ORGANIZING FOR STATE ECONOMIC DEVELOPMENT: THE CASE OF OKLAHOMA FUTURES

CINDY SIMON ROSENTHAL
Carl Albert Congressional Research and Studies Center
University of Oklahoma

Oklahoma Futures was created by the Oklahoma Legislature as a public-private partnership in 1987 in an effort to redirect state economic development programs and strategies. This article retraces the history of and political dynamics revolving around Oklahoma Futures and then uses three models to analyze the organization's development. The three models of structural development – top-down, diffusion, and structural choice – each provide necessary and useful explanatory insights, but none is totally sufficient.

The choice of institutional structures says much about the policy goals and political decisions of government. Decisions to organize, reorganize, and reform bureaucratic entities have come to be recognized by many politicians and political scientists as key political choices reflecting the interests of important actors and the environmental forces at play (Seidman and Gilmour 1986). Reorganization efforts also take on an orthodoxy, rhetoric, and symbolism that are as important as the results themselves (March and Olsen 1989). Moreover, organizing a policy function reflects the nature of policy problems and analysis as much as their political environment (Jenkins-Smith 1990).

In the intergovernmental arena, different models emphasize different dynamics of organizational politics. Anton (1989) suggests three. The **top-down** model may be seen in situations where a broad consensus emerges quickly as a result of a perceived crisis and opens an opportunity for executive leadership to propose a solution (Anton 1989). The **bottom-up** model describes situations in which a state of permanent instability pushes problem awareness up from the local level to higher levels for a response (Sundquist 1969). The **diffusion** model reflects the spread of policy ideas and choices from state to state (Walker 1969). A fourth model, **structural choice**, has explanatory power as well. This model posits that the choice of agency structure reflects the political goals and self-interests of those involved in the creation of the new agency (Moe 1989).

While these various models have been used to explain or understand some of the dynamics of change in programs at the federal level, less attention has been paid to the evolution of agencies and boards at the state level. This paper explores the case of Oklahoma Futures, a kind of public-private partnership created in 1987 in an effort to redirect state economic development programs and strategies.

The paper will briefly review some of the elements of economic development policy which make the issues particularly useful for an exploration of the dynamics of structural politics. Second, the legislative history and implementation stages of Oklahoma Futures will be described. The Oklahoma case is analyzed in a third section in an effort to understand the events in terms of public policy dynamics and the politics of creating new state intergovernmental agencies. The models noted above provide some insight, but none is sufficient for explaining the Oklahoma case.

ECONOMIC DEVELOPMENT IN THE 1980s

Economic development has been a prominent and preeminent cross-cutting policy concern of the states throughout the 1980s and 1990s (National Governors' Association 1988). Governors at mid-decade ranked economic development as the third most critical priority on their agendas after revenue concerns and education (Mauro and Yago 1989, 63). A host of public interest groups, consulting firms and academic-based research centers sprang up to investigate, propose and monitor strategies and solutions. The literature on the state role in an internationally changing and complex economic environment exploded in terms of sheer volume, if not always with agreement about the best remedies.

The emergence of economic development as a key issue reflects the intersection of several trends, three of which are key to this argument. First, the 1980s brought a recognition of a changed economy. Second, the federalism initiatives of the Reagan Administration contributed significantly to a changed intergovernmental environment. Third, public and private leaders together began to see their economic and political futures as integrally linked and thus hinged upon an effective response from state government. Indeed, economic development is a keystone in changing ways that state governments think about and structure their capacity and potential.

The landmarks of the new economic landscape include a recognition of (1) the emergence of a post-industrial economy requiring technological sophistication, (2) the concern over the lack of competitiveness of American businesses in the world economy, and (3) the vulnerability of American society to global forces. While seemingly abstract notions, these trends are all too tangible when inventoried in terms of a loss of American manufacturing jobs to overseas producers, stagnant wages and personal incomes, and attendant social problems.

Concurrent with the recognition of a new global economy, the dynamics of intergovernmental relations and federalism underwent significant changes. New Federalism under the Reagan Administration effectively meant a significantly reduced federal role in intergovernmental finance and a shift of administrative responsibility of many federal grant programs to the states (Anton 1989, Conlan

1988). Block grants increased state government involvement in local economic and community development, but in the eyes of some, strong partnerships with the localities were slower to crystallize (Southern Growth Policies Board 1987, 2).

Finally, the relationship between business and government is being viewed differently. Reich (1983) argues that the American economy has historically been dominated in cycles by either a management-centered culture reflecting unfettered free enterprise or a government-centered culture characterized by regulation, planning and often conflict with business. The 1980s saw conflict slowly give way to a recognition of interdependency and the notion of partnership. A significant number, though not necessarily all, business and government leaders began to see their needs and fates more broadly intertwined.

As a result of this confluence of changes, state approaches to economic development shifted. The mission of state commerce departments moved away from the original "first wave" emphasis on industrial recruitment using primarily tax and financial incentives and business assistance services to attract new businesses into the state (Pilcher 1991, 34-37). This traditional approach fostered extensive competition among states and among communities within a state, thus creating a variety of intergovernmental and overtly political tensions along the way.

