

Mr. C. Mark Smith, FM, HLM

Interview Conducted with Tye Libby on December 1, 2010

How have you seen the economic development profession evolve over the course of your career?

I have been in economic development in a formal way since 1970. I retired about three years ago. Prior to 1970, I was indirectly associated with it because our family business was in mortgage banking and homebuilding. There is a fair amount of economic development involved in that, so I was interested in it prior to the time I became formally involved with it...which was just a fluke in itself.

There has been tremendous change since that time. It has evolved into a profession. AEDC was essentially a professional organization. CUED [was] probably less so, because it had more of a government orientation. But in that period of time, particularly since the merger, we have had more resources. I think it has become a much more professional organization. In the early days it was essentially an accumulation of people who were responsible for selling their community. They were essentially salesmen; but, it has become much more than that.

Another change has been the impact of technology. Technology has changed virtually everything that we do and certainly the ways in which we do it. The availability of information is much greater today than it was before, and of course, that's changing daily.

Another change has been the importance of communication. As I said, in the early days, when economic developers were essentially "smokestack chasers," the importance of bringing along the diverse elements of a person's community was less important. They basically told you to go out there and bring in businesses and create jobs. External marketing in those days was a whole lot more important than the business development, business retention, or employment and training programs that are so important to us today.

Another change is the number of women in the field now. Thirty or forty years ago, it was very rare to find a woman in this business. Now they may even outnumber men.

Also there [has been a] decrease in the importance of federal and state funding and a greater focus on local funding for economic development organizations. Those are a few of the ways that the profession has evolved that come off the top of my head.

How has the role of incentives changed over the course of your career?

Well incentives are, for better or worse, an important fact of life in our business. I think you can make an argument either way [about] whether they should be that important or not. But, the fact is that some states and communities are willing to go out and create legislation that provides different kinds of financial incentives. [When] other states are not, then it obviously becomes an issue, because one community or one state has an advantage. They would say they are using incentives to "level the playing field" because they have a disadvantage. [That disadvantage]

might be a lower education level or something like that. So they use incentives to level the playing field with richer, more capable states.

I think the issue of incentives is less important than the issue of not having a cohesive, comprehensive economic development policy at the local, state or national level. We do not have a national economic development program. We have fifty state programs and we have thousands of local programs, so you don't really have a federal program. And as long as these economic development programs are competing at the state and local level, and each one of them is different, then you are going to have inconsistencies and problems with economic development organizations being able to compete on any kind of a level playing field.

Do you believe that these incentives need to be reformed or regulated? If so, is it possible?

I think anything is possible. I don't think it is very likely. We've never have had a national economic development policy. You are not going to deal with incentives at the federal level, because incentives benefit some elected officials and not others. As a matter of fact, the relative value of incentives changes daily. It depends on the incentive. Each time a new legislature meets, and they either repeal something or change something else, it changes the whole playing field. It is not like you have a chessboard in front of you and the squares are all laid out. You are dealing with different situations in different industries. You are dealing with situations with different political needs in states, counties, cities, and towns. They all change. It is just a matter of what the leadership or the elected public officials in each of those governments is willing to do. That's obviously very different and [changing] all the time.

How have you seen financing change over the last few decades?

Part of that relates to the incentive process, because Industrial Development Bonds and other kinds of bonds are just one form of incentives. You have all kinds of incentives, it isn't just financial. Sometimes it is educational. I was involved in bringing the Mercedes plant to Alabama. The State of Alabama built a publicly funded state community college for the exclusive use of Mercedes Benz's employees and placed it on their property—not even on state owned property. There are all kinds of incentives out there. It often gets down to how well individuals get along with each other. It happened that the president of Mercedes Benz and the governor of Alabama went hunting together. They must've enjoyed each other's company, because we ended up getting the plant.

Can you describe your personal career path and how it evolved as the economic development profession evolved?

