

## **Mr. Frank Birkhead**

Interview conducted with Nancy Moorman

### **How did you see the economic development profession change from decade to decade? Can you give a timeline?**

No, I'm not that good at it, because I've been retired for 20 years or more.

### **What about changes in finance?**

Oh, lots of changes. For example, I read in last Sunday's paper that communities are now exercising what they call the "clawback clause." Clawback is an aspect of a contract that a community makes with a local and/or new industry saying, "We'll give you \$100,000 if you'll give us 10 jobs, 20 jobs, whatever." And those employers that are not filling those orders get a letter from the city attorney which says, "Ok, you're in conflict with your contract, so we want a check next month for \$73,000." It's called clawback. And that's been a provision in contracts. To be exercising clawbacks, according to this Associated Press story that I read, apparently it's not new, it's been done before. But you really don't want to do it, because you don't want to anger the local industry.

Another point that I need to make is that in Texas it was unconstitutional for a local government to give anything of value to private industry. Therefore, we had to sell them the land. We couldn't give them stuff. And in Texas, we had so much new development, and so much demand for our state, that I never had problems. Because you know, neighboring Oklahoma, say, would come in and a prospect would say, "They're giving away free land to this apparel manufacturer. Will you do it too?" Well, no. Legally we couldn't do it.

### **How did you see major economic development programs changing?**

In the broadest sense, economic development can include tourism, retail, international trade, and stuff like that. Early on, there were big changes in international trade. America was no longer [a] protectionist government and did more international trade, and I enjoyed success with that as a local developer.

Another thing was retail. This is local, this is not good for you, I don't think, but my community said "don't fool with the retail." And this is because they had learned from economists, and I had learned from the IEDC's Economic Development Institute, that retail on the barest level does not create **new** jobs. When large chain stores come to town and say, "We're going to create 300 new jobs," that is false! They are just diverting 300 jobs from mom-and-pop stores. They might put some people in, sure, but the criticism is that retail is not new money. Now tourism is, because that's money from, say, Chicago coming to McAllen, Texas, say as a winter tourist, and that's new bucks, and that does a lot for our community.

### **What skills did you acquire throughout your career?**

One of them was communication. Now that's "*communication*" in the singular, not "*communications*." And I got so good at it that I actually taught the course at the Industrial Institute. Communication being everything from advertising, to letter-writing, to dealing with your industrial clients, to newsletters...the whole thing. And I don't mean to say that I am prideful, but I do know that I know a lot more [about] communication than I knew when I got out of college.

I'm a better writer, but I don't think that's from the profession. I would have become a better writer if I were a dentist...if I was doing dental reports or something.

I'm a whole lot better man for it. And I take a great deal of pride in that. I attribute a huge amount of my success to my professional associations. Because I was around those big boys from Chicago...I was around my senator from Washington, D.C.... former executive directors, and by and large they were great people to learn stuff from, because they'd already been in the trenches. They had the battle scars, and I was a pretty good learner.

### **What challenges did you have to overcome through your career?**

None. I never had political problems. People repeatedly wondered how I could hold a political job for 26 years...through different mayors. I never had that trouble.

### **Is there a reason for that?**

Well, we were more than just ordinarily successful. Some people might have hated me as a personality. Now, I'm not aware of that, but I never had any trouble.

### **How did you see AEDC evolve through your participation with the organization?**

I will admit that part of that early era was what we in Texas call "the good ol' boy network." It was good guys, the guys who said "OK Frank, we [have to] go back in here and do this or that." I said, "Well, I'm not doing it without my crew." Well that's the good ol' boy network. That's the network saying, "Hey, we're not just [going to] step out there and cause damage to JC Penney for some reason...we're [going to] stay with the troops and do the right thing."

Let me also interrupt this conversation to say this: My friend Bill Shelton, in suburban Fort Worth, with whom you've yet to talk because of his schedule, is a very articulate guy. He's got an excellent memory, and he's got a great respect for his profession. I can almost guarantee you that he'll be the best interview you can have. Now there's another one in Connecticut that's very good...Mark Waterhouse.

Probably the smartest guy among these people is a man named Ross Boyle, who lives out in Arizona somewhere. Another smart one is Harry Foden.

**Through your time with AEDC, what were the most pressing economic development issues?**

Well, there was a great deal of anti-government thought. Therefore, a lot of guys were trying to keep the government out of their work. I was not one of those, because I actually worked for city government. Bill Shelton was a free-enterprise guy. You might have noticed that I addressed that to some extent. We were for-profit people. We worked for for-profit people, and they didn't want the Economic Development Administration coming in and saying, "Ok, we're going to give you \$1 million to do this, but you've got to do this, and this, and this in return." Now, I'll admit, I was a sinner, and I took that EDA money as quick as anybody <laughs>. And we financed a lot of stuff with public works grants from the EDA...which is part of the U.S. Department of Commerce.