During the 1980s, a "second wave" of economic development programs emerged with an emphasis on targeting public investment strategically to intrastate enterprises and focusing broadly on public programs that enhance a state's attractiveness; for example, education, quality of life assets, and infrastructure (Barker 1983; Borders and Johnson 1985). In large part, the new look of state economic development was a response to economic conditions, a growing awareness of the need for competitiveness on a global scale, and a recognition, spurred by David Birch's critical research, of the role played by small and young businesses (Birch 1979). While not abandoning entirely the older industrial recruitment strategies, much more diverse and innovative activities characterize the arena of state economic development today (Osborne 1988; Fosler 1988). States increasingly look beyond the U. S. borders to find new markets for homegrown products and to develop trading opportunities for locally-based businesses. A new vocabulary promotes strategic planning, sectoral targeting, economic diversification, access to and sources of new capital, and human resource development.

Finally, public-private partnerships have been spawned with a wide range of missions and powers. Taking a variety of forms – citizen or business groups, quasi-public organizations, foundations and university-based centers – these cooperative efforts share a common cause of focusing the attention and resources of government and private sector elites on the economic development needs of a community or the state as a whole (Bollier et al. 1991). Being neither exclusively public nor private by definition, these advisory or intergovernmental agencies operate in a kind of "twilight zone" (Seidman and Gilmour 1986).

Of particular note, because of its relevance to this paper, are the quasi-public organizations, which are statutorily-created instruments of public policy or capital investment. One typology of the quasi-public organizations identifies four dominant forms:

1) business finance corporations, organized to raise or leverage capital for private sector enterprises;
2) bond financing authorities, created to raise capital through both the exempt and taxable markets for public works and, more recently, private sector projects with some perceived public benefit;
3) research and development authorities, whose charge is to stimulate research and foster technology transfer to the private sector;
4) strategic development organizations, which are given general responsibility for policy planning and oversight of state programs (Strange et al., 1991).

Different rationales are advanced in support of quasi-public organizations. One type of quasi-public entity first developed to allow government to circumvent constitutional debt and lending restrictions for public works projects. While some of these financing authorities date to the Depression Era, more recently created entities sometimes operate in territory where the lines between public-purpose projects and private benefit are less clear. Other objectives are also advanced. Proponents of quasi-public entities see them as necessary to bring innovative and entrepreneurial management into state government and to bridge existing agency structures (Daniels 1987, 27).

Critics suggest that some objectives may be less admirable. Political actors may find quasi-public corporations an easier way to expedite fulfillment of campaign pledges than changing larger, more bureaucratic structures of state government. Since financing authorities are usually off-budget (i.e. their revenue sources and expenditures are not part of the normal accounting processes), they may be insulated from scrutiny by the public and political leaders (Strange et al. 1991, 4).

Whatever the claims of their detractors and advocates, quasi-public corporations are a fact on the economic development scene. Whether the best vehicle or not, they also reflect the new catechism of public-private partnership.

SHAPING THE ECONOMIC FUTURE: THE OKLAHOMA CASE

Oklahoma did not escape this confluence of public policy forces during the 1980s. But as is often the case in federalism, each state's circumstances and response reflect certain unique conditions. The Oklahoma case in point is no different. Morgan et al. (1991) describe Oklahoma as a state in transition from a traditionalistic political culture and an economy based on agriculture and energy, thus economic diversification and expansion have figured prominently in policy agendas (170-176).

Oklahoma politics have long been dominated by the Democratic Party and a political culture flavored by localism and factionalism. Morgan et al. (1991) write of the fundamental divisions – rural versus urban, Oklahoma City versus Tulsa, labor versus management, and public sector versus private – which have characterized many public issues and often blocked important compromise. The factionalism is played out on the stage of state government – a strong but often parochially-motivated legislature and a relatively weak governor presiding over a balkanized bureaucracy.

Against this backdrop, the following section describes the context in which Oklahoma Futures was created, reviews key decisions in the legislative process, describes the implementation and accomplishments of the organization in its formative years, and reports some of the assessments of key participants and observers of Oklahoma Futures' operations. A series of interviews was conducted with legislators, state agency personnel, private sector leaders, media representatives and university personnel to form the basis for this section.[1]

THE CONTEXT IN 1986

Passage of the Oklahoma Economic Development Act of 1987 (74 O. S. 1987, Section 5002) grew out of a period of extreme economic distress for the state and widespread recognition among business and government leaders that "something had to be done."

The essential conditions, which led to enactment of the legislation (known through the deliberations as House Bill 1444), are economic, intergovernmental, and political. On the economic side, the state was in the depths of recession after enjoying an extended economic boom in the 1970s and early 1980s fueled by rising energy prices. The state saw its fortunes crash in 1982 with the precipitous drop in oil and gas prices and concurrently with the farm crisis in the agricultural sector. Times were bad in the oil patch (Morgan et al. 1991, 59-60). State revenues, which grew from \$2.58 billion in fiscal year (FY) 1979 to \$4.13 billion in FY82, dropped to \$1.93 billion in FY83, forcing the Legislature to cut agency budgets significantly and impose the first of several new taxes (House of Representatives 1985, 21-26).

In addition to the loss of revenues from a tax system based in large part on severance taxes, the state had lost significant federal revenues (as did all states) when the Reagan administration was successful in securing passage of its proposals for consolidation, reduction and elimination of various grants. Reagan's block grant changes gave the Oklahoma Department of Economic and Community Development (DECA) responsibility for the administration of the Community Development Block Grant and the Community Services Block Grant, both involving grants to local governments.