I ran a congressional campaign in 1968. Our candidate lost, but he became the Chief Counsel for the Small Business Administration in the Nixon Administration. I was sitting at my desk one day in Tacoma and I got a telephone call from my former candidate. He asked me how I would like to be the EDA Regional Director for the eight Western states. I told him that I'd never heard of [the position]. Two weeks later, I was a GS-16 running the economic development programs for the Western states. That's how I got involved in economic development in a formal way. <laughs>.

I was an EDA Regional Director for eight years.

Then, I became the Executive Director of the Tacoma-Pierce County Economic Development Board. It is a countywide public-private economic development agency. Then, I became the executive director of the Economic Development Executives of Washington, which was a 300-member statewide association of economic developers.

I got tired of working with volunteer board members who didn't know what they were doing, and I decided to find a job where I only had to work for one person. I became the economic development director for Birmingham, Alabama. I stayed there for twelve years. It was during that time that we brought in the Mercedes plant. Then I retired at age sixty-five from Birmingham, and we moved back to Washington State. There was a job open here in Richland. I took that job, worked another five years, and retired again. Then I did economic development consulting for about another three or four years. I've been writing a book for the last two and a half years, so I basically haven't been doing a lot of consulting. I may or may not go back and take that up again.

So you were a political appointee?

That's not really true. These were GS jobs, they were not political appointees. You generally got your job through political connections, but you were part of a general civil service system. I don't think that is the case any longer, but it was then.

Did you go to school for economic development?

No, it was a lot of on-the-job learning. When I became head of EDA, it had only existed for five years. It was created in 1965 during the Johnson Administration. At the time, I was the first and only Republican in the regional office. I had about fifty or sixty employees at that time, and everybody else had a Democrat mentor who was a US Senator or powerful congressman or somebody to whom they owed their job. But they were still all civil service employees.

What skills did you acquire over the course of your career?

I certainly improved my communication skills, my negotiation skills, my marketing skills, my ability to manage human resources, and my political compromise skills. You can't do that job without being able to do all of those things successfully.

What exactly did your job as Regional Director entail? Were you lobbying on Capitol Hill?

As a Regional Director, I reported to the Assistant Secretary of Commerce for Economic Development. I was responsible for the implementation of all of the federal economic development programs, all the EDA programs, in the eight Western states. In that sense, I was essentially an administrator. On two or three different occasions during that time, we were called upon, normally with our assistant secretary, to provide testimony to the various congressional committees.

Did any of these skills become more important as your career progressed?

I think it was just a matter of learning. When I got that job I was thirty years old, and frankly, I didn't know very much about anything. I didn't know the kind of job it was. I had the responsibility of dealing with mayors and governors. I had 127 different congressmen in my region, sixteen senators, and eight governors. I made it a point to try to know every one of those people.

What were the challenges that you had to overcome throughout your career?

The challenge at EDA was to do the best job you could. I got up to the point in the 1974-76 timeframe where I had [about] 150 people working for me. Today, I think the regional office has thirteen. The agency is a whole lot smaller than it was.

Most of the challenges come when you get out of the federal realm and you get into dealing with economic development as a normal practitioner. Like everybody else, I have been fired a couple of times. Most of the time, you learn from those mistakes. Sometimes those situations were your fault, and other times they had very little to do with you. They related to outside atmospheric factors, the economy, and other things. I certainly learned that way, and I became a lot better manager during that process over the years.

Why is the regional office so much smaller today?

Because they don't have any money <laughs>. I think EDA was on a continuing resolution for ten or fourteen years where it never had a budget. The government is not serious about economic development. If they were, they would have a strategic plan. They don't have one. While we like to talk about federal policy in regards to economic development, there is really very little there in a practical sense. You really deal with it on a local, and to some degree, a state level. Although, states like Washington don't have any economic development policy either. At least in Alabama they knew what they wanted to do.

How did you see CUED evolve through your participation with the organization?