**On the question about the merger, you agreed that the merger should happen because you thought AEDC was becoming stagnant. Why did you feel this way?**

Well, because they weren't raising dues. We were real strong in volunteerism. There was not much staff. That still goes on, but it's a much bigger staff. We were down to like 4, or 5, or 6 people. It was not nearly that organized; it was not what it is now. It didn't have the membership base that it has now. We had all the programs, but, for example, the Canadians would come in and say, "Well we don't want to be in your certification program because we have a better one up here." We were fighting those kinds of problems. We weren't fighting them, but we were trying to resolve them.

**And what positives and negatives came out of the merger?**

Well a great positive was the employment of the current CEO. That guy is wonderful. We may be talking different here, but I'll tell you Jeff Finkle is quite a fellow, and I think the world of him. And he's been there since the merger.

**So do you think his leadership is what really brought it together?**

Yes. And you may quote me, but the next time you see him in the hallway you tell him we talked and that I said that. Plus, he sends me a golf shirt every year <laughs>. In government, that's called "payola." But I think the world of him, and I hope he knows this.

Oh, there's an aspect... Back in the early days the executive director, or...they had various titles...first of all, "Secretary," if you can believe this, the Secretary of the Corporation...that was before my time...then it went to Executive Director, then it upgraded to Executive Vice President. Then when the merger went in, the chief salary guy became the President. For example, I was the President. I was President of essentially a board of directors. I was the Chief Elected Officer, but not the Chief Salaried Officer. And the AEDC board supervised the Chief Salaried Officer, who had

those progressive titles, which most recently were Executive Vice President, then President...but I got off my subject here...

There is more salaried work done now. For example, the very thing you do right now...used to be done strictly by volunteers. I, for example, have written the history of the Texas version of the IEDC. But see, I did it on company time, I did it at my desk...I did it before email. By standards today it was very unwieldy. But it was the best we could do, because it's all the tools we had. We had a long-distance line. I had an 800 number, a toll free number. But not many guys did. This was before fax. And we had a Telex machine, and those were our tools for the trade.

**Did you think that anything negative came out of the merger? Did you lose anything? Or was it all positive?**

It was all positive, except I need to say, I'm going to say again, that the real inside results were not known to me, because I'm no longer an insider. For example, I carefully read the financial report that Jeff's office puts out every year, and I analyze it pretty closely. Because I [want to] be sure my money is still there <laughs>. And I get little hints from him saying, "We're not going to replace this position because of budget restrictions." You know, and you hear this and you wonder...but boy, we really had difficulties back then. Never broke, buy by golly it took a bunch of work to get us to where we had some cash in the bank.

I'm going to credit my early predecessors. I'm not saying I spent all the money...I was very vividly aware of our shortness. So we fired the staff, we changed office locations, we brought in a better budgeting system, and we came out of it.

**As far as the future goes, do you see any current trends or emerging trends that will carry into the future?**

No, ask the newer guys.

**Why was it so controversial to change the name from American Industrial Development Council to American Economic Development Council?**

Well, because we were *industrial* developers. I did not, for example, bring JC Penney to town. That's a retailer. And the guy in Sioux City, Iowa did not bring the local mall to his town. We were on the edge of it. For example, they would call us in and say, "Ok, you know how to get this land transferred. You know how to get them some free water lines without putting us in jail. You help us provide utilities to the brand new, big new mall that's moving to town."

We were bringing in tire manufacturers, we were bringing in people who made auto parts. Oh, there's a good local controversy...those guys, members of the AIDC, and later AEDC, were always looking at me over their glasses at these meetings because I was the guy stealing their industry. My friend David Sweet, Dr. David Sweet—he's a college

president now—knew I was hijacking his Cleveland industry—and he was my immediate successor as chairman of the AEDC. He did an excellent job of following me. He was one of the main guys who figured out how to keep the AEDC money from going out the back door. Not from theft, but from inefficiency. You know, a staff guy would buy a car instead of renting a car...stuff like that. And he figured out how to plug those holes.