DECA also figured into the organizational and political context at the time. In 1986, as part of legislation to reorganize parts of state government, DECA was consolidated with the Department of Economic Development (DED), a small, old-styled industrial recruitment agency of state government, creating the Oklahoma Department of Commerce (ODOC). To some, DECA was a focal point for the distributive, pork-barrel politics of Oklahoma traditionalism, and clearly DED embodied the philosophy and tools of the "first wave" economic development trade.[2]

Also in the early 1980s, an important private sector force for change was emerging. Urged on and chaired by then former Governor Henry Bellmon, certain key business leaders including G. Douglas Fox and H. E. "Gene" Rainbolt revived the dormant Oklahoma Academy for State Goals, a non-partisan, nonprofit citizens group established in 1967. In 1985, the Academy commissioned a major report on the uses and sources of state revenue and convened a conference of many of the state's top leaders. Around the same time, Oklahoma 2000, Inc., an affiliate of the Oklahoma State Chamber of Commerce, issued a series of reports highlighting aspects of or problems with the state's economic development policies. The chamber economic development reports supplemented its role as the lead organization on the day-to-day legislative issues of concern to the business community. Both organizations drew on research from and were advised by a cadre of economists principally from Oklahoma State University and the University of Oklahoma. Consensus clearly was forming around the notion that the state's economic future could not "depend on its natural resources alone to sustain its economic base in the future" (Oklahoma Academy 1987, v).

THE 1987 LEGISLATIVE SESSION

In a legislative session dominated by a 16 percent drop in state revenues and the formulation of the state's largest-ever tax increase, the passage of HB 1444 sparked very little public controversy. Moreover, most of the state's leadership (legislative, executive and business) were committed to doing something to try to turn around the state's economic fortunes.

Laying the groundwork, the Oklahoma Legislature in 1986 authorized a major study of the state's economic development efforts. To conduct the study, Belden Daniels, president of the Council for Community Development, Inc., was retained. Daniels, one of a handful of nationally recognized experts advising states, espoused the formation of quasi-public organizations to lead policy development, to leverage capital, and to spur investment. His mix of proposals was first adopted in Massachusetts and then transplanted to other states.

Daniels' final report to the Legislature's Joint Fiscal Operations Committee emphasized three recommendations: 1) the creation of a "new, powerful statewide public-private economic development partnership to guide Oklahoma's future;" 2) the creation of a variety of financing entities to provide high risk capital for innovative enterprises; and 3) major public investments in education at all levels (Daniels 1987).

At the same time, the Oklahoma Academy commissioned a study by Midwest Research Institute on the role of private sector involvement in economic development (Midwest Research Institute 1986). Both Daniels and Jack Wimer of Midwest Research Institute addressed the 1986 Oklahoma Academy conference and offered advice on developing a new Oklahoma strategy for economic expansion (Oklahoma Academy 1987).

Working closely with Daniels in the Legislature was Representative Don McCorkell who was the prime sponsor for HB 1444. Senator Roy Sadler sponsored the measure in the Senate. The bill drafted by Daniels and McCorkell borrowed heavily from the design of Kansas, Inc. and the Indiana Economic Development Council. The original bill proposed a new bureaucratic structure with Oklahoma Futures operating as an independent board of directors over the Department of Commerce and with interlocking directorates over new and reorganized financing agencies. The proposal allowed the Governor and legislative leaders to serve on and make appointments to Oklahoma Futures. In Indiana and Kansas, legislative leaders serve on the policy boards but the governor is the appointing authority and exercises direct executive control (Fosler 1988, 281; Strange et al. 1991, 53).

The Oklahoma provision for legislative appointments and other legislative-executive conflicts became significant sticking points between the Legislature and Governor Henry Bellmon and his Director of Finance, Alexander Holmes. In spite of their early involvement with the Oklahoma Academy and other private sector efforts, Bellmon and Holmes, an Oklahoma University professor of economics, argued that HB 1444 was a legislative incursion on executive branch power. The Governor objected to other provisions: Oklahoma Futures' approval power over the Department of Commerce's business plan and five-year economic development plan and annual business plans of the new financing agencies created in the bill; the requirement that the Governor appoint the ODOC director from a list recommended by Futures; and legislative membership on the proposed new Private Sales Bond Oversight Committee. As the session drew to a close, Governor Bellmon wrote to Senate President Rodger Randle requesting that the bill be held over for further study so that the legislative-executive disagreements could be resolved.

Ultimately the bill was passed (31-16 in the Senate and 72-16 in the House) after the conference committee worked out several key compromises with the Governor. The compromises included: making Oklahoma Futures advisory only with the power to review but not approve ODOC's business plans, creating separate legislative and executive bond oversight boards, retaining legislative members and appointments, and giving Futures the responsibility for writing the state's five-year economic development plan (Chavez 1987). A related compromise created the Oklahoma Center for the Advancement of Science and Technology (OCAST) as a separate agency with a gubernatorially-appointed board.

