

# *A History of the American Economic Development Council, 1926-1960*

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*THE ARTICLE DOCUMENTS THE HISTORY OF THE AMERICAN ECONOMIC DEVELOPMENT COUNCIL FROM 1926 TO 1960. THE ORIGINAL REPORT, WRITTEN BY J. HUBER DENN, WAS EDITED BY WEBB TO CONDENSE THE MATERIAL TO AN APPROPRIATE LENGTH FOR PUBLICATION.*

## ***THE EARLY YEARS***

In the early Spring of 1926, Mr. F. Stuart Fitzpatrick of the Chamber of Commerce of the United States headed a small staff committee who discussed the possibility of holding a meeting of industrial development men employed by local chambers of commerce with Mr. H. Findlay French, of the Industrial Bureau of the Baltimore Association of Commerce. The National Chamber men (women would not be allowed to join until 1953) were of the opinion that such a conference might lead to a better understanding of the work of industrial bureau managers and bring their work to a higher degree of proficiency. In fact, they frankly stated that some managers were guilty of making most extravagant claims concerning their work and results gotten, to the extent that the entire chamber movement was being jeopard-

dized by a few who set no limits to their claims.

The committee met with George C. Smith of the Canton Company and Canton Railroad Company of Baltimore, who previously had been Director of the Industrial Bureau of the Baltimore Board of Trade. At the latter meeting, it was agreed that a national conference would be called, to which would be invited all of the industrial bureau managers of the chambers of commerce.

The conference was set for June 1 and 2, 1926, in Washington, D.C. Each person received an outline of the subjects to be considered at the conference. The rules established for the conference were simple. They provided for a chairman and secretary and limited discussion to ten minutes "for one person at any one time." George C. Smith was elected chairman. Twenty-two industrial bureau managers in addition to the chairman attended the conference.

The first subject on the program was "Industrial Surveys." Chairman Smith outlined the Baltimore Industrial Survey, believed to be the first of its kind. The general consensus of the delegates was that surveys made by local groups are generally superior to those made by outside consulting firms, although the outside firm has a decided advantage from

the standpoint of time. The conference delegates agreed that the need for keeping a survey up to date makes it necessary to maintain a statistical service for that purpose. Under the general heading of "Industrial Surveys" were such subjects as: What is essential information? What is the best way to present it? The make-up of survey reports; the civic factors which enter into a well-rounded city. A brief discussion, "What is a New Industry?," opened the afternoon session, but this meeting dealt largely with the matter of "Industrial Prospects."

On the second day, the first topic was "Community Advertising Campaigns and Their Relation to Industrial Development." Only four members of the conference admitted devoting themselves exclusively to new industries. Most of the delegates had other duties to perform, including services to existing industries. With the exception of Atlanta, GA and Jacksonville, FL, the consensus was that no outstanding results were obtained from industrial advertising. Most of those present preferred to enlarge their staff for greater research work.

Also discussed at the conference was "Financing New Industry," the 1925 Census of Manufacturers, the definition of a metropolitan district, bonuses

(incentives), incubator buildings provided through cooperative action, cooperation of real estate dealers with industrial bureaus, and "Is it always and in every city sound policy to seek or encourage industries?"

In closing, Chairman Smith appointed two committees. The first dealt with defining a metropolitan region and the second with community industrial financing plans.

The second conference was held in March, 1927 in Washington, D.C. Some time before the conference, George C. Smith suggested that an effort be made to secure the attendance of several outstanding industrial development men from leading engineering, railroad, and public utility companies, and representatives of industrial finance companies. The suggestion was adopted. The attendance was 65, of whom 37 were industrial bureau managers.

Smith again was elected chairman. Some of the topics discussed at this conference included decentralization of industry, manufacturing location decision making, relation of industrial bureaus to industrial departments of public utilities and railroads, real estate, industrial surveys, and the demand for industrial expansion. Community advertising, direct mail circulars, tailor-made special reports, radio, and other media were discussed. In the delegates' opinion, the principal value of advertising seemed to be that of arousing local pride.

The third conference was held in April, 1928 in Washington, D.C. Smith was re-elected chairman,

and 83 names appeared on the attendance list. Some of the topics discussed at this conference were: the industrial bureau's staff, how to uncover outside prospects, how to work up a proposition, location decisions, financing, and building confidence in the work and findings of the industrial bureaus to combat the reputation some chambers may have for loose statements.

