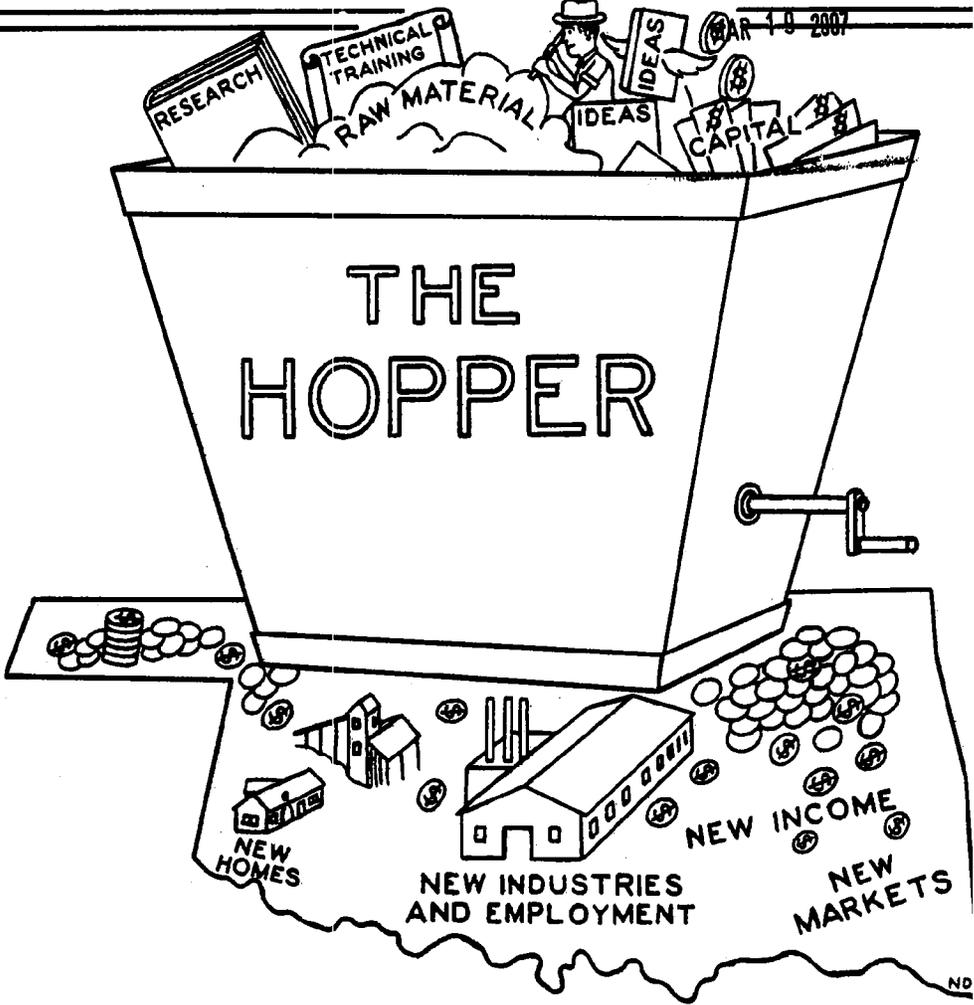


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## UNFAVORABLE FACTORS IN OKLAHOMA AND THEIR REMEDIES

by

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Before 1949 Oklahoma Industrial and Mineral  
Industries Conference, Norman, September 30

It's a distinct honor to appear on this panel with such distinguished colleagues. My only hope is that I may be able to contribute a few morsels worthy of consideration in this discussion of unfavorable factors in Oklahoma.

I want to preface my brief remarks with the flat statement that there are many, many more favorable factors in Oklahoma than unfavorable.

It has been my misfortune for the past several years to be cast in the role of a critic. It's a role I do not particularly enjoy. I'd much rather point with pride than view with alarm. Since that is the case I do try to be both friendly and constructive in my criticisms. And I hope any critical remarks I may make here and now will be taken in that light.

