than the total amount spent on telephone calls to all other states combined.¹⁰ The auditor further testified that "in June or July, 1961, telephone calls totaling \$473 were made from California to Hawaii and charged to the Department."¹¹

Genet's trial ended with the court being unable to reach a verdict. The legislature, however, was not quite as judicious with Genet. Whether he was guilty of the charges brought against him is of little significance in regard to the legislature's attitude toward the Department of Commerce and Industry. The significant fact is that the legislature thought that State funds had been used for the personal benefit of Genet and Governor Edmondson, as indicated by the statements of Representative Finch and Senator Murphy.

Legislative hostility became so intense that an effort was made to abolish the Department. This action was primarily because of personal disgust with Genet, as is indicated by the following comment of former State Senator Fred Harris, who in early 1963 was appointed chairman of a special Senate committee to study the future of the Department: "There was considerable agitation to do away with the

¹⁰The Daily Oklahoman, January 31, 1963.

¹¹Ibid., February 5, 1963.

Department altogether, much of which was generated by criticisms of Mr. Genet, personally...."¹²

Legislative hostility toward the Department of Commerce and Industry was partially over the close identification of Mr. Genet with Governor Edmondson, who by the end of his first two years in office had become alienated from the legislature. A news story describing the Senate hearing of the Genet case identified him as, "a close friend and protege of former Governor Edmondson."¹³

Whether justifiable or not, the legislature felt that Governor Edmondson was using the Department of Commerce and Industry for personal "political" purposes. On several occasions during the course of interviews with members of the Oklahoma legislature, remarks were made similar to the following: "It [the Department of Commerce and Industry] became a political parking ground for the governor, especially Edmondson. Edmondson never really cared what he appointed."¹⁴

As indicated by the Genet episode, the attitude of the legislature toward the particular individual heading any executive department is always of major significance in terms of the department's relationship with the legislature and consequently with its ultimate success or failure. This is especially true when the chief executive is "weak" either because of his lack of ability or because of the inadequacy of political power at his command. The inadequacy of political power

¹²Personal correspondence with Fred R. Harris, United States Senator from Oklahoma, March 8, 1966.

¹³The Oklahoma City Times, February 18, 1964.

¹⁴Personal interview with Representative Lou Allard.

available to the Governor became evident with the appointment of Genet's successor, Lloyd K. Allen, a Republican from Maine. Mr. Allen was appointed by a Republican governor, Henry Bellmon, who was politically handicapped because of the existence of a predominately Democratic legislature.¹⁵

Apparently, there was no direct political relationship between Governor Bellmon and Lloyd Allen prior to Allen's appointment as Director of the Department of Commerce and Industry. Allen was officially hired by the Economic Development Commission following the recommendation of the Association of State Planning and Development Agencies. Mr. Ed Malzahn, the Commission's chairman related that the Commission contacted the Association which had Mr. Allen at the top of their list of men available for such a position.¹⁶ However, the significant fact is not whether "politics" was involved in the appointment; rather, it is whether state legislators believed that the appointment was political.

Legislative Domination of the Department

The Hiring of a Director

Lloyd Allen's encounter with the Oklahoma legislature provides a clear-cut example of the extent and nature of legislative control over

¹⁵According to the Directory and Manual of the State of Oklahoma, 1963, the Democratic-Republican ratio was 92 to 15 in the House of Representatives and 38 to 6 in the Senate.

¹⁶Personal interview with Ed Malzahn.

executive agencies. Also, from the Allen case it is possible to ascertain some of the legislature's expectations of the directors of executive agencies in Oklahoma.

Governor Bellmon's decision to support the Commission's selection of Lloyd Allen as Director of the Department of Commerce and Industry set off an intensive wave of legislative hostility. The legislature's criticism had nothing to do with the new Director's professional qualifications. Mr. Allen had come to Oklahoma with an impressive professional record. As mentioned above, he was highly recommended by a national association of economic development experts. Immediately prior to his appointment in Oklahoma, Allen had served as commissioner of the Department of Economic Development for the State of Maine, which he describes as involving "a very similar operation"¹⁷ to that of the Oklahoma Department of Commerce and Industry.

The attitude of the Oklahoma legislature toward the hiring of Lloyd Allen is reflected through the nature of the questions asked by an informal group of House members before whom Mr. Allen voluntarily appeared. For example, Representative Merle Lansden of Beaver asked Allen if he knew anything about the oil depletion allowance.¹⁸ Further, Mr. Allen related through personal correspondence, "I have always felt that the questions posed to me at the time of my first meeting with a group from the state legislature were posed primarily as a harrassment

¹⁷Personal correspondence with Lloyd K. Allen, February 25, 1966.

¹⁸The Daily Oklahoman, June 6, 1963.

rather than an attempt to determine my competency, because they had very little to do with the background of Industrial Development."¹⁹

It is the remarks of legislators in regard to the hiring of Mr. Allen which illustrate extensive legislative influence over the Department of Commerce and Industry. A review of these remarks is essential to an understanding of the reasons for the eventual merging of the House of Representatives in regard to their expected role in the hiring of Mr. Allen. Although the House of Representatives has no legal responsibility in the hiring of members of the executive branch, it was Governor Bellmon's failure to "fulfill his promise to let a House committee interview the man Allen before he was hired"²⁰ which provided the basis for their attack upon the appointment. In fact, the House went so far as to vote 67 to 17 in opposition to the appointment of Allen.²¹ The Daily Oklahoman reported on June 6, 1963, that "a move to dissolve the commerce and industry department into the planning and resources board was...underway if the appointment of Allen was not rescinded."

The following remarks by members of the House of Representatives leaves no doubt that House members expected to play a major role in the selection of a director for the Department of Commerce and Industry: Representative Merle Lansden complained that Allen was hired by Tom Harris, who was at the time of Allen's appointment a member of the

¹⁹Personal correspondence with Lloyd K. Allen.

²⁰The Daily Oklahoman, June 11, 1963.

²¹Ibid.

Governor's Economic Development Commission. Lansden described Harris as a "typical, middle-aged, ivy league undergraduate."²² Apparently Representative Lansden was greatly disturbed and angered over the fact that the Commission, which was legally charged with the responsibility for hiring the Department's director, had done the hiring instead of the legislature. Likewise, Representative Bill Shibley, who was the chairman of the House Industrial Development Committee during the 1963 session of the Oklahoma legislature, in registering his opposition to the appointment of Allen "told newsmen that he will vote to cut the commerce and industry budget unless Oklahomans get the inside track on the director's job."²³

Obviously, the legislature expected to play a direct role in the selection of the Department's director. In fact, certain members of the legislature indicated who they wanted for the job. Several legislators, Republicans and Democrats alike, indicated that they wanted Happy Camp, a former Republican legislator.