The Committee on Inter-Community Competition made its report on the first day. The report listed 102 cities throughout the United States, most of which gave one kind of bonus or another to induce industries to locate. The committee listed several different kinds of bonuses, and a definition of "bonus" was worked out.

Regional cooperation also was discussed, and the public service companies and railroads felt that they were doing regional development work, rather than localizing it. At the end of the meeting, an argument occurred over W. Gerald Holmes's thesis that 80 percent of American manufacturers could relocate their plants to a greater advantage than present locations. Holmes later wrote a McGraw-Hill textbook on Plant Location.

The fourth conference was held in April, 1929 in Washington, D.C. with 150 in attendance. For the first time, each delegate was asked to bring a brief statement of the previous year's experience in industrial development. Industrial surveys, obsolescence in manufacturing, and mergers were discussed at the conference. Particular emphasis lay on industrial surveys, including market data analysis. Topics relating to

industrial surveys included the information they should contain and how much information should be gathered from established industries. Of primary importance was the matter of putting the survey to work—to get prospects and to educate local people. Discussed for the first time in conference history was the question of forming some kind or type of permanent organization of industrial development representatives.

The first conferences of the Council were limited to industrial development managers of chambers of commerce. By 1930, interest in the subject of industrial development and in the conferences of the industrial development workers had developed to a point where it was evident that a more formal organization was desirable. It was probable that maximum membership of 125 Council members was established informally at the time the Council was organized. No record of such action appears in the by-laws, but the limitation on the number of members was accepted for a period of years.

The fifth conference was held on April, 1930 in Washington, D.C. Smith was elected chairman for the fifth time. At this conference, a business meeting was held, during which the American Industrial Development Council was formed. Dues were fixed at \$10.00 per person. (Dues would not be increased until 1951, when they were raised to \$15.00 per person.)

The Board of Directors, comprised of 11 members, was chosen as follows:

- Six industrial bureau managers  
 One representative each from:
- Chamber of Commerce of the United States
  - Railroads
  - Public Utilities
  - Engineering Firms
  - Civic Finance Companies
  - Chamber of Commerce executives

The next conference was held in March, 1931 in Washington, D.C. Smith was elected chairman and 80 delegates attended. Smith delivered a paper dealing with the Depression and the new Census of Business. An explanation of the 1930 census was made. No meeting took place in 1932, and the 1933 meeting was held in Chicago, Illinois on July 31 and August 1. Smith was elected chairman. Only 44 people attended. The primary theme was the National Recovery Administration. A scheduled speech on "Planned Industrial Development" was cancelled when the speaker failed to show, being perhaps the first to miss his place on an AIDC program.

The AIDC would later adopt this definition of industrial development:

*Industrial Development mobilizes the mental and the physical and financial resources of a community for the attraction, reception and cultivation of new and existing industry to bring about the balance of residential, commercial and industrial activities desired for a steady community growth.*

*It functions by preparing the sites, necessary utilities of industrial and public nature, the financing plan and the construction team, all ready to start immediate construction. It is charged with the promulgation of the community's accomplished preparedness and readiness to satisfy the needs of such industry that will advance the planned development of the community. It has overall responsibility for the erection of new industrial facilities and cushioning the introduction of the new production units in the life of the community. Its work is an integral part of development and maintenance of a balanced community life.*

### **THE ORGANIZATION OF THE AIDC**

For many years, the annual conferences were strictly informal, the chairman not being elected until the opening day of the meetings. It was possible, because of comparatively small number of participants in attendance, for all delegates to sit at U-shaped table in the conference room. Conferences were frequently held on Friday and Saturday, so arranged that those attending would spend a minimum of time away from their offices. The attendance was small in number, but the percentage of membership attendance was high.

It was not until 1949 that verbatim reports of the meeting were made and distributed to the mem-

bers. The earlier reports of the meeting were in the form of minutes, but usually contained copies of one or several prepared talks. In fact, a great deal of emphasis was placed on not recording the various talks verbatim. It was the feeling that a greater attendance would be promoted, and a greater knowledge of the operation of an industrial development bureau could be obtained, by discussion and imparting experience and knowledge through questions and answers. Entire sessions were given to the "Question Box." Those who had questions on which they wanted information deposited their questions in "The Box", and usually a panel of more experienced members supplied answers, often supplemented by discussions from the floor.