So anyway, a lot of those people were industrial people and not broader economic development people. If you were a true economic developer you would also be in tourism. Well, I don't read anything about tourism in the IEDC online newsletter. That's done by different agencies now. And there are specialty groups...like the Convention and Visitors Bureaus. All these towns have these things now. And I didn't do it back then, but I didn't have to do it. We did *industrial*. Our job was to create new plants, which therefore created the jobs. And we brought them in, I mean we hauled those things in, and so these guys would be sitting up there...anyway, David Sweet...he was at Cleveland State [University] at the time... I was going in there on business one time, and as a courtesy call I went to see him. I went in there a lot for our business. And we stole industry from Ohio. We didn't steal it, but they'd call us up and say, "Look, we can't tolerate this union environment. We just cannot pay these costs. And foreign companies are outbidding us." So they'd come to us, because Texas is a right-to-work state. A guy could work for Goodyear Tire Co. and not have to join a union. But in Youngstown, Ohio, or wherever Goodyear Tire Co. is, he would be required to join the union before they gave him a job. Well, when they put you in the union and you pay some dues...that gives you some alliance to the union. So the union says, "Ok folks, we're going out on strike because they won't pay us double-time to work on Saturday, or something." Well they go on strike. He goes with them too, and they have to shut the plant down. Well, then they'd call us up on Monday morning and say, "Well we've got another union problem here, and we're just really getting irked, and we don't think we [ought to] have to do this. Can we come down there and talk to you about a plant location?" Boy, we'd do everything for [them]. I mean, not everything, but we'd meet the plane, and entertain [them], and take [them] to the country club...have the mayor involved. I [have] a lot of war stories about those, too, but those are strictly local experiences, and would not be of benefit, I think, to the history of the association.

There was a past President named Paul Scott, now dead. He was right ahead of me on this list of past chairs. And Paul Scott was Vice President of Industrial Development for a big Midwestern railroad. It was his job to populate his line-side tracks with industries that would use his rail service. And that was, and still is, a big part of economic development. Every railroad has got these guys working on the staff. Well, Paul was an industrial guy...he cared less about tourism. He didn't want to fool with the mall. He didn't want to fool with winter visitors from Wisconsin. He wanted to load his cars with chemicals from Texas. And so his job was to work with the local communities to bring these industries to what we call "trackside." That is, industries close to rail...as opposed to being on a highway. And so those guys would sit there and they would say, "Why would I want to change the name? We're industrial developers...we have been since the 1930s. Why are we going to change it to "economic" development?" And this is not a very academic answer to your question...other people can more articulate than I. Certainly Bill Shelton

can. Certainly Mark Waterhouse. Both of those guys are good at saying what they know, and they'll be good people to talk to.

**Can you give me more details about the Economic Development Institute and AEDC's involvement with them?**

Yes, it was a sponsor, along with the University of Oklahoma. It was, and perhaps still is, the only national institute that puts on a weeklong seminar over a variety of classes. Like, it takes, I think three years to get through all this. Once you get [them] they give you a small credit. I don't think it was ever college hours. It was more like just good, hard experience. And the institute, which had a salaried guy, paid by the university, and not by AEDC, he and his curriculum committee would call up, say, Bill Shelton in Fort Worth, and say, "Hey Bill, we're [going to] have the institute next summer again, can you come up and teach Monday, Tuesday, [and] Wednesday on your subject of research?" And Bill would leave his job and go up there and teach for those days. And none of us got paid. He did it, I did it...we all did it. Anyway, everyone was doing it under the guise/umbrella of the AEDC. It was a project of the AEDC, and I think it still goes on.

Now, they've branched out, it's gotten much bigger. I get these newsletters, these online letters that talk about these short courses and these basic courses that are held around the nation. Which are smaller-scale, shorter courses that are held for maybe three days instead of a week. And they're held in, let's say Baltimore, instead of in Washington. So the guys who live out on the Maryland coast, or the Delaware peninsula, can take those courses for three days and not miss so much work. And their employer pays it, and we put on these courses, and there are probably 15 or 20 of them around now. There were then...there were at least 6 back then. The Texas course, what we call the "Basic Course," was the first in the nation.

**That's all the questions I have for now, but did you want to add anything extra?**

No, I thought I might before I left, but the problem writing those things, I remember saying, "I'm [going to] think of stuff as soon as this goes as an attachment, I'll think of other stuff." Then we were gone, doing the grandchildren thing. Then I came home and got sick. So, we haven't got our minds back to it. I don't think I missed anything. I thought you might want to get from me, though, the list of past chairs, the list of association addresses. I got those on documents.

**Could you send those to me in an attachment?**

[Yes], I'm [going to] do it in several, because I'm getting mad at this AOL <laughs>.

Transcribed by Tye Libby on November 8, 2010