The bill, now 161 pages in length, was criticized by some legislators who complained about its complexity and the lack of time to study it. But, importantly, the bill had something for just about everyone to support (Chavez 1987). Key provisions of the bill included:

- creation of Oklahoma Futures as a 22-member public-private partnership to develop strategic economic policies, coordinate development activities across state institutions and programs, and generally oversee ODOC and the new financing agencies;
- designation of seats on Oklahoma Futures as reserved for representatives of business, the state chamber, the state AFL-CIO, and the presidents of Oklahoma University and Oklahoma State University;
- mandate the development of a five-year economic development plan by Oklahoma Futures to provide overall policy development guidance to the state's efforts;
- creation of the Oklahoma Center for the Advancement of Science and Technology (OCAST) to expand seed capital for the state's research programs and foster technology transfer to emerging enterprises;
- designation of funds for centers of excellence and endowed chairs which would provide research support for the state's various universities;
- creation of the Oklahoma Development Finance Authority (replacing the Oklahoma Development Authority) and expand the bonding capacity of the Oklahoma Industrial Finance Authority (OIFA) to serve public works needs of towns and cities;
- creation of executive and legislative bond oversight committees;
- assignment of various strategic development functions to ODOC or the new financing agencies.

Most public-private partnerships reflect a kind of corporatist model of extra-governmental policymaking by resource-holding groups, but there are some variations to the theme which are distinctly more pluralistic (Goldstein and Bergman 1986). Oklahoma's traditionalist political culture reflects a long-standing tension and ambivalence between the public and private sectors (Morgan et al. 1991, 207-208), and might predict considerable resistance to such a partnership. But Elazar's (1966) original traditionalistic formulation also emphasizes the participation of elites and constraints on public bureaucracy. Thus it is surprising that the legislative debate did not focus more on the issue of elevating private-sector power over major functions of state government as was proposed in the draft bill for Oklahoma Futures. Given its focus on legislative-executive relations, the debate sheds little light on whether this tension was on the minds of legislators, the governor, or the chief private sector advocates.

THE FORMATIVE YEARS OF FUTURES

In its first year, Oklahoma Futures devoted most of its energies to the development of the state's first five-year plan on economic development. Tom Bennett of the Stillwater National Bank was hired to coordinate the process and 18 task forces were put to work developing goals and aspirations for the state. More than 650 people from around the state got involved in the task force meetings. Culling through the mixed bag of task force reports, Oklahoma Futures identified its major goals and strategies and then directed the staff from ODOC to prepare the final document.

In the end, the five-year plan ran 172 pages in length and reflected the thinking of "second wave" economic development strategy. The plan was divided into 13 broad goals each accompanied by a variety of strategies for implementation. The top priority in the plan was the goal of improving the state's public education system, a topic that was to occupy much of the Futures members' time both as members of the board and as activists in other arenas. The plan also called for increasing per capita income, employment, new business formations, exports of manufactured goods and agricultural products, and international investment. Other "second wave" goals dealt with the reduction of adult functional illiteracy, improvement of government performance, creation of a viable banking and savings and loan sector, and enhancement of "the quality of life in Oklahoma" (Oklahoma Futures 1988, 29). Futures established measures and standards by which to monitor the plan, and in yearly updates reported progress.

Throughout the Bellmon Administration years, Oklahoma Futures suffered under the tensions that were evident during the legislative deliberations. At best, Governor Bellmon's posture toward the group was tolerant but protective of his executive authority over the Department of Commerce. At points, however, relations became downright acrimonious. One confrontation occurred when a Futures subcommittee criticized the management of the ODOC foreign trade program, citing the lack of coordination of various international initiatives in other departments, and recommended a freeze on opening new foreign trade offices until changes were made. The subcommittee recommendations provoked an angry reply from Governor Bellmon who accused the group of meddling and meeting too often. In a related incident, ODOC Director Donald Paulsen refused to provide Oklahoma Futures a copy of the department's proposed business plan and budget in a showdown over budget approval powers (Wolfe 1989).

Other factors contributed to Futures' struggle for effectiveness. Without its own independent staff, the group had to rely upon ODOC staff for assistance, thus hampering the board's ability to act as an independent reviewer of the agency.

(An ODOC staffer is currently loaned full-time to Futures after the Legislature turned down a request for an independent staff and budget in 1991.) While the Senate and House economic development committee chairs are regular Futures participants, legislative leaders rarely attended the meetings, thus further eroding its political support (Chavez 1989).

Not until the election of David Walters in November 1990 did conditions change. The new governor accepted Futures' unanimous recommendation, based on a national search process, of Greg Main to be the new ODOC executive director. Also, according to current co-chair Douglas Fox, Governor Walters invited Futures to give input on the ODOC budget and business plans in September to coincide with the normal cycle of budget development. Under Governor Bellmon, Oklahoma Futures was provided the ODOC business plan and budget to review in the spring too late to provide meaningful comment since the Legislature was simultaneously concluding its deliberations on the budget. Futures also is spearheading a rural development initiative that coincides with Governor Walters' proclaimed intention to make rural economic concerns a priority issue.

JUDGING FUTURES' EFFECTIVENESS

It is difficult to assess Oklahoma Futures' effectiveness empirically since few if any of the board's initiatives depend on its independent actions alone. If judged purely on its economic development goals, the organization's five-year plan is the logical yardstick with which to begin.

In 1990, the most recent year for which progress is reported, the measures of economic improvement were clearly mixed. On 20 of 34 economic indicators compiled by the Oklahoma Department of Commerce, there were signs, if modest, of a strengthening economy. But in most other areas, the objective measures – e.g. student graduation and dropout rates, educational expenditures and teacher salaries, bank equity capital growth, foreign investment, and per capita personal income – showed little movement toward achieving Futures' original goals (Oklahoma Futures 1990).[3]

Futures' seeming lack of progress was highlighted in a series of articles in 1989 by *The Daily Oklahoman.* But defending the group, James Tolbert, then chairman of the group, said "The state didn't get in a hole in a week and won't get out in that time either . . . "(Chavez 1989).