I joined CUED in 1978. The executive director of CUED had been the regional director of EDA in Chicago when I was the EDA regional director in Seattle. We knew each other, so I went immediately on their board. I don't know how big CUED was. Some of the people in CUED were our former leaders of the industry that had created it. But there weren't a lot of them. We might have had three hundred or four hundred people in the organization back in those days. I also belonged to AEDC at the same time. I was on the CUED Board and Vice President of CUED. I was also chairman of several committees. I was one who was involved with the merger. I was on AEDC's Board of Directors. I had a couple of very responsible committee assignments reporting to the president. So, when I was out of a job at CUED, I'd go get a responsibility at AEDC. I kept myself busy with one or the other and most of the time both.

What year did you join AEDC?

I don't remember exactly, but it was not more than a year or two after I joined CUED.

Through your involvement with AEDC and CUED, did you see a change in priorities from the beginning until the merger? Or did they remain the same?

Taken as a whole, the organizations became bigger, they became more professional, and the management and finances of both organizations became more important. The organizations evolved and became better in spite of me, not because of anything I did.

What exactly was your role in the two organizations?

I chaired the membership committee of one or both a couple of different times. I chaired the Public Policy committee. I was one of four Vice Presidents of CUED. I was on the selection committee that hired Jeff Finkle and I was involved with efforts to bring about the consolidation of the two organizations.

The role is to be as helpful in building and supporting the organization as you can be. That includes ongoing participation and attending the conferences...and in some cases helping to fund them. It includes getting new membership, trying to deal with economic development policy, and all of the things that people do on a board of directors.

Were you involved with the Basic Courses? Did you teach?

No. I figured I'd already had the Basic Course, so I never got certified and I didn't teach...except in bars <laughs>.

I guess I should say that, all told, I was on the board of CUED, AEDC, and IEDC for twenty-five years nonstop. I don't think there are many people who have that record.

What were the most pressing economic development issues during your career?

[It was difficult] finding individuals that could participate in the organization on a quality basis rather than just paying their dues and being members. [You had to find those] who could actually contribute. The advent of technology has really been important in terms of [addressing] pressing economic development issues. As I've mentioned, the inconsistency and lack of a federal economic development policy [was also problematic]. The government lacked a consistent [and] coherent ability to implement economic development. [There were] cyclical economic patterns [and] periods of recession at that time. Organizational leadership is always an issue, professional training is always an issue, and staff/leadership turnover is always an issue. We went through an awful lot of staff members at AEDC relatively quickly.

How has the recent recession affected economic development?

I haven't been in economic development during the most recent recession, and none of the recessions in my time were as bad as this one, so I can't really talk about this one. But funding

the organization is a problem. Obviously, recessions cause unemployment. All of that comes back to how you organize your community. It must be a better place for a company to grow or locate in than another community is. There is this whole competitive nature of economic development between states and communities, but in reality, the challenge is not to worry about the other guys. That is one of the reasons I don't think incentives are all that big of a deal. They are a big deal, but it is more important to do what you have to do in terms of your own organization than to worry what somebody else is doing.

What was your involvement in the merger between AEDC and CUED?

Well I was on both boards. I knew the key leadership of both organizations. We had just recently gone through a financial crisis in CUED. It was getting a little better, and then AEDC's executive director left and they went through a financial crisis. It didn't make any sense. We were competing with each other. We were creating programs that we hadn't had in the past to compete with each other...like certification and education programs. It just didn't make any sense. When you had financial crises on top of that, it was very questionable whether either organization was going to survive. A major reason for the discussion was that it just made sense. It was stupid to do what we were doing. But you had a lot of people who had forms of investments in one organization or the other, and it was difficult to convince some of those people that we would do better together.

What were some of the positives that came out of the merger?

We became a much more viable organization with more income, a larger membership and the ability to offer more services. The size certainly did that. And I think we became more professional. The negatives were that we lost some good members. Since the organization became bigger, we became a little more impersonal.