Certainly a great many things have been done in the three and one-half years I have been in Oklahoma to eliminate the unfavorable factors which we are discussing today. The work of the interim taxation committee, chaired by Senator Nance, during 1946 turned the key and the 1947 session of the legislature opened the door and spread the welcome mat to industrial expansion.

Prior to 1946 I am told that our state atmosphere was forbidding to industry. We were discriminatory in our attitude toward industry. We were an agricultural state and we were laboring under the false premise that agriculture and industry

could not both thrive in the same economic climate.

As a result since statehood we have been shipping the products of our farms, our wells and our mines to other states to be processed into consumer goods. Along with every dollar of raw products shipped from our state, we were also shipping away at least seven dollars in potential income. Income we should have kept - and should be keeping now - in order to improve our standard of living. Income we can use to good advantage to build needed roads; to provide better educational facilities for our children and to pay for a great many other things we need and would like to have.

Another result of this forbidding attitude is the fact that many Oklahomans who have accumulated money from the state's natural resources have not been willing to pour it back into the development of Oklahoma. That picture is changing and changing rapidly. The progress we have made in the last four years must not be impeded. Rather it should be accelerated!

We are still an agricultural state. Agriculture in the future as in the past will continue to be one of our major sources of income. But agriculture will continue progressively to provide fewer jobs for our people.

When Oklahoma became a state it took 64 hours of labor to sow and reap an acre of wheat; now it takes two and one-half hours. As a result of mechanization we shall continue to produce more with fewer people.

Jobs must be provided these displaced people if we are to keep them within our borders. I don't know what the 1950 census will show but our figures now show that 50 percent of our people are living in towns and cities of 2,000 and over.

That in itself constitutes a real reason why we must continue to expand our industry. I'm not talking about bringing General Motors down here from Detroit. I'm talking about processing Oklahoma produce into consumer goods, by Oklahoma labor, equipped with Oklahoma capital.

The most rural county in Oklahoma has a definite stake in this matter. Its people should be made acquainted with that fact and their attitude should be reflected by their representation in the State Legislature.

I presume we are all in agreement that taxes do constitute a sizeable portion of the operating cost in both industry and agriculture. Consequently the tax situation must be taken into consideration by any person or corporation desirous of moving or establishing a new plant or factory.

Prentice-Hale emphasizes this fact in the first letter of its new service, "State and Local Tax News." I quote from this letter, "If you aim to branch out into other states note this - the move should be checked tax-wise before you make it. New tax laws in many states may make the venture unprofitable. What about considering other states having far lower taxes?"

Thus we are in competition with other states for new industry just the same as main street merchants are in competition with each other for business.

How do we compare with surrounding states in this competitive field? Before attempting to answer that question I want to emphasize that there is no such thing as an accurate over-all yardstick.

However in 1945 we had the fifth highest per capita state tax collection in the nation and were higher than any of our neighboring states. If we

are to accept this as a yardstick we have made considerable improvement in our position. In 1948, the last year for which complete figures for all states are available we ranked ninth among all the states and were lower than two of our neighboring states.

In pointing out our relatively high position on the totem pole of per capita tax collections, I do not mean to infer that our state taxes or state expenditures are too high at the present time.

Our job - and I mean "we-all" in this case - is to see that they do not go higher and that we make better use of the money we are now spending.

If we are to attain these two objectives we need improvements in several areas of government. I shall mention a few.

1. We need to improve our state purchasing procedure. Steps are being taken right now to accomplish this.
2. We need to establish a workable personnel system for state employees. An attempt was made to set up such a system at the last session. Our organization has recommended a compromise between the spoils system and an out-and-out civil service set up. It is to be hoped that something will be done about this situation in 1951.
3. School reorganization is a must for our state. State aid has increased from \$14 million in 1940 to \$32 million in 1949. Yet most people are dissatisfied with the educational facilities we are providing for our children and our average teacher salaries are lower than in some of our neighboring states.