Another measure of impact would be the extent to which state funds have been redirected to the economic development function of state government. While reorganization of functions and agencies and changing budget formats between the Bellmon and Walters administrations make comparisons difficult, it is clear that substantial new money has been directed toward economic development. In the first three years (fiscal years 1988 through 1990) after its inception, OCAST was appropriated $36.6 million (mostly new money) to build up its revolving funds of venture capital and seed monies (Oklahoma 1992; Oklahoma 1991). Similarly, for fiscal year 1990 through fiscal year 1993, legislative appropriations for ODOC grew by 22.1 percent, a rate of growth outstripped only by education at 38.4 percent (Oklahoma 1993). At the same time, total executive branch appropriations (excluding education) grew by 15.1 percent.

While Futures has had only limited input on the ODOC budget, the members might arguably claim some credit for affecting the public discourse which in turn frames legislative appropriation decisions. Like the economic indicators, however, the direct link between the advisory body and appropriation decisions is tenuous.

In the eyes of many of its members, Futures' most significant contributions are not necessarily reflected in its plan. Primarily, Futures members point to their role as a "bully pulpit" on the education reform issue that dominated legislative and public attention from 1990 when the landmark reform bill, HB 1017, was passed through 1991 when a repeal effort was defeated. Futures members figured prominently in the leadership of campaigns to pass and then protect the reform legislation. Futures members hope that their efforts in rural development and a current project to develop a strategic "vision" for the state might likewise benefit from the board's high profile status to focus attention on state needs.

Members also point to their efforts to monitor the loan decisions of the Oklahoma Development Finance Authority. With a membership that overlaps with that of the Bond Oversight Commission, a Futures subcommittee has been "naggingly effective" in preventing ill-advised loans that would total nearly $30 million, according to H. E. "Gene" Rainbolt. The subcommittee's composition of bankers and investment business people makes up for any lack of independent staff resources. At one point, Oklahoma Futures held up approval of the ODFA business plan, a statutory power which the board does not have over ODOC. In addition, the Legislature authorized an independent audit (recommended by Oklahoma Futures) of lending practices of the ODFA and the Oklahoma Industrial Finance Authority. In short, Oklahoma Futures has used its statutory, advisory, and symbolic powers to oversee the ODFA.

In spite of its accomplishments, the overwhelming consensus among the participants is that the board has not achieved the impact originally hoped for, and the gap between expectations and achievements is largely attributed to the lack of a consensus about Oklahoma Futures' central role. The political compromise in the legislative process relegated the board's powers to strictly advisory and visionary. The uneasy relationship with Governor Bellmon and the legislative leadership's disinterest further compound the board's weakness. Whether Oklahoma Futures thrives will clearly depend in large part on the posture which Governor Walters takes toward it. At present, the "new, powerful state-wide institution... for continuing short and long term strategic analysis, planning, action, and performance audit" remains a consultant's promise (Daniels 1987, 29).

ANALYZING THE PAST, PRESENT AND FUTURES

The creation of Oklahoma Futures demonstrates the elements of top-down, diffusion, and structural choice models, but illustrates little of the dynamics of the bottom-up model. The applicable models might easily have predicted some of the difficulties the board has encountered. While each model has some explanatory power as this section attempts to show, a fourth model – what March and Olsen (1989) term the "garbage can" – perhaps offers the most insight. But a "garbage can" theory of organizational politics may be less a model than it is an acknowledgment of the inability of theoretical constructs to fully explicate "real world" politics and practice.

THE MODELS OF STRUCTURAL DEVELOPMENT

In the top-down model, Anton (1989) describes the emergence of top-level leadership to propose and spur a policy change in a time of crisis. The mobilization of private leaders through the Oklahoma Academy for State Goals and Oklahoma 2000, Inc., and the personal networking of political leaders from both parties in response to the oil collapse characterize the early stages of a top-down process. The almost "instant" policymaking which results from a crisis environment often reflects primarily a consensus limited to the need for action rather than the specific solutions. As Anton notes, a top-down process is often characterized by "quick acceptance of the first proposal that seems reasonable." Further he warns, "Actions taken under such pressure are likely to require renegotiation once the original source of pressure has abated" (106).

Elements of the diffusion model are also evident. The spread of economic development policies among the states is well-documented (Anton 1989; Barker 1983; Fosler 1988; Osborne 1988). The Oklahoma public-private partnership model borrowed heavily from the experiences of other states, particularly Indiana and Kansas. Belden Daniels, one of a handful of highly influential national advocates for state strategic development through quasi-public entities, had a hand in the creation of Kansas, Inc. and similar efforts in the Central Plains region (Strange et al. 1991, 6). The phenomenon of policy diffusion also reflects a diffusion of political leadership, according to Anton (1989). Thus with New Federalism under President Reagan, the locus for policy leadership came to rest upon Oklahoma state government, as it did in other states. If a solution to Oklahoma's economic woes was to be found, the circumstances pointed to state government.

Clearly, Oklahoma's dismal economic situation between 1983 and 1987 opened a window for a significant change in state economic development policy.