This is an obvious illustration of the nature of legislative domination of the Department. The legislature was aware of the fact that the Republican Governor would have to select a Republican. Consequently, the Democratic legislature became primarily concerned with getting a Republican director whom they considered "acceptable" to their interests, as indicated by the following comments:

The legislature knew that Happy Camp wanted the job and they wanted him to have it. He was never looked at as a

²²Ibid.

²³The Oklahoma City Times, June 6, 1963.

Republican; he was one of the "group". He was one of the few who could have gotten along with the legislature.²⁴

Senator Murphy of Stillwater expressed the same idea: "Many Republicans had wanted Happy Camp at the time Allen was appointed. Many of them resented Bellmon bringing someone in."²⁵

If further evidence is needed to illustrate the preponderance of legislative influence in the selection of the new director of the Department of Commerce and Industry, the comments of Speaker J. D. McCarty provide the capstone. In a remark to the press, McCarty said that should the Governor insist on sticking with the appointment of Allen "he Allen will be 'under constant harassment'."²⁶ Previously, the Speaker had quipped, "the appointment of new industry is so important that I'd be willing to give the department one more last chance, even under Allen."²⁷ These statements distinctly indicate that the continued existence of the Department was a matter to be decided solely by the legislature, if not by the Speaker himself.

The Legislative Removal of a Director

Less than two years following his interrogation by Oklahoma legislators, Lloyd Allen was among the ranks of the unemployed because his position as Director of the Department of Commerce and Industry

²⁴Personal interview with Representative Heber Finch, Jr.

²⁵Personal interview with Senator Robert Murphy.

²⁶The Daily Oklahoman, June 11, 1963.

²⁷Ibid., June 7, 1963.

had been legislatively abolished. Allen had run directly into the "raw" power of the legislature in the early part of the Thirtieth Legislative Session when he requested a supplemental appropriation of \$30,000 in order to complete the fiscal year. This presented the legislature with a golden opportunity to demonstrate its control over the Department. The eventual fate of the Department was forecasted by The Daily Oklahoman's report "that the House Rules Committee reluctantly granted...the...\$30,000 supplemental appropriation." However, the Committee said that its action was not to be interpreted as "condoning the mismanagement within the agency."²⁸

Governor Bellmon's reaction to Allen's request for additional funds indicates that by 1965 the Governor had become aware of the fact that the destiny of the Department was controlled by the legislature. The press reported that Governor Bellmon was "irked" with Allen's need for a supplemental appropriation.²⁹ When quizzed about Mr. Allen's operation of the Department, the Governor replied, "Allen made the big mistake of ignoring the legislature's cut in the Department's funds in 1963."³⁰

There are several sources which rather authoritatively indicate that the merging of the Department of Commerce and Industry with the Oklahoma Planning and Resources Board was primarily intended as a means of removing Lloyd Allen from his post. Robert Wolf, assistant

²⁸Ibid., March 11, 1965.

²⁹The Oklahoma City Times, July 23, 1965.

³⁰Personal interview with Governor Henry Bellmon,

director of public information for the Department of Commerce and Industry at the time of the merger said, "the merger was intended to get rid of Allen; it was probably 90 per cent political."³¹

The candid remarks of two legislators who were coauthors of the merging legislation support Wolf's assessment: "The merger was aimed at legislating Allen out of a job."³² "It the merger was partly due to the desire to get rid of Allen and they legislators realized that Governor Bellmon was not going to get rid of him."³³

Certainly the legislature's direct role in the selection and removal of Mr. Allen is not consistent with the model set forth in Chapter II. Industrial development is a technical function which should be controlled by the executive branch. However, the remarks of legislative and executive officials concerning the origin of the merger and the rationale used in justifying their action is replete with illustrations which reveal an extensive degree of legislative "guidance" of this Department.

Source of the Merger

Both Governor Bellmon and Representative Lou Allard of Drumright indicate that the initiative for the merger of the two executive agencies was with the legislature. Governor Bellmon related that he had sent a message to the legislature requesting the establishment of

³¹Personal interview with Robert Wolf.

³²Personal interview with Representative Curtis Lawson, March 24, 1966, Tulsa, Oklahoma.

³³Personal interview with Senator Robert Murphy.

two new departments, a department of planning and development and a department of parks and lodges; "however, the legislature completely ignored my proposals."³⁴ When questioned concerning the origin of the merging legislation, Representative Allard replied, "the merger was initiated by the legislature...."³⁵

Legislative initiative also is indicated by Representative Heber Finch, Jr.'s rationale for the merger: "The Department of Commerce and Industry would have been abolished or severely emasculated if it had not been merged."³⁶ From the outset the legislature had the upper hand. It was not a matter of whether it was going to change the status quo; rather it was a matter of how the Department would be altered.

Rationale for Merger

Legislators readily admit that the Department of Commerce and Industry was altered for the specific purpose of getting rid of its director. They say that the decision to merge the Department with the Planning and Resources Board was completely legislative in origin. It is within legislative and executive officials' explanations and justifications of the merger that the full extent of legislative domination of the Department becomes most obvious.

The following explanations were offered as reasons for the merger: "it was partly due to a rift between the legislature and the Governor.

³⁴Personal interview with Governor Henry Bellmon.

³⁵Personal interview with Representative Lou Allard.

³⁶Personal interview with Representative Heber Finch, Jr.

"/An effort/ to see which one controlled certain things."³⁷

The merger had to take place because the legislature was determined that "/the Department of/ Commerce and Industry was not going to get any money to speak of. The House had let it be known that it was only going to appropriate a token amount of money.³⁸

Actually the Senate was not in favor of the merger; however, it was a choice between being able to make an appropriation to a merged department or nothing to the old department. J. D. "/McCarty/ told me that I could write the appropriation if I chose to favor the House version of the bill; or if I chose to maintain the old department, he "/McCarty/ would cut off the appropriation to it. It was well-greased from the start.³⁹

The last group of remarks are particularly significant since Senate Bill 327 was referred to the House Rules and Procedures Committee which is chaired by Representative McCarty. Such procedure is indeed strange because it would normally be expected that proposals affecting industrial development would be referred to the House Industrial Development Committee. There was no opportunity to pursue the reason for this action. However, it is commonly known among Oklahoma political observers that Speaker McCarty exercises extensive control over the House of Representatives. Also, the remarks of several legislators indicate that the House leader assumed the major role in the merging action.