4. We desperately need better rural roads. In the past seven years we have spent more than \$80 million dollars on county roads, exculsive of the farm-to-market program - yet only 12 percent of our 89,000 miles of rural roads are now all-weathered. The 49th session of the Legislature recognized this deplorable situation and sought to remedy it by levying an additional one cent gasoline tax for county roads. It is now up to the people of each county to see that this money is not wasted.

And it will be in some counties unless people waken up. We have in the office figures published by commissioners of 7 counties on the cost of putting gravel on rural roads. They range from a low of \$1500 per mile to a high of \$5000 per mile. If this latter figure prevails, Oklahoma farmers will still be mired in the mud in 2049.

5. Welfare constitutes another one of our real problems. Last year 40 cents out of every dollar spent by our state government was for welfare. This is disporportionately high.

It's not good advertising for our state to lead the nation percentage-wise in the number of children on our aid-to-dependent children rolls, and to rank second in the number on our old-age assistance rolls.

Further for the past ten months we have been depleting our old age assistance fund month-by-month.

Such being the case it is apparent that the time has come for us to re-examine

this function of government and to chart a new course if we are to avoid disaster for all - including those we mean to help.

6. While workmen's compensation is not considered in the tax picture it certainly is a major item in the cost of doing business. It also constitutes one of the biggest obstacles to industrial development in this state.

But even in this area we have made progress as reflected in the recent action by the state insurance board ordering an over-all reduction of 6.6 percent in compensation insurance rates. They are still higher, however, than in surrounding states.

Much work has been done by the interim taxation committee and the legislative council to correct this situation. Still further improvement is needed. Both labor and management have a definite stake in this matter and should work together in developing a solution which will provide protection for both employee and employer.

Through a constructive approach to these and many other problems which I have not mentioned we can hold the line in Oklahoma. We can retain a favorable position in a highly competitive field.

We must do so!

The very first thing I would want to know if I were seeking a site for a new business or factory is what is the attitude of the people? Are they interested in good government? If the answer is yes then I could be confident that my tax burden would be equitable and reasonable and I could also be confident that the services I expect from the

government would be performed efficiently and economically.

The arousing of this interest on the part of all citizens is our biggest job in Oklahoma.

May I repeat that we have many, many more favorable than unfavorable factors in Oklahoma at the present time.

All we need do is sell Oklahoma to Oklahomans. By doing so we can continue the progress started in 1947.

Let's stop griping about the things we don't have. In that very field lies our challenge and our opportunity for the future.

OKLAHOMA INDUSTRIAL DEVELOPMENT COUNCIL

by

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Director of the Bureau of Business Research  
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During the 1949 annual meeting of the Oklahoma Industrial and Mineral Industries Conference, an organization was formed which is of importance to every citizen interested in the progress and future of Oklahoma. The new organization was formed to promote the industrial development of the State, and in that capacity may affect the lives of every Oklahoman. Wealth and industrial development go hand in hand throughout the world, so all Oklahomans stand to improve their economic status if the Oklahoma Industrial Development Council is successful in its efforts to bring more industrialization to Oklahoma.

The new organization was formed in response to a recognized need. After the war, business and civic leaders realized that industrial progress was necessary for the State's well being, and they initiated efforts to deal with the situation. In the past many communities of Oklahoma have been promoting industrial growth, but no particular efforts on a state-wide basis were made until 1947. During 1947 the famous "Oklahoma Industrial Tour" was conducted into the East. A trainload of 170 Oklahoma businessmen visited thirteen of the nation's largest industrial centers with exhibits which described the state's resources and facilities. This project served to focus much favorable publicity on Oklahoma, and it is expected that the effects of the "Oklahoma Industrial Tour" will be felt for many years to come.