In the 1930 provision for an 11-member Board of Directors, care was exercised that industrial bureau managers would retain control. The number of Directors remained constant at 11 until 1953 when a permanent assistant secretary was established for the Council within the Chamber of Commerce of the United States. He also became a member of the Board, making a total of 12 members. With growth in membership and the widespread interest in the Council, and to obtain better geographical and membership population representation on the Board, the number of Directors was increased to 18 in 1957. To accomplish this, the United States and Canada were divided into ten districts. The regional plan of the United States Bureau of the Census was followed, with one Director elected from each of the

nine census districts and one from Canada. The other eight Directors were elected "at-large", with their allocation to be based on the membership population of the various districts. A formula was adopted to aid in the allocation of the eight Directorships to the ten districts, the purpose being to assure the more populous districts of having the most Directors. Until 1961, all Directors were elected for a one-year term, but in 1960, the by-laws were again amended to set up a two-year term for the Board of Directors. The district Directors elected in 1960 were to serve for two years and the "at-large" Directors for one year.

An Advisory Board comprised of the past chairmen of the Council was created in a revision of the by-laws in 1937. Eventually, the Advisory Board exceeded in number the Active Board members; therefore, in the revision of the by-laws in 1954, the Advisory Board membership was reduced to five, compromised of the five immediate past chairmen or presidents.

In 1953, a member of the staff of the National Chamber was named permanent secretary of the Council. This close affiliation with the Chamber was further strengthened in 1955 when the office of administrative secretary was created, the position being filled by a member of the Chamber's staff. In 1954, membership adopted a major revision in the by-laws of the Council. Included among the revisions was changing the office of chairman to that of president, and establishing the office of two vice-presidents (who were given the responsibility in 1957 for the functioning of various standing com-

mittees), a secretary, and a treasurer.

Because of limitations on space and personnel, the National Chamber adopted the policy of not servicing trade and professional organizations, and in 1957, the Council established a secretariat and office separate from the Chamber of Commerce of the United States located in Newark, Delaware. In 1958, the Council was incorporated as a non-profit organization under the laws of the State of Maryland as the American Industrial Development Council, Incorporated.

As the membership grew, the character of the conferences changed, becoming more formal in nature, and having speakers of national repute discuss phases of industrial development. It is interesting to note that the programs often were geared to national events, such as the National Recovery Administration, World War II, and the Korean Conflict. For example, a speech delivered during the 1942 conference was entitled "Conversion to War Production."

Because the first conferences were organized under the auspices of the Chamber of Commerce of the United States, it was logical to hold the conference in Washington, D.C., headquarters of the National Chamber. Holding the conference away from Washington was tried in 1933, when the meeting was held in Chicago, Illinois. The attendance was so poor (less than half that of the previous conference held in Washington), that the decision was made to return to Washington for the following conferences.

By 1955, however, the membership had grown to such an extent that it was deemed advisable by the Board of Directors to conduct conferences in cities other than Washington, giving due consideration to geographical distribution and the availability of host cities to accommodate the meetings. As a consequence, the 1956 conference was held in San Francisco. While the attendance was not as high as before, the percentage was high enough to justify the continuing the plan of rotating among cities. In 1957 the conference was held in Chicago, Illinois; in 1958 Atlanta, Georgia.; in 1959 Montreal, Quebec; in 1960 Atlantic City, New Jersey; and in 1961 Dallas, Texas. The hospitality and interest shown by the host cities in every instance, plus the awakening of interest in the work of the council in various areas in which the conferences have been held, have justified the decision made in 1955.