It is within the context of the legislators' rationalizing of their removal of Allen as the Director of the Department of Commerce

³⁷ Personal interview with Representative Curtis Lawson, Tulsa, Oklahoma, March 24, 1966.

³⁸ Personal interview with Senator Robert Murphy.

³⁹ Personal interview with Senator Ralph Rhoades of Tulsa, Tulsa, Oklahoma, April 20, 1966. Senator Rhoades was the principle author of Senate Bill 327, which merged the two agencies.

and Industry that not only the extent of the legislature's control over the Department but also their expectations of any executive department are made apparent. Many legislators leave the impression that they honestly think their action was correct. They view the merger of the Department as the proper thing to do since it brought about the removal of a man who was not suited for the demands of the job within the guidelines of the legislature. An excellent example of this attitude is provided by Senator Murphy's critique of Allen's operation of the Department:

Allen had no conception of opening up for free exchange of ideas on how the Commerce and Industry Department should be run; he was not cooperative. He seemed to have the notion that Commerce and Industry was an executive matter--to Hell with the legislature.⁴⁰

Whereas, other legislators summed up their opposition to Mr. Allen with statements such as, "he didn't understand Oklahoma's problems;"⁴¹ or, "I was never impressed with Allen."⁴² Consequently, Allen was removed.

Legislative control over the Department is also indicated through the explanations of two individuals who were staff members of both the Department of Commerce and Industry and its successor, the Industrial Development and Park Department. Tom Daniel, who headed the Information and research Division of the original Department and is currently holding a similar position with the Publicity, Advertising, and Information Division of the newly created Department, explained

⁴⁰Personal interview with Senator Robert Murphy.

⁴¹Personal interview with Senate President Pro Tempore, Clem McSpadden of Claremore, April 19, 1966, Oklahoma City, Oklahoma.

⁴²Personal interview with Representative Heber Finch, Jr.

that "the merging action was due to the legislature's displeasure with the personnel of the Department of Commerce and Industry more than anything else." Elaborating further, Daniel emphasized that Lloyd Allen "could not speak our Oklahoma's language. The political situation in the Northeastern part of the United States is more sophisticated than in Oklahoma. He was not attuned to the legislature."⁴³ Daniel's remarks reflect an awareness of the demands of the Oklahoma legislature. His statements clearly indicate that the success of the director of an executive department is in large measure due to his ability to understand the "politics" of the Oklahoma legislature. Such an interpretation is supported by the comments of Robert Wolf, who was a staff member of both of the Divisions headed by Mr. Daniel. Wolf related that Tom Daniel and Jay Casey, who was the Director of the Industrial Development Division of the Commerce and Industry Department during the administration of Lloyd Allen, were unofficially appointed to do Allen's legislative liason work. Wolf charges that Daniel and Casey "double-crossed" their director.

Casey thought that he was in line to get the new directorship of Industrial Development and Park Department and Daniel was going to take the Washington post as associate director. Casey had Senator Gene Howard and Senator Clem McSpadden, and Daniel had built some support.⁴⁴

Assuming Wolf's assessment to be accurate, it appears that the Department of Commerce and Industry's division chiefs were well aware

⁴³Personal interview with Tom Daniel, who was in charge of the Information and Research Division of the Commerce and Industry Department and currently is in charge of the Publicity and Promotion Division of Industrial Development and Park Department, March 1, 1966, Oklahoma City, Oklahoma.

⁴⁴Personal interview with Robert Wolf.

of the real source of power and were seeking to exploit it. On the other hand, if there is little or no validity in the details of Wolf's account, his remarks clearly indicate that the legislature was recognized by policy-making members of the staff as the source of control over the Department. Both Daniel and Wolf express a common thought: The legislature played a very important role in the operation of the Department of Commerce and Industry.

Evaluation of the Merger

Particularly indicative of the extent of legislative domination over the Department of Commerce and Industry are the remarks made by legislators in regard to the wisdom of the merger. Several members of the legislature express judgments similar to that of Speaker J. D. McCarty when he said, "there probably needs to be a separate department for commerce and industry."⁴⁵ Similarly, Representative Curtis Lawson of Tulsa considers the merger of the industrial development function with the recreational function to be completely undesirable. Lawson said, "it [the merger] is like putting labor and banking together."⁴⁶ Yet he considered the primary end, the removal of Lloyd Allen, to be worth the "expense". Representative Lawson expressed his views as follows:

I was in favor of getting rid of Allen, but I did not favor type of merger that took place. I supported the Bill

⁴⁵Personal interview with J. D. McCarty.

⁴⁶Personal interview with Representative Curtis Lawson, Tulsa, Oklahoma, March 24, 1966.

Senate Bill 327 because the alternative would have been to do nothing.⁴⁷

In short, the legislature was willing to impede, at least temporarily, the development of commerce and industry in order to remove a director which it considered to be "undersirable".

In his evaluation of the merger, Speaker McCarty made a "guarded" prediction concerning the future of the State's industrial development agency. McCarty's prediction is clearly indicative of the nature of legislative control over the agency. McCarty said,

this the Department's future depends to a great extent upon what Representative Hutchins wants, which will be revealed in his "watchdog" or interium committee report and what happens in November in regard to the governor's race. At the present time Hutchins' committee indicates that it is unhappy with the operation of the present Department. The legislature will probably clean out everybody over there. Tye Bledsoe and Charles Monroe⁴⁸ are going to go during the next session.⁴⁹

The Speaker's remarks are particularly significant in light of the fact that he has recently been re-elected by the House Democratic Party Caucus.⁵⁰ If McCarty possessed the ability to include Section XV which empowered the legislature to appoint the associate director, in Senate Bill 327, it is not too unreasonable to predict that he will

⁴⁷Ibid.

⁴⁸Both Bledsoe and Monroe are currently heading divisions of the Industrial Development and Park Department. Bledsoe is the Director of the Division of Parks, Recreation, and Waterways; and Monroe holds the position of Director of the Division of Lodges.

⁴⁹Personal interview with Speaker J. D. McCarty.