Nonetheless, there were still fundamental policy disagreements among key actors on what kind of public-private partnership structure was appropriate for Oklahoma's political environment. When consensus does not emerge from the policy community, Kingdon (1984) warns that the bargaining dynamics of the political stream take over, and solutions may assume an unexpected or different character (169-172). Arguably, Oklahoma Futures was built by coalitions which were far more unstable than might otherwise be concluded from its seemingly broad-based support.

In its administrative frustrations and struggles, Oklahoma Futures can also be seen as an example of the politics of structural choice (Moe 1989). Moe argues that new bureaucratic structures reflect the interests, strategies, and compromises of those who exercise political power and pursue distinct self-interests in the agencies creation. In this light, the policy disagreement between the Legislature and Governor Bellmon over the makeup of Oklahoma Futures is more than just a debate about separation of powers but a wider struggle about legislative and gubernatorial goals for achieving control of government, political rewards, and future objectives.

Moe argues that chief executives want to be judged successful and effective in the eyes of history through the achievement of policy objectives and management of the bureaucracy, thus maintaining hierarchical authority through one's key political appointees is critical (280). In the context of Oklahoma where constitutionally the governor is relatively weak, ceding further policy power to Oklahoma Futures would not be a particularly rational structural choice.

By contrast, legislatures in Moe's analysis value a "particularized" control over the bureaucracy; in other words, legislators desire to retain the ability to intervene quickly, inexpensively and in ad hoc ways for a constituent-client (278). When viewed in the light of the history of the predecessor organizations (DECA in particular), a board including top business leaders, legislative members and their appointees represents an attractive structural choice.

According to Moe, the dominant interest groups also pursue distinct goals usually involving matters of control, for example through the imposition of rules to constrain bureaucratic behavior, the choice of key personnel, and the specification of technical requirements for decision making (274-275). In the Oklahoma case, these control issues comprise a continuing theme articulated by private sector business members who were involved in the creation of the board and have served on it.

Once established, a new organization is also shaped by the rational pursuit of self-interest and self-preservation by bureaucratic actors. As Moe argues, "the game of structural politics never ends" (284). In spite of Bellmon's resistance, the Department of Commerce has moved to assimilate (some might say co-opt) the new board into its planning processes and to earn Futures' endorsement of new initiatives and budget requests.

THE UTILITY OF THE "GARBAGE CAN"

March and Olsen (1989) argue that institutional reorganization and reform are ad hoc activities – in effect, garbage cans full of "highly contextual combinations of people, choice opportunities, problems and solutions" (80). Given the complexities and changing emphases about what states can and should do to promote economic development, it is not surprising that consensus about the requisite institutions is illusive. Here, March and Olsen's might have had Oklahoma Futures in mind:

> Since there are few established rules of relevance and access, reorganizations tend to become collections of solutions looking for problems, ideologies looking for soapboxes, pet projects looking for supporters, and people looking for jobs, reputations, or entertainment (82).

March and Olsen also argue institutions are often more important in terms of the symbolism they embody than the instrumental goals they pursue. From the depths of an economic downturn, Oklahoma political leaders were eager to do something (or anything) that might help the state's economy. But while there was a consensus for action, little agreement about the best strategy existed. Oklahoma Futures thus became an important symbol of the state's commitment to competitiveness in the zero-sum arena of economic development policy. Whether new strategies would work or not, the state had to ante up to be in the game.

ORGANIZING FOR THE THIRD WAVE

There is evidence that economic development is changing, and thus Oklahoma Futures will likely evolve. A critical assumption of the "second wave" strategy is the existence of adequate financial resources to make substantial and virtually simultaneous investments to improve public education, infrastructure needs, and quality of life (e.g. cut crime rates). Given the realities of intergovernmental finance in the era of Reagan's New Federalism and continuing economic sluggishness, Oklahoma, like most states, has not had the resources to accomplish an ambitious "second wave" agenda such as reflected in Futures' five-year plan.

Alternatively, limited resources can be targeted to benefit those communities or industries that are strategically situated to provide the greatest economic return on investment. Most sectoral and geographic targeting of economic development by states has met with mixed success because of traditional political pulls to disperse benefits as widely as possible (Hansen 1989, 47). As Mauro and Yago note, " ...our political process might lead a rational governor or legislative leader to conclude that he or she could avoid plausible criticism from the media, interest groups, or opposing politicians by having something of everything (82)." There is no evidence to suggest that Oklahoma has conquered the difficulties encountered by other state targeting efforts – i.e. insufficient definition of targets, shifting political pressures and administrative changes, and proliferation of organizational units particularly at the sub-state level (Mauro and Yago 1989, 82). Because communities possess unequal resources whether human, physical or capital, aid often follows economic growth rather than fostering it.

Fiscal realities of the 1980s and the state experience with targeting have led many economic development theorists to signal the advent of a "third wave" which "is a rethinking of what government can do and cannot do, and how it can do it more effectively" (Fosler quoted in Pilcher 1991, 34). This new phase relies on relationships between service providers, communities, and businesses at the local level. Should this new wrinkle in economic development find favor here, Oklahoma Futures may have to reshape its distinctly state-level policy focus toward more modest, community-specific programs. To be sure, Oklahoma communities are already heavily reliant upon state government for both power and revenue (Holmes et al. 1983, 21). But a "third wave" strategy would necessarily imply some shifting of state, sub-state, and local intergovernmental relations.