## **MEMBERSHIP**

Qualification for membership, as stated in the first by-laws adopted by the organization, was to be determined by the Membership Committee which selected and proposed individuals for membership. The by-laws adopted in 1930 established six classes of membership. This division was planned to provide equitable representation on the Board of Directors by the several groups. The classifications were:

- a) Industrial bureau managers or industrial commissioners serving American cities or communities

- b) Industrial development representatives from any American railroad
- c) Industrial development representatives from any public utility company in America
- d) Representatives of industrial and engineering concerns, and members of the Chamber of Commerce of the United States engaged in industrial development or business research
- e) Representatives of any civic industrial finance company
- f) Chamber of Commerce executives engaged, along with their other duties, in looking after industrial development
- g) Members of the staff of the Chamber of Commerce of the United States

Two additional types of membership were established in 1948: that of Honorary and that of Associate. The Honorary Membership could be granted by two-thirds vote of the Board of Directors to those members of the Council who retired from active work in the field of industrial development and who had rendered outstanding service to the Council in the past. Recipients would pay no dues and would have all the privileges of active membership except the rights to hold office and to vote. Associate Membership could be granted to former active members who had retired from eligible categories as listed in the by-laws, but

had a continuing interest in industrial development. They were subject to the payment of dues, but could not vote or hold elective office.

In 1954 the classifications of membership were broadened to include:

- a) Executive heads of industrial development departments of all forms of transportation
- b) Representatives of recognized and accredited collegiate schools providing service or instruction in industrial development
- c) Representatives of private research agencies making studies in the field
- d) Developers of industrial districts

The following year, executives of industrial companies whose primary responsibility within a particular company deals with plant location were allowed to join. "Special Status Active" memberships were set up in 1954, with essentially the same required qualifications as the earlier Associated membership. In 1957, two additional categories were made: industrial realtors and "such other industrial development activities as in the judgement of the Board of Directors fully qualify as applicants for Active membership."

The entry of women into the field of industrial development posed a question for the Board, and in 1953 by resolution it was decided women could be admitted to membership provided they met the

established membership qualifications.

The Membership Code of Ethics adopted in 1955 consisted of five rules:

- Maintain the highest ethical standards in professional relationships.
- Advance the best civic and economic interest of the communities and areas served.
- Uphold the dignity and prestige associated with council membership.
- Cooperate with other members in informal exchange of information and ideas.
- Reflect practice, procedures, trends, and policy pertaining to industrial development.
- Accept personal responsibility for furthering the Council's program when called.

Even as interest in the Council grew and eligibility requirements broadened, a maximum membership of 125 active members prevailed, until 1952 when this restriction was lifted. Search among existing records fails to disclose why, when, or how the maximum had been set. The membership of the Council from its beginning to 1960 is shown in the following table, the count being made at the time of the annual conference.

**CHRONOLOGY**

**1926** June 1 and 2. First conference of the industrial bureau managers of chambers of commerce was held in Washington, DC, under auspices of the Chamber of Commerce of the United States.

**1930** April 15. American Industrial Development Council was formed. Constitution and by-laws were adopted. A Board of Directors of 11 members was elected.

**1932** No conference was held.

**1933** July 31 and August 1. Conference was held in Chicago, Illinois (away from Washington, DC for the first time).

**1935** March 12. By-Laws were amended for the first time to reduce annual dues from \$10.00 to \$5.00.

**1942** March 28. By resolution, the War Production Board was strongly urged to recognize and to actively utilize the talents of AIDC members in planning, plant site location, conversion, and other phases of the war program.

**1943** March 27. Plan to issue a bimonthly bulletin to the membership was announced, with the bulletin particularly devoted to exchange of problems and news items among the members.

**MEMBERSHIP 1926-1960**

<b>YEAR</b>	<b>No.</b>	<b>YEAR</b>	<b>No.</b>
1926	22	1946	115
1927	65	1947	127
1928	85	1948	123
1929	150	1949	123
1930	104	1950	110
1931	80	1951	105
1932	(A)	1952	119
1933	44	1953	145
1934	(B)	1954	290
1935	75	1955	322
1936	80	1956	420
1937	89	1957	497
1938	97	1958	597
1939	94	1959	765
1940	112	1960	817
1941	103		
1942	98		
1943	104		
1944	106		
1945	118		

(A) NO MEETING HELD

(B) NO RECORD OF ATTENDANCE

**1944** The first issue of "Bits and Pieces" was sent to the members, edited by Arthur B. Field and Edward Ellingwood.

March 25. The by-laws were amended to permit the Board of Directors to fill vacancies of the Board or among the officers, providing the vacancy shall be filled from the same classification of membership in which the vacancy occurs.

**1946** March 19. The by-laws were amended to provide for payment of dues upon election to membership annually on January 1. During the year, the "Outline for a Community Development Program" was published.