⁵⁰Should McCarty win re-election from his Oklahoma county district, which is considered by most political observers to be a foregone conclusion, he will be the Speaker, since the Democratic Party has majority representation cinched due to the large number of uncontested seats.

have a great deal to do with any decision of the next legislature to expand, separate, or consolidate the Industrial Development and Park Department.

Representative Lawson predicts that the next legislature will probably separate the functions of the former agencies once again. Thus, on the basis of these remarks it is indicated that legislative leaders believe that it is "proper" for them to play a direct role in the management of executive departments. Should a department get "out of line" it is the "responsibility" of the legislature to take whatever "corrective action" that it deems necessary. If this means that a director of the Department of Commerce and Industry must be legislatively relieved of his duties, then such will be the case.

Specific Illustrations of Legislative Control

By analyzing the actual legislation which merged the Department of Commerce and Industry with the Oklahoma Planning and Resources Board, the nature of legislative management of an executive department becomes readily apparent. Upon examining the Bill it becomes obvious that the legislature has established a new department which is, at least, temporarily more "suitable" to the dominate political forces of Oklahoma.

As discussed above, one of the primary reasons for the merging of the Department of Commerce and Industry was to get rid of its director, Lloyd Allen. Senate Bill 327 accomplishes this goal through the provisions of Section VII which among other things includes the following statement: "No person shall be appointed Director who has not been a resident and a qualified elector in this State for a period of at least

three years preceding his appointment." Thus, with the passage of this measure, the legislature made it impossible for Governor Bellmon to reappoint Lloyd Allen since he had only resided within the State from the time of his appointment as Director in June of 1963. This was the first time that a residence requirement had been imposed on an official heading an executive department in Oklahoma.

Perhaps one of the most outstanding examples of legislative domination of the Department of Commerce and Industry is the Bill's provision for an associate director, which is incorporated by Section XV:

The Director is hereby authorized and directed to appoint a qualified associate Director, who shall be recommended by the Executive Committee of the State Legislative Council provided, however, if the Legislature is in session when said position is vacant, a six-member committee comprised of three members of the Senate, to be appointed by the President Pro Tempore, and three members of the House of Representatives, to be appointed by the Speaker, shall recommend said appointment.

The Associate Director shall work full time and exclusively for the State of Oklahoma and it shall be his duty to maintain an office in Washington, D. C., to coordinate the efforts of this office with the members of the Oklahoma Congressional Delegation....

Section XV has within it many significant implications, one of which is obvious legislative control of the agency.⁵¹ The legislature is given the power to appoint the associate director, who could easily be an individual in direct conflict with the director, who is hired by the Industrial Development and Park Commission, which is appointed by the Governor. Thus, a situation could arise, under

⁵¹Other indications of this portion of the Act are discussed in the appropriate sections of this thesis.

the provisions of Section XV, whereby the legislature could appoint an individual to deliberately sabotage the Governor's attempt to set policy for the Department through his control over the actual appointment of the director.

Legislative "guidance" of the Department is also illustrated through the rationale of legislators for the inclusion of Section XV in the merging legislation. Senator Clem McSpadden, who was President Pro Tempore at the time of Senate Bill 327's adoption which gave him partial control over the naming of the associate director, rationalizes legislative control of the appointment in terms of his personal interest and responsibility:

Our people are concerned with the development of the Catoosa area; I was doubtful as to what might happen to industrial development. We are more concerned with things of this nature than are other areas of the State.⁵²

While the reason given by Senator Murphy reflects a different type of rationale for including Section XV, it contains the common interest in legislative control which is manifested by Senator McSpadden's statement. Murphy stated, "we want to prevent getting another Lloyd Allen. The legislature just thought that this was a real important job...."⁵³ Both of these statements reflect an attitude that can be "sensed" from a series of interviews with several influential legislators: If the legislature considers a position to be extremely important, then it becomes the responsibility of the legislature to do the hiring or to at least establish guidelines

⁵²Personal interview with Senator Clem McSpadden.

⁵³Personal interview with Senator Robert Murphy.

which give the legislature virtual control over the actual hiring. Such ideas are often reflected by State senators in their attempt to rationalize their control of various other state institutions. Senators feel a "personal responsibility" for giving primary "attention" to state institutions within their districts. Thus, within the minds of many legislators, they do not see their action as undue legislative control of an executive function. In the primitive political environment of Oklahoma this is the legislature's responsibility.⁵⁴

Another specific example of the nature of legislative control of the State's industrial development agency is provided by the reaction to a recent proposal which was presented to a Legislative Council committee meeting concerning the future of industrial development.⁵⁵ The committee meeting was called on April 1, 1966, for the specific purpose of hearing Representative Curtis Lawson's proposal suggesting that industrial development responsibilities be assigned to the office of the lieutenant governor. During the course of his presentation, Representative Lawson explained that it was his intention to give the governor the authority to delegate specific industrial development responsibilities to the lieutenant governor. In other words, it was Lawson's aim to make the governor responsible for industrial development

⁵⁴For an elaborate explanation of this practice see: Lorenzo Tucker Gibson, Jr., "The Political Significance of the Oklahoma Merit System," (unpub. M.A. thesis, Oklahoma State University, 1963), pp. 10-22.

⁵⁵The remarks which are presented herein are based upon what transpired in a Legislative Council committee meeting in which the author was in attendance at Oklahoma City.

through his being able to assign specific responsibilities to the lieutenant governor at any given moment.

According to Representative Lawson's explanation, one of the major reasons for the ineffectiveness of the Department of Commerce and Industry was its lack of prestige among leading industrialists. Lawson suggested that industrial firms could be expected to be much more responsive to the remarks of a field representative who they knew had direct connection with an office of greater significance than a department of commerce and industry.

Whether or not Representative Lawson's proposal was meritorious is of little significance. Rather, it was the committee's response to his proposal which provides a vivid example of the nature of legislative interest in controlling the executive agency. Without hesitation, Representative Ed Cole responded to Lawson's proposal with a suggestion that the legislature rather than the governor should be the branch responsible for the delegation of particular industrial development responsibilities to the lieutenant governor. Although no formal vote was taken on either Lawson's or Cole's proposals, the concensus expressed through the remarks of other committee members definitely favored some form of legislative control. Lieutenant Governor Leo Winters, who had been asked to appear before the committee to offer his opinion concerning Representative Lawson's proposal, expressed agreement with Representative Cole's suggestion. In essence, Winters stated that Lawson's proposal was not sound because lieutenant governors sometimes become politically ambitious. Consequently, the Lieutenant Governor argued that it would be better for the legislature to be responsible for determining the detailed delegation of responsibilities.