Some people just wouldn't join because "all those urban guys from CUED were in it," or "all those country hicks from AEDC were in it." We had people on both sides that quit. Some never came back. Some did I think. But those that felt that strongly about it just left.

During your career, was there anyone that inspired you? A mentor?

Oh, I've had a number of mentors. I had a US Senator that convinced me to get in to public service. My father convinced me of the importance of the private sector. I had long-standing federal employees that actually taught me the economic development business and the importance of why we were doing what we were doing. I think often we tend to look at economic development as a professional entity and we forget why we have economic development. We have economic development to help people and to create jobs and tax base, and we lose sight of that a lot of the time. We get too involved with how to do it rather than why we're doing it. The "why" is much more important than the "how."

I have probably mentored twenty or thirty different people, most of who are still in economic development and [have been] very successful over the years. But I've been at it a long time. If

you are a manager, and you are not mentoring your staff, you are not doing a very good job by them.

There was a woman that worked for me in Birmingham who is involved in economic development as a special assistant to the governor of North Carolina. There is a guy who is a deputy regional director of HUD in the Southeast. There are just a ton of them. Some of them you are proud of, even if they just do a really good job in their own small community.

Where do you see IEDC now? Where do you see the organization going into the future?

Well, I'm not close enough to it today to tell you how I see it now. Where do I see it going into the future? I imagine—because this never changed, and probably will not change in the future—IEDC will continue to struggle with its evolving mission, its finances, and its professional and volunteer leadership.

As for the emerging trends, I again point out the evolution of new technology and the importance of new and faster sources of information. Gender and racial diversity in the field, which we didn't used to have, is important. There is going to continue to be a need for the economic development people who are facilitators at the local, regional and national levels. A unique thing about economic developers is that an important part of their job is bringing people together to find consensus. If there is anything that we need, more than anything else these days, it is being able to find some consensus. That is what local economic developers do everyday. We need to do more to boost skills, [particularly] leadership skills. As I said, we do a pretty good job of teaching technique, but we don't do an awfully good job of teaching people or teaching leadership.

There is going to be more importance on sub-state and regional economies than on local economies. But the problem is that, as Tip O'Neil once said, "All politics is local." So there will be a greater importance of regional and sub-state economic development issues. You are going to be held accountable for what you do in your own community.

How has globalization affected the economic development field?

The world is shrinking in all kinds of ways. All you have to do is look at the impact of *Wikileaks*. We are shrinking in ways that we never thought we would shrink. We have a flow of communication that we never thought we would have. That can be used positively or negatively. We do both.

You are not dealing with just competition from other states or from other kinds of companies. You are dealing with competition from overseas. That's an obvious, hackneyed thing. When you drill down a little bit, and you start looking at the kinds of things that Thomas Friedman and Fareed Zakaria write and comment on, you are going to be looking not just at China and India for example, but which of those is more important? [What is better:] a top-down form of government that essentially allows everything as long as you don't criticize the government, or a kind of wild and chaotic democracy like India? It's not very pretty to watch. India couldn't have gone in and rebuilt Beijing in two years for the Olympics if they wanted to. They could not have

gotten it through the legislature. In China, you just decide that you want to do it, and you go do it. Those kinds of things...not just what countries are, but how they compete, are things that we have to know more [about].

Do you have any other stories or anecdotes that you would like to share?

I should have written a book about my EDA experiences. I guess the statute of limitations has run out on that <laughs>. But no, nothing I want to put on the record.

It was awfully interesting and a lot of fun. I think the other major thing is the importance of the personal friendships and relationships that you build. One of the important factors of being active in these organizations is the friendships you make with other members and with the staff. I still fondly remember CUED staff members, let alone twenty years now of IEDC staff members. And you also you remember the successes that you had and the failures that you had. You remember both. And the failures, even though they are over twenty-five years old are still painful.

Transcribed by Alla Rubinstein on December 30, 2010
Edited by Tye Libby on March 15, 2011