Oklahoma Futures in 1993 reflects a very different set of bureaucratic and political relationships than at any time in its short life. Whether Oklahoma can ride the "third wave", however, may rest on the extent to which these evolving relations can also link up with local and regional groups in ways that bridge the state's parochial traditions.

CONCLUSION

The Oklahoma Futures experience reveals much about economic development policymaking in the intergovernmental sphere. While public-private corporatist structures have been the popular alternative to "government business as usual," they have not escaped the realities of operating within the dynamics of politics and federalism. Their impact is muted when, as has been the case with Oklahoma Futures, their institutional powers are relatively limited. To its credit, Oklahoma Futures has utilized with some success the symbolic tools available to it, but building and sustaining economic vitality will ultimately require more than persuasion.

In 1987, Oklahoma public and private sector leaders reached a consensus that a new direction was needed; as this case has illustrated, many of the details of how and which way to move were less clear. In 1993, the path to economic health seems no more obvious. State fiscal conditions and public resistance to tax increases limits options for significant new public investment or initiatives. The concept of strategic targeting implies hard-headed choices, nurturing some enterprises or communities while neglecting others. Business persons are trained to make dispassionate choices driven by the tough realities of the bottom line, but similar choices are often untenable in the political world, particularly an environment like Oklahoma's rooted in a traditionalistic political culture. Which ethic will shape Oklahoma's economic development policy in the future?

NOTES

1. Interviews were conducted with State Representative Don McCorkell, Futures member and prime sponsor of HB 1444; former State Senator Roy Sadler, Senate sponsor of HB 1444 and former Futures member; G. Douglas Fox, co-chair of Oklahoma Futures and president of Tribune/Swab-Fox Corporation, Tulsa; H.E. "Gene" Rainbolt, Futures member and president/CEO of BancFirst Corporation, Oklahoma City; Alexander Holmes, professor of economics at the University of Oklahoma and former Secretary of Finance and Revenue; Drew Mason, chief of state for Governor Henry Bellmon; Gayla Machell and Mary Frantz, strategic planners with the Oklahoma Department of Commerce; George Humphreys, director of research for the Oklahoma House of Representatives; and Lou Ann Wolfe, reporter for the *Journal Record.*

2. The merger might date the beginning of the modern era for Oklahoma's economic development programs were it not for the fact that economic development was a relatively minor part of the legislative coalition that developed around the bill, House Bill 1946. House leadership supported HB 1946 in large measure to remove the DECA director. DECA's administration of the block grant programs had not endeared it to key House leaders who felt that the agency director had not shown sensitivity to their political concerns and wishes in the approval of certain block grant awards to local communities. Senate President Pro Tem Rodger Randle's interest in the measure focused on provisions for a cabinet form of government, and Governor George Nigh's interest in the bill was largely because it included a new ethics commission which he wanted. With the only clear economic development agenda, Representative Cleta Deatherage Mitchell saw the bill as an opportunity to remake the DED's smokestack-chasing operation into a strategic economic development agency, but her agenda was a secondary consideration to House leaders.

Representative Mitchell chaired a special committee on economic development, an assignment she received from Speaker Jim Barker who was elected speaker in part on the promise that Mitchell would not remain as Appropriations Committee chair.

3. Futures' impact might also be judged in terms of the personal goals of its advocates. Such an evaluation, however, must await another paper since this case study is limited in its ability to fully explain the motivations of the various actors.

REFERENCES

Anton, Thomas. 1989. *American Federalism & Public Policy: How the System Works.* New York: Random House.

Barker, Michael, ed. 1983. *Financing State and Local Economic Development.* Durham, NC: Duke Press Policy Studies.

Bellmon, Governor Henry. 1987. Memorandum to the HB 1444 Conference Committee. *Governor's Suggestions on HB 1444, HJR 1028, HJR 1029 - Update*, 3 June.

Bellmon, Governor Henry. 1987. Correspondence to Senate President Pro Tem Rodger Randle, Oklahoma State Senate, 23 June.

Birch, David. 1979. *The Job Creation Process.* Cambridge, MA: Harvard University Press.

Borders, Keith and H. Johnson. 1985. *Economic Development: A Question of Strategy.* A Report of the Economic Policy Intern Program at the University of Oklahoma Norman, OK.

Bollier, David, H. Pennington, and J. Harvey. 1991. *Pioneers of Progress: Policy Entrepreneurs and Community Development.* Washington D.C.: Jobs for the Future.

Chavez, Tim. 1987. Economic bill may be saved. *The Daily Oklahoman*, 26 June.

---------. 1987. Development bill pushes state to diversity, *The Daily Oklahoman*, 5 July.

---------. 1987. Balm or bane, economic bill goes to Governor. *The Daily Oklahoman*, 1 July.

---------. 1989. Oklahoma futures caught between theory and fact. *The Sunday Oklahoman*, 23 July.

Conlan, Timothy. 1988. *New Federalism: Intergovernmental Reform from Nixon to Reagan.* Washington D.C.: Brookings Institute.

Crawford, Bill. 1991. Memorandum to Oklahoma Futures. *Rural Development Summit Progress Report,* 21 November.

Daniels, Belden. 1987. *Oklahoma: Tools for a Global Competitor.* A Report to the Joint Fiscal Operations Committee of the Oklahoma State Legislature. Cambridge, MA: Counsel for Community Development, Inc.