Legislative Expectations of Executive Officials

On the basis of their explanations and justifications of the merger, what do the members of the Oklahoma legislature expect from the director of a department such as the Department of Commerce and Industry? First, Oklahoma legislators expect executive officials to be people who are willing to cultivate a personal relationship between themselves and the legislature. For example, Senator McSpadden in his criticism of Allen said that "he Allen never made any overtures to know legislators and their districts."⁵⁶ McSpadden elaborated further by singling out Lloyd Rader, Director of the Oklahoma Department of Public Welfare, as an illustration of his expectations. "Rader drops by to see if there is anything that he can do for you... Allen was never seen."⁵⁷ Other legislators have expressed the same idea in different language: "Robert Breeden is the first director of Oklahoma industrial development agencies who has attempted to communicate with legislators."⁵⁸ Members of the legislature expect officials of the executive branch to maintain close contact with the legislature. Department heads must be able to at least cause legislators to think that they appreciate legislative assistance and advice in the operation of their departments.

⁵⁶Personal interview with Senator Clem McSpadden.

⁵⁷Ibid.

⁵⁸Personal interview with Senator Robert Murphy.

Judging from the comments of Senator Robert Murphy, legislators like to feel that they are "wanted" when they are dealing with a department head. Senator Murphy explains: "Legislators felt they were not wanted by the Allen people. Allen had poor public relations with the legislature."⁵⁹ Senator Murphy cited as a specific example an incident that occurred when he was meeting with members of the Governor's Economic Development Commission and Allen. When the meeting adjourned for lunch, without inviting Senator Murphy, Allen told Murphy that he was going to have lunch with the Commissioners.

Representative Lou Allard's explanation of Lloyd Rader's rapport with the legislature provides an excellent example of a department head who is aware of both the legislature's demand for "communication" and making legislators feel that they are "wanted".

What he [Rader] does is plant a seed with the legislature after he has made up his mind. He drops by legislators' offices asking if he can do something for them when he is actually just causing them to think that they originated the idea.⁶⁰

Legislators are well aware of the fact that the legislature is the master of executive departments. Influential legislative members expect department heads to "recognize" legislative power, even if it means doing nothing other than "playing politics" in the manner cited in the Rader example.

Legislators also expect an executive agency's director to understand and appreciate the legislator's need for political patronage. Legislators typically express such an idea by saying something

⁵⁹Personal interview with Senator Robert Murphy.

⁶⁰Personal interview with Representative Lou Allard.

such as, "I don't usually get involved in patronage; however, if I think that someone is in need of a job I may ask for at least temporary employment and I expect to get some cooperation." According to Representative Lou Allard, political patronage does cause certain directors of executive agencies some degree of difficulty.

Directors get pressure for part-time and unclassified jobs such as weed-cutting, etc. Many of these people /department heads/ get into trouble by turning up their nose toward legislators. When they /the legislature/ get people who will not give them any consideration, then the legislature usually gets fired up.⁶¹

Representative Allard is reiterating the thought central to many of the remarks cited above; legislators expect a department head to be more than just a good administrator. Legislators expect members of the executive branch to be aware of the nature of the state's political situation and to be willing to "cooperate" with a legislator's effort to maintain himself as a part of that system.

On the basis of the expectations of Oklahoma legislators, it is quite obvious that a successful director of the industrial development agency in Oklahoma must be one who is able to recognize and professionally deal with the political forces at hand, namely, those of the Oklahoma legislature. Likewise, judging from various evaluations of Lloyd Allen's performance, it is highly doubtful that he possessed the necessary political ability and finesse to deal with the "political jungle" which encompassed the Department of Commerce and Industry.

Most legislators describe Allen as a nice guy, an honest man, or a sincere man. However, Allen's official employers the Governor and

⁶¹Ibid.

the Chairman of the Economic Development Commission, both expressed similar opinions concerning Allen's political ability. Governor Bellmon said that the nicest thing that could be said concerning Lloyd Allen's political competency would be to call him "a political novice".⁶² The Governor related how he had taken steps to work out an arrangement for a special meeting with certain key legislators after the Governor had become aware of the Department's need for a special appropriation, only to have his efforts thwarted by Allen's political ineptness. Governor Bellmon said that at the very outset of the ad hoc meeting Allen proceeded to "inform the legislators that they were not going to play politics with his Allen's department."⁶³

Ed Malzahn, Chairman of the Industrial Development and Park Commission, reflected an evaluation of Allen's political ability which was very similar although not nearly as elaborate as that expressed by the Governor. When asked whether he believed Allen would have been able to direct the Industrial Development and Park Department, which now encompasses recreation as well as industrial development, Malzahn replied, "there is much more politics involved in the operations of parks; this is where he would have had his most difficulty."⁶⁴ Although Malzahn did not elaborate any further, he definitely implied that Allen had difficulty with political situations.

Based upon the remarks of several members of the Oklahoma legislature concerning the success of Lloyd Rader, as the Director of

⁶²Personal interview with Governor Henry Bellmon.

⁶³Ibid.

⁶⁴Personal interview with Ed Malzahn.

the State Department of Public Welfare, there is reason to believe that political astuteness is a necessary prerequisite to achieving success in any department of the executive branch in Oklahoma state government. Certainly the Department of Commerce and Industry, with its extensive history of political difficulty would be one of the most demanding departments. Thus, within such a context the position may have been too much for Lloyd Allen to handle.

Partisan Politics

As has been stated above, the merger of the Commerce and Industry Department with the Planning and Resources Board was partially designed for the purpose of removing Lloyd Allen from the Director's post. There are several factors which indicate that this action may have been primarily partisan in nature. Mr. Allen was a Republican from Maine who was brought in at the request of Governor Bellmon, the State's first Republican governor, over the strong objections of an overwhelmingly Democratic legislature.⁶⁵ The presence of these circumstances indicate that the decision to get rid of Mr. Allen through the process of legislation may have resulted from the partisan motivations of the Democratic leadership.