**1947** March 29. The by-laws were amended to facilitate the termination of membership of any member

- 1948** April 2. The by-laws were amended to provide for Honorary and Associate Memberships.
- F.B. Ayres, retiring Secretary-Treasurer of the Louisville, Kentucky Foundation, became the Council's first Honorary Life Member.
- 1949** April 3-5. First verbatim report of the conference "Proceedings" was made.
- April 3. First "Early Birds Dinner" was held in connection with a conference.
- April 5. George C. Smith, St. Louis, Missouri, was elected an Honorary Life Member.
- 1950** April 3. Permanent Assistant Secretaryship was established for the Council within the Chamber of Commerce of the United States in Washington, DC.
- April 4. First "New Members' Breakfast" was held in conjunction with the annual conference. H. Findlay French, Baltimore Maryland, was elected to Honorary Life Member.
- Council joined the work of the National Industrial Zoning Committee.
- 1951** April 1. An identifying AIDC masthead was authorized.
- April 2. An appropriation was made to further the work of the National Industrial Zoning Committee.
- April 3. The by-laws were amended increasing annual dues to \$10.00.
- 1952** April 1. The traditional numerical limitation on membership (125) was removed. Use of publicity in connection with the Council, and as a service to members, was authorized by the Board of Directors.
- October. The first mid-year Board meeting was held in Chicago, Illinois.
- 1953** March 31. Membership was opened to women engaged in industrial development work. A Staff member of the Chamber of Commerce of the United States was named Permanent Secretary of the Council.
- AID was started as a quarterly membership bulletin.
- 1954** March 24. A major revision of the by-laws was effected including: changing officers to a president, two vice presidents, and separating the offices of secretary and treasurer; adding membership classifications; reducing the number of members on the Advisory Board to the five immediate past presidents or chairmen; increasing annual dues to \$15.00.
- 1955** Office of Administrative Secretary was created, to be filled by a staff member of the Chamber of Commerce of the United States, with the Council paying salary and taxes.
- A Code of Ethics and Certificate of Membership were adopted and distributed to the membership. The Board of Directors approved an insignia with the motto *Integritas Erga Omnes* inscribed.
- April 6. It was decided to hold the 1956 conference in San Francisco, California — the first departure from Washington, DC since 1933.
- November 20. E. Paul Querl, Chicago, Illinois, and Charles P. Wood, New York City, were elected to Honorary Life Membership.
- 1956** January 1. Dues were increased to \$25.00 annually.
- June. A professional status survey was made of the membership by the Secretary's Office.
- 1957** April 1. Clifford Gildersleeve, Cleveland, Ohio, was elected to Honorary Life Membership.

April 3. The Board of Directors was increased from 12 to 18 members and geographical distribution was adopted in their election. An organization plan covering committee assignments was adopted giving supervision of committee activities to the two Vice Presidents.

Secretariat established independent of the Chamber of Commerce of the United States, with headquarters in Newark, Delaware.

First brochure and literature exhibit shown at the annual conference by members of the Council.

July. Personnel placement services started as a convenience to the membership, clearing through the Secretary's office.

Publication entitled "Bibliography of Industrial Development Material, Including Sources of Information for Assembling Industrial Development Material" was published and distributed by the Council.

Publication entitled "Legislation Affecting Industrial Location Expansion," by Col. Charles P. Wood was distributed to the membership.

**1958** March 31. The Council was incorporated under the laws of the State of Maryland.

April 13. Awards were given to outstanding literature exhibited at the annual conference by Council Members.

September. A supplement to the "Bibliography of Industrial Development Material" was published and distributed by the Council. A Directory of Membership was published and distributed to 5,000 industrialists.

**1959** April 19. The Board of Directors adopted a definition of Industrial Development.

Membership identification emblem was recommended for use of members.

First advertisement appeared in a national publication, showing names and official titles of Council members and their location by states.

**1960** March 7. A "Handbook on Industrial Development" was issued including five articles on phases of industrial development.

November. "An evaluation study" of the Council's organization and activities was commenced.

## **EDITOR'S NOTE**

This article is taken from J. Huber Denn, "History of the American Industrial Development Council," published by the American Industrial Development Council, 1961. The article was revised and edited by Michael Webb.

## **BIOGRAPHY**

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