Elazar, Daniel J. 1966. *American Federalism: A View from the States.* New York: Thomas Y. Crowell.

Fosler, R. Scott, ed. 1988. *The New Economic Role of American States.* New York: Oxford University Press.

Goldstein, Harvey A. and E. M. Bergman. 1986. Institutional Arrangements for State and Local Industrial Policy. *Journal of American Planning Association* 52:265-276.

Hansen, Susan B. 1989. Targeting in Economic Development: Comparative State Perspectives. *Publius* 19:47-62.

Holmes, Alexander, Kent Olson and Larkin Warner. 1983. State Policies Affecting Local Government. *State Policy & Economic Development in Oklahoma: 1983.* Oklahoma City, OK: Oklahoma 2000 Inc.

Jenkins-Smith, Hank C. 1990. *Democratic Politics and Policy Analysis.* Pacific Grove, CA: Brooks/Cole Publishing Co.

Kingdon, John W. 1984. *Agendas, Alternatives, and Public Policies.* New York: Harper Collins Publishers.

Mager, Melissa and Lex Holmes. 1987. Memorandum to the Governor. *Holding the Line on HB 1444*, 23 June.

March, James G. and Johan P. Olsen. 1989. *Rediscovering Institutions: The Organizational Basis of Politics.* New York: The Free Press.

Mauro, Frank and Glenn Yago. 1989. State Government Targeting in Economic Development. *Publius* 19:63-94.

Midwest Research Institute. 1986. *Recommendations for a Private Sector Structure in Oklahoma for Economic Development.* A Report to the Oklahoma Academy for State Goals. Kansas City, MO: Midwest Research Institute.

Moe, Terry M. 1989. The Politics of Bureaucratic Structure. In *Can the Government Govern?*, edited by John Chubb and Paul E Peterson. Washington D.C.: Brookings Institute.

Morgan, David R., Robert E. England, George G. Humphreys. 1991. *Oklahoma, Politics and Policies: Governing the Sooner State.* Lincoln, NB: University of Nebraska Press.

National Governors' Association, Center for Policy Research. 1987. *Making America Work: Productive People, Productive Policies.* Washington D.C.: National Governors' Association.

Oklahoma. 1991. *Executive Budget for Fiscal Year ending June 30, 1989 and Fiscal Year ending June 30, 1990.* Prepared by the Budget Division. Oklahoma City, OK: Office of State Finance

Oklahoma. 1992. *Executive Budget for Fiscal Year ending June 30, 1990 and Fiscal Year ending June 30, 1991.* Prepared by the Budget Division. Oklahoma City, OK: Office of State Finance.

Oklahoma. 1993. *The State of Oklahoma FY-94 Executive Budget: Jobs, People, Reform.* Prepared by the Budget Division. Oklahoma City, OK: Office of State Finance.

Oklahoma 2000, Inc. 1982. *State Policy & Economic Development in Oklahoma: 1982.* Oklahoma City, OK: Oklahoma State Chamber of Commerce.

Oklahoma Academy for State Goals. 1987. *Strategy for Economic Expansion in Oklahoma. The 1986 Final Conference Report.* Oklahoma City, OK: Oklahoma Academy for State Goals.

Oklahoma Futures. 1988. *Oklahoma's Strategic Economic Development Plan 1988-1993.* Oklahoma City, OK: Oklahoma Department of Commerce.

Oklahoma Futures. 1990. *1990 Update to Oklahoma's Strategic Economic Development Plan 1988-1993*. Oklahoma City, OK: Oklahoma Department of Commerce.

Oklahoma Futures. 1991. Legislative Agenda Topics from Previous Years. Staff memorandum to the board. Oklahoma City, OK: Oklahoma Department of Commerce.

Oklahoma House of Representatives. 1985. *Planning Oklahoma's Future: A Synthesis of Reform Proposals*. A Report by the House Research, Legal and Fiscal Divisions. Oklahoma City, OK: Oklahoma Legislature.

Osborne, David. 1988. *Laboratories of Democracy*. Boston, MA: Harvard Business School Press.

Pilcher, Dan. 1991. State Economic Development in the Third Wave. *State Legislatures*. 17(10): 34-37.

Reich, Robert. 1983. *The Next American Frontier*. New York: New York Times Book Co.

Seidman, Harold and Robert Gilmour. 1986. *Politics, Position, and Power, 4th ed.* New York: Oxford University Press.

Southern Growth Policies Board. 1987. Strengthening State-Local Relations: Models for the 21st Century. *Foresight*, 4:1-17.

Strange, Marty, D. Macke, J. Hoffman, and L. Shepard. 1991. *Neither Here Nor There: Quasi-Public Corporations and Economic Development in the Middle Border*. Walthill NB: Center for Rural Affairs.

Sundquist, James and David Davis. 1969. *Making Federalism Work*. Washington D.C.: Brookings Institute.

Walker, Jack. 1969. Diffusion of Innovations Among American States. *American Political Science Review* 63:880-889.

Wolfe, Lou Anne. 1989. Oklahoma futures group seeks commerce status. *Journal Record*, 29 September.

---------. 1989. McCorkell contests Bellmon on role of Oklahoma Futures. *Journal Record*, 18 October.

---------. 1989. Bellmon accused of stifling efforts of economic Futures. *Journal Record*, 22 Novermber.