It was during the course of an interview with Senator Robert Murphy that partisan politics was first mentioned. Senator Murphy indicated that he thought Mr. Allen's operation of the Department was partially related to a partisan motivation. In explaining Allen's "negative" attitude toward the Democratic legislature Murphy expressed that it

⁶⁵See footnote 16, Chapter IV.

was his personal opinion "that Allen was under a great deal of pressure from people like Drew Mason⁶⁶--that he /Allen/ had a responsibility to build the Republican Party." Murphy continued by adding that "Allen might have been fooled by Bellmon when he came to the State. He seemed to have the impression that the Republican Party had a great deal more power than it actually had."⁶⁷

The significance of Senator Murphy's statements stems not from the extent or degree of their validity; rather, it is the fact that a Democratic legislator believed that Governor Bellmon was either personally, or through his personal assistants, injecting "Republican politics" into the operation of the Department of Commerce and Industry. Consequently, the legislature could rationalize its opposition to Allen's management of the Department.

Whether such an interpretation is valid or not, partisan politics did, in fact, enter into the Department of Commerce and Industry's relationship with the legislature. Particularly significant are the provisions of Section XV of Senate Bill 327 which merged the Department with the Planning and Resources Board. It was Section XV which gave the legislature control over the appointment of the Department's associate director. It is the legislator's explanations of Section XV which reveal the nature of the partisan motivations which entered into the merging action. Senator Rhoades, a Tulsa Republican who was one of the principle architects of Senate Bill 327

⁶⁶Mr. Drew Mason is an executive assistant to Governor Henry Bellmon.

⁶⁷Personal interview with Senator Robert Murphy.

said:

The Washington man's appointment by the legislature was inserted in the House, apparently under the influence of J. D. McCarty. McCarty made it in the form of an ultimatum. It was a personal thing between McCarty and Governor Bellmon. McCarty said that the only way to get anything from Bellmon is to take it. Hell! he Bellmon doesn't give you Republicans a damned thing. He wants all the glory. McCarty said that he was tired of Bellmon "crapping" on the legislature.⁶⁸

Senator Rhoades' remarks are supported by the comments of other legislators who likewise indicate that a partisan motivation was involved in the drafting and adoption of Section XV. Representative Curtis Lawson remarked "without this attached to the Bill, the Committee would have killed it."⁶⁹ Reflecting a similar kind of rationale, Senator Robert Murphy said, "the House was particularly interested in having some influence over this appointment." Murphy continued, "the Washington position is Senator Roy Boecher's pet job. If he wants it to remain, it probably will."⁷⁰

Speaker J. D. McCarty's personal observations on the legislature's control of the associate director's position provide additional evidence of the partisan considerations which entered into the legislature's action. When the Industrial Development and Park Commission eventually made the selection of the associate director following an Attorney General's opinion which declared Section XV of Senate Bill

⁶⁸Personal interview with Senator Ralph Rhoades.

⁶⁹Personal interview with Representative Curtis Lawson, Tulsa, Oklahoma, March 24, 1966.

⁷⁰Personal interview with Senator Robert Murphy.

327 to be unconstitutional,⁷¹ McCarty retorted, "a Republican won't do us much good up there."⁷² McCarty pursued a similar theme in a personal interview some months later.

He /Governor Bellmon/ should have appointed a man who could get along with the Oklahoma Democratic delegation and a Democratic President. Perhaps if Eisenhower were in the White House, it /the appointment of a Republican/ might have been okay.⁷³

McCarty's remarks bring out another reason for the legislature's control of the appointment of the Industrial Development and Park Department's associate director. The legislature wanted to use the associate director as a liason between the Oklahoma Congressional delegation and the State legislature. Representative Heber Finch, Jr. indicated that this was one of the major reasons for the legislature's inclusion of Section XV in the Bill. "The legislature wanted a liason man between /our/ Congressmen and the State legislature. They wanted to make a contact man for the legislature. They didn't want a Republican."⁷⁴

Representative Finch added yet another partisan explanation for the legislature's decision to make the appointment of the Department's number two man when he remarked,

they /the legislature/ never would have established the post if they had known they could not make the appointment; because, the legislature feared that Bud Wilkinson would

⁷¹According to the Oklahoma City Times, July 26, 1965, "the Attorney General ruled that provisions of the bill providing that ~~that~~ legislature 'recommend' the appointment /of the associate director/ constitutes an encroachment of executive power by the legislative branch of government."

⁷²Ibid.

⁷³Personal interview with Speaker J. D. McCarty.

⁷⁴Personal interview with Representative Heber Finch, Jr.

be appointed in order that he might be kept in the "limelight" to later run against U. S. Senator Monroney.⁷⁵

There is no indication as to the number of legislators who maintained views similar to those held by Finch; however, there is no doubt that partisan motivation had much to do with Finch's voting for legislative control over the appointment of the Washington assistant. Finch's remarks must be given consideration since he is one of the senior members of the House, having first been elected in 1954. It is an established fact that some of the same type of thinking as that expressed by Representative Finch was widespread enough to draw comment from the press. The Daily Oklahoman remarked: "Legislators wanted to control the appointment of the associate director so a governor could not use the Washington man as a campaign aid."⁷⁶ Thus, on the basis of the evidence presented it does seem safe to conclude that partisan motivations definitely played a role in the adoption of Senate Bill 327 through the provisions of Section XV.

If this is true, why did the Republican Governor sign the Bill? It is highly probable that the legislature would have overridden a gubernatorial veto since little legislative opposition was expressed to any portion of the bill. Also, the Governor explained, that he signed the bill after he had called the Attorney General's office and was told that Section XV would be unconstitutional.⁷⁷ Consequently,

⁷⁵Ibid.

⁷⁶The Daily Oklahoman, December 14, 1965.

⁷⁷Personal interview with Governor Henry Bellmon.

there was no need for Governor Bellmon to get embroiled in an unnecessary conflict with the Democratic legislature.

As indicated throughout this chapter, the legislature completely dominated the operation and development of the various executive agencies relating to industrial development.

CHAPTER V

CONCLUSIONS

Following the pattern of the more industrialized states, Oklahoma sought to encourage and promote industrial development in the state by establishing a full-time governmental department in February of 1955 for promoting industrial development. Prior to the establishment of this separate agency, the promotion of industrial development had been one of the many functions of the Oklahoma Planning and Resources Board. Many economic interests in the state desire industrial development, but there is a problem directly related to state government that seems to make it compelling. As a result of the increase in the demand for state services at a rate greater than the growth in the state's financial resources, it became necessary to seek new sources of revenue. Many legislators saw economic growth through industrial development as a method for increasing the State's tax base and consequently its revenues. Thus, it was decided that the state should assume an aggressive role in the promotion of industrial development. To perform this role, the state development agency was raised to the level of a department--the Department of Commerce and Industry.