Another effort to promote the industrial development of Oklahoma took place in the fall of 1947 when a conference was called at Tulsa to integrate the various interests of the State in its industrial growth. Included in this meeting was the Minerals Industries Conference sponsored by the Oklahoma Geological Survey, and the Industrial Conference sponsored by the Tulsa Chamber of Commerce. The personnel of the Industrial Tour group were also included among the organizations. This conference was entitled "The Industrial and Mineral Industries Conference." The Oklahoma Planning and Resources Board was selected as the agency to provide the impetus for the Industrial program of the State. In 1948 the Industrial and Mineral Industries Conference was held in Oklahoma City, and the "Made in Oklahoma" manufacturers exposition was the principal feature of the 1948 Conference.

In 1949 the Industrial and Mineral Industries Conference met in Norman on the campus of the University of Oklahoma. It was during this meeting that the plans for the Oklahoma Industrial Development Council were formed. State leaders attending

the 1949 Conference recognized that the group had neither an official designation nor officers to direct its activity. Rather, it represented the efforts of a few individuals who desired that the previous work be carried on, and supplemented if possible. Therefore, it was finally decided to cement together the minerals and industries groups, since it became evident that their interests and aims were similar, mainly the promotion of Oklahoma's industrial growth. With this objective in mind a committee was appointed under the direction of Mr. Harold Wright, Manager, Industrial Department, Tulsa Chamber of Commerce. The committee indicated that a new organization was desirable, to be called the Oklahoma Industrial Development Council. This organization was to combine all of the desirable features of the previous groups and to carry on the efforts of the organization to new horizons. The organization was to be a non-partisan group of businessmen and industrial leaders working toward the development and utilization of Oklahoma's human, industrial, and mineral resources.

An executive committee of the Oklahoma Industrial Development Council was appointed, with a representative from southeast, southwest, northeast, and northwest Oklahoma, in addition to a Tulsa representative and an Oklahoma City representative. The Bureau of Business Research at the University of Oklahoma was designated as the fact finding agency of the organization as well as the permanent address of the OI DC. Organization of the new group was started at a meeting held in Oklahoma City, December 7, where officers were elected. Oscar Monrad, Vice President of the First National Bank & Trust Company, Oklahoma City, was unanimously elected to be the first chairman of OI DC. Harold Godschalk of the George E. Failing Supply Company, Enid, was elected Vice Chairman. Prof. Francis Cella, Director of the Bureau of Business Research, Norman, was elected Secretary. Serving on the Executive Committee are Sam Sheehan of Sapulpa, Keith Marshall

of Ada, Milton Keating of Lawton, Victor Barnett of Tulsa, and Paul Strasbaugh of Oklahoma City.

As a general objective the OIIC has set out to "Sell Oklahoma to Oklahomans" on the basis of what the State possesses, and on the basis of what the State needs. When this has been accomplished, efforts to sell Oklahoma and Oklahoma's possibilities to people outside the state will be facilitated immeasurably. If the state is to develop and hold its place within the nation it will require the efforts and the support of every individual of Oklahoma. It is apparent that the extent to which processing and manufacturing adds to the income of the people is not clearly understood in Oklahoma. Consequently, Oklahomans ship the natural resources of the state to other states for processing and then they purchase the finished goods from the manufacturers of other states. These manufacturing operations add immeasurably to the wealth of the raw materials, but this wealth passes to the people who are carrying on the manufacturing activities.

If Oklahoma is to increase the per capita income of its people it will be necessary to obtain manufacturing industries and their accompanying wealth. At the present time Oklahoma has a predominance of low income agriculture and a shortage of high income manufacturing. This must be corrected before the State can hope to keep pace with the industrial expansion which has taken place in the Southwest. What this means to Oklahomans is evident from the comparisons between the economic purchase of people in the industrial and the agricultural states. These comparisons show that merchants achieve a higher sales volume in the rich industrial states. Salaries of workers, teachers, etc., are also higher in industrial states. Markets for agricultural products are better in areas where industry has provided a greater purchasing power for the individuals.