The Department of Commerce and Industry was rather short lived. Although it was established with virtually unanimous legislative support and rationalized on the basis of improving the economic status of the people of the state, and increasing state revenues, within ten

years this support had vanished. Following several unsuccessful attempts to alter the Department, it was eventually abolished by means of merging it with the Planning and Resources Board in June of 1965. After only ten years, the legislature had returned the agency to virtually the same status which it had prior to the 1955 Act.

Senate Bill 327, which once again combined these two executive agencies, seemed not to be primarily motivated by a desire to increase the efficiency of the industrial development effort. The primary problem reflected in the legislature's response to the Department relates to a political contest between the Governor and the Legislature, and to a question of competency of the directors of the Department. When the Department was first created, there was an extraordinarily close relationship between the legislature and the governor's office. However, with the election of J. Howard Edmondson in 1958, this rapport began to deteriorate. By 1961 the relationship between the legislature and the governor was so strained that it was difficult for these two branches to act jointly on constrictive issues confronting them. This legislative-executive hostility extended to all agencies under the direction of the governor.

Although the industrial development agency was technically under the supervision and control of the Governor's Economic Development Commission, the legislature was aware of the reality that it was the governor who directed the agency. Consequently, the legislature associated Max Genet's direction of the agency with Governor Edmondson. Genet did not improve the general legislative attitude toward the Department when it was learned that he had deposited Departmental funds to his personal account. Nor was the legislative hostility

toward the Department moderated with Governor Bellmon's selection of Lloyd Allen, a New England Republican, as Genet's successor. Allen did not successfully relate to the legislature, though he was dependent upon it for appropriations. Legislators looked upon him as being a "foreigner", and considered him to be politically incompetent. They abolished the Department to get rid of him.

The problem is more basic than a conflict of personalities, however. Since the promotion of industrial development also has been an activity of local chambers of commerce, perhaps there was no deeply felt need in either branch of government for the creation of a functioning department level agency. Rural political forces dominated the legislature during the period of time considered in this study, though urban political pressures were significant on the state political scene. No doubt Governor Gary, who provided the leadership necessary for establishing the Department of Commerce and Industry, was merely appealing to urban political forces for support in his bid for statewide political office. He was fortunate in having solid legislative support for his programs. Whereas, Governor Edmondson, coming from the city [Tulsa], did not enjoy a stable political backing in the rural dominated legislature. In fact, he soon became embroiled in conflict with the legislature over the reapportionment issue which threatened the power base of the legislative leadership. Bellmon, a Republican, who probably was elected in part because of division in the Democratic Party, could naturally expect to have difficulty with a legislature dominated by the Democratic Party. Certainly Edmondson, a city Democrat and Bellmon a rural Republican, were unable to provide the necessary leadership to create a functioning Department. Both of these

men demonstrated a lack of political astuteness in their unwise appointments to the Directorship of the Department of Commerce and Industry for which they must be held responsible. The legislature, already sensitive to activities of the executive for rather basic political reasons, was provided a ready-made rationalization for merging the Department with the Planning and Resources Board.

The creation of a functioning department of government requires a broad base of political support. The department being created must satisfy fundamental needs of the society, and above all, appeal to the various political forces on which its life depends. A competent leadership is required to guide the development of the organization created to provide the new function of government. Certainly, the governor, who confronts the day-to-day needs of the political community, must provide this leadership in a state; but the legislature must be responsive and constructive which, of course, means that it, too, senses the problems involved and desires solutions for them.

This study reveals that there has been a deficiency in executive leadership, and an inadequacy in legislative response to the problem of promoting industrial development in the state. The attempt to establish a state development agency has brought to the surface political conflicts that have nullified the effect. A sensitive legislature, required to authorize the basic structure, and provide the appropriations necessary for its functioning, has frequently changed the structure, starved the organization in its appropriations, and has interfered with its management. Because of this, the Department of Commerce and Industry was never able to become an established institution of Oklahoma government.

Members of the Oklahoma legislature believe that they must control the industrial development agency if it is to function "effectively". They reflect, in their comments, a distrust of the Governor's capability in guiding the agency so that the interests of all localities in the state will benefit from its activities. The rural legislators are particularly concerned with this problem. Legislative consideration of Representative Curtis Lawson's proposal to assign industrial development responsibilities to the lieutenant governor provides an outstanding illustration of the rural-urban conflict. The statements of Lieutenant Governor Leo Winters, who had been asked to appear before the Legislative Council Committee as a witness, convey the typical thinking of the legislature. In his evaluation of the Lawson proposal Winters remarked, "keeping the throttle in the legislature is good. You might get a man who means well but is not in line with the ideas of the 'outlying areas', who might spend money unwisely."¹ Lieutenant Governor Winters continued to explain how a good effective industrial development department must have something to keep it "attuned to the people on the local level."² Dean Richard Poole's comments on Allen's problems with the legislature supports this. Explaining the legislature's intense hostility toward Lloyd Allen, Dean Poole remarked, "Allen ran into hostility due to the fact that he was both a Republican and a Yankee. The combination of the two was just too much for a rurally oriented legislature."³

¹Legislative Council Industrial Development Committee Meeting, April 1, 1966, Oklahoma City, Oklahoma.

²Ibid.

³Personal interview with Dean Richard Poole.

The 1965 legislation illustrates the legislature's interest in dominating the development agency. Specifically, it provided that the Oklahoma Legislature appoint the Associate Director. This would assure the Democratically dominated legislature that a Democrat would be appointed to this position even if there was a Republican Governor. It would also ensure the legislative leadership a voice in the functioning of the agency.

While fundamental political conditions necessary for the creation of a functioning industrial development agency have not existed in Oklahoma, nevertheless, three different structures have been attempted. None of these three organizations have been adequately structured to insulate the technical operation from undue political interference. This study did not give much attention to the Division of Industrial Development and State Planning which was under the supervision of the Planning and Resources Board. Research revealed that it was not very active. The concern of this study focused on the Commerce and Industry Department which was created in 1955, and the Industrial Development and Park Department which was created in 1965.

The Commerce and Industry Department conformed more closely to the model industrial development agency elaborated upon in Chapter II, than does the Industrial Development and Park Department. The basic legal structure of the Department of Commerce and Industry was quite comparable to the model agency. Ostensibly, the Director was to be chosen through a Commission which was appointed by the governor. However, the basic weakness of the Oklahoma agency stemmed from the "politics" emanating from the nature of the Commission. Although the State Economic Development Act of 1955 provided for the development

of a staggered expiration of terms feature, it did not immediately serve to free the Department from political struggles. The Governor's Economic Development Commission was directly identified with the particular governor in office. Actually, under the provisions of the Act it would be February, 1967, before the entire Commission's membership would no longer be controlled by one particular governor.⁴ As provided by the legislation creating the Commission, the entire membership of the initial Commission was to be appointed by Governor Gary. Some of these members were to have served until 1961. Following the 1961 alteration of the Commission, six new members were appointed to serve until February, 1963. In February, 1963, Governor Bellmon appointed six members to the Commission. Although two of the Commissioners' terms expired in February of 1965, Governor Bellmon, or whoever may have become governor in 1963, would in fact control the entire membership of the Commission until February of 1967. Consequently, the Commission, which was theoretically established for the purpose of removing the direction of the State's industrial development agency from partisan politics, was often looked upon by members of the legislature as nothing other than a political tool of the governor. Thus, the legislature was not hesitant in deciding to alter or abolish the industrial development agency.

It is believed that the Oklahoma development agency may have become more vulnerable to "political maneuvering" due to the absence of a bi-partisan membership requirement as is provided for in the

⁴Oklahoma, Oklahoma Statutes 1961, Title 74, sec. 675.

model agency. It should be noted that the Commission did not get involved in "political bickering" until the legislature and the Governor became involved in a political struggle. When the feud between the legislature and Governor J. Howard Edmondson became extremely intense in 1961, the conflict extended to the industrial development agency. This is indicative of the fundamental nature of the weakness of the law creating the Department of Commerce and Industry. There should never be such a close relationship between the operation of a technical agency and the degree of harmony or conflict between the executive and legislative branches.

The Oklahoma Industrial Development and Park Department in contrast to the model agency combines industrial development with other functions of state government. Particularly significant is the fact that the Oklahoma agency is also responsible for the management of state parks. On the basis of the remarks of legislators interviewed during the course of this study, state parks are usually considered to be within the political domain of the legislators. Parks are one of the few things which provide the legislator with tangible evidence of his concern for the "home folks". Although the operation of parks may appear to be a trivial matter, it may become very important to the legislator when confronted by a challenge for his job. Consequently, with the management of state parks intermingled with industrial development, the chances for the direct involvement of "legislative politics" is rather great. Should a problem of major proportion arise due to the operation of these recreational facilities, it could serve to jeopardize the future of the entire development agency.

A more subtle weakness is that which stems from the lack of a bi-partisan requirement in the law creating the Oklahoma agency. Senate Bill 327 did not place a bi-partisan requirement on the governor's appointment of Commission members. Under the law establishing the Department, Commissioners' terms are to expire so that eventually one governor does not appoint the entire membership. However, when the original commission is created the governor makes all of the initial appointments. Since there is not a bi-partisan requirement, the governor usually appoints commissioners of the same political party. Such practice causes critics to view the commission as nothing other than a political parking-ground of the governor. For example, one critic of the present Commission labeled it as "a bunch of small-town Republicans."⁵ Because of attitudes such as this, the legislature has not hesitated to interfere with the commission. This results in the creation of a situation in which the industrial development agency is unable to escape the vicious cycle of partisan politics.

Perhaps one answer to the problem stated above lies in the establishment of a statutory bi-partisan governing board or commission, as provided by the model agency and as has been established by some of Oklahoma's neighbors.⁶ Such a requirement could give the industrial development agency an opportunity to establish a tradition which is other than political in nature. An effective industrial development agency will become a reality when it is recognized for its technical competency.

⁵Personal interview with Robert Wolf.

⁶Supra, p. 23.

The governor can play a major role in altering the image of the state development agency. The governor should be more politically astute in his appointments so that persons are appointed who are not so objectionable to the legislature. Unless the Commission, which is responsible for the selection of the Director, is able to relate to the dominant political forces of the legislature, it is unlikely that a Director who is capable of coping with such potent force will be appointed.

Another weakness lies in the fact that the Commissions' power to appoint the Director is curtailed by the statutory three-year residence requirement. Although this does not give the legislature control of the appointment, it does subject the executive branch to an extraordinary limitation which is inconsistent with the basic objective of the model agency--the establishment of a politically independent development agency.

The functioning of both the Department of Commerce and Industry and the Industrial Development and Park Department has served to increase their vulnerability to legislative hostility. These agencies have placed primary emphasis on the promotional-personal contact method of operation rather than the more indirect "supplementary-supporting" approach employed by successful agencies such as the Texas Industrial Commission.

It was extensive travel which became the target of the legislature in the case of the Department of Commerce and Industry. As expressed by a former staff member, "the Department got to looking too much toward bringing industry from New York and Chicago--the big headline

stuff."⁷ Representative Curtis Lawson, who attributes the failure of the Department of Commerce and Industry directly to what he labels as its attempt to pursue a "futile goal," said,

they were running around the country trying to bring in industry. The Commerce and Industry Department or no other such department will ever be able to accomplish such a feat. There are only 1,500 new plants started each year with approximately 5,000 cities going after them. The law of averages runs against getting these. If the Commerce and Industry Department gets one industry a year, it would be getting a fair percentage. However, the legislature will never tolerate such extensive expenditures by a department accomplishing such meager results.⁸

The promotional approach makes the industrial development agency vulnerable to legislative attack from two different angles. First, as indicated above, legislators often become critical of money being spent for matters such as the entertainment of corporate executives. It is often rather popular with the "home folks" for a legislator to indulge in a bit of demagoguery when it concerns money being spent in "swank, dim-lighted New York night clubs." Secondly, with the department directly involved in the contacting of industrialists, it becomes subject to charges of favoritism when a firm locates somewhere other than within a particular legislator's district.

On the basis of the remarks of individuals directly involved in state government, legislative interference with the attempts to establish an effective industrial development agency has resulted in a general lack of confidence in the Oklahoma agency. This has resulted in the creation of a situation in which it has become extremely

⁷Personal interview with Robert Wolf.

⁸Personal interview with Representative Curtis Lawson, Tulsa, Oklahoma, March 24, 1966.

difficult to attract competent personnel to the agency. Consequently, the State's industrial development effort continues to find itself "locked" in a vicious cycle of ineffectiveness.

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