

*H. T. S.*

December 15, 1958

Re: Industrial Development in Virginia

MEMORANDUM TO MESSRS. SAUNDERS AND WILKINSON:

As I may not return from New York in time for the dinner on Friday with the state officials, and as you included me on the sub-committee to plan for that occasion, I am writing this memorandum to record my general thinking.

In reflecting on the discussion last Wednesday night, its most remarkable aspect was the striking degree of unanimity as to the nature of the two problems which concerned the group. We were convened to discuss ways and means of promoting the sound industrial development of Virginia, and it developed that almost all of those present agreed that the school crisis constitutes a related problem which must be solved if there is to be any hope of effectively dealing with the development problem.

The startling statistics which Stuart Saunders presented to our meeting indicate rather conclusively that Virginia has already come to a virtual standstill in terms of major new industries locating here. At the very least, we are falling far behind our neighboring states -- despite the fact that we have resources (in terms of minerals, timber, water power, transportation, harbors, and a favorable labor climate) which appear to be superior to those of any other southern or southeastern state.



There are, no doubt, a number of contributing causes to this relative lack of success in attracting new business and industry. These include (i) unfavorable tax laws, (ii) a Department of Conservation and Development with the weaknesses of finance, personnel and leadership so vividly described by Gene Sydnor, (iii) a State Chamber of Commerce which, for various reasons, has not been conspicuously successful in this area, and (iv) the apparent disinclination of top state officials to devote intensive personal effort to this program in the same way that is done in other states.

While these negative factors have all contributed to the present situation, they are relatively minor problems compared with the effect of the school crisis. There will be no substantial new capital investment in Virginia until this crisis is satisfactorily resolved.

It is therefore desirable, it seems to me, to discuss frankly with the Governor at least the relationship between the school crisis and the future economic welfare of Virginia. I personally feel that our group also should discuss with him generally, if he is agreeable, possible ways of extricating Virginia from its present impossible position.

If there should be such a discussion, it must of course be done without recrimination or blame -- express or implied. While I have felt that massive resistance was sheer folly from the outset,



we must now take the position that it is time for responsible community, business and political leaders to devote their best thought to sound and practical solutions without regard to past mistakes.

#### General Position of Group

But before opening up this part of the discussion, perhaps Stuart or Harvie should summarize the collective position of our group. Perhaps it could be generalized as follows:

1. The group is comprised of business and community leaders who are interested in promoting the sound industrial development of Virginia.
2. This is the sole concern of this group at this time, and we do not wish to be injected into the political controversy over segregation and integration,
3. The group believes that the economy (and therefore the welfare of our people) of Virginia is suffering gravely as the result of relatively unfavorable progress in (i) bringing desirable new business and industry into our State and (ii) expanding major industry already located here. This condition will grow progressively worse unless corrective measures are taken promptly.
4. The group feels that there are a number of contributing causes for this lack of progress, and we

would like to discuss specifically with the Governor, Lieutenant Governor and Attorney General ways and means of:

- (a) Greatly improving the Department of conservation and Development, and perhaps creating a new Department at the next session of the General Assembly;
- (b) Using private funds, if necessary, to strengthen both the personnel and program of this Department until the General Assembly can take effective action;
- (c) Studying the role and possible areas of improving the work of the State Chamber in this respect;
- (d) Correcting the unfavorable elements in our tax structure which tend to deter capital formations in Virginia; and
- (e) Developing a more vigorous teamwork between the top State officials and top business leaders in promoting Virginia aggressively along the lines successfully followed in other states.

5. While the foregoing types of action will improve the situation, the group feels that unless the school crisis is resolved in a manner which preserves public education, there is no hope of real progress.

#### Resolution of School Crisis

It is probable that the Governor will agree generally with the views above expressed, and he has repeatedly expressed



his personal interest in education. He will also, no doubt, point out that he has indicated his intention of appointing a new legislative commission as soon as massive resistance is finally buried by the courts. Knowing how persuasive Governor Almond can be, it is possible that he will convince all of us that a new plan will be developed which meets our basic concerns. But I think we must beware of soothing statements and assurances that all will be well.

It is obviously going to be quite difficult to discuss the realities of the school crisis in any effective way -- especially in a large group. Unless we do this to some extent, I fear that the meeting will accomplish relatively little. I would hope, to be specific, that there will be an opportunity to suggest certain points to these important state leaders, including perhaps the following:

(1) Abandonment of Defiance. While Virginia fortunately has not gone nearly so far as Arkansas, and the Governor has always been careful to speak of "all legal means of resistance", the basic posture of Virginia has undoubtedly been one of defiance. This is both implicit and explicit in the policy of massive resistance and the laws which implement it. Certainly, the courts and public generally have so construed our position. There can be no satisfactory solution of the problem so long as this attitude continues.

(11) Acceptance of the Court's Historic Position in Our Constitutional Form of Government. This is related to "defiance", but it also involves something more fundamental -- namely, our Constitutional form of government. Responsible public officials and leading newspapers have continued to take the position that the Supreme Court usurped the authority to decree de-segregation. This view attacks the very foundation of our system of government. As every thoughtful lawyer knows, the American system cannot possibly work unless the Supreme Court is the final arbiter as to the meaning of the Constitution. We are all free, of course, to criticize decisions of the Court, but this is quite different from denying that the Court has the authority and jurisdiction to decide constitutional questions. In short, commencing with the fanciful idea of "Interposition" and continuing down to date, the people of Virginia have been subjected to a new and radical doctrine which in effect holds that each state shall decide for itself what the Constitution means. This would result in chaos. I doubt that enlightened business leaders elsewhere would consider Virginia an attractive place to move until we decide to rejoin the Union.



(iii) Private Schools Are Not the Solution: Although I believe the Governor has wisely refrained from suggesting that private schools constitute the solution to the school crisis, some of our newspapers and political leaders (including one or more members of Congress) have encouraged the belief that private schools can supplant public school education. While the development of private schools as an alternative may be feasible (and indeed necessary) in certain locations such as Prince Edward County, it is incredibly unrealistic to think that any system of private schools can successfully supplant public education in most of Virginia. In Richmond, for example, we have about 2,000 teachers and employees, our school budget is about \$11,500,000, and we already own our plant of more than 60 school buildings. Even if the education of negro pupils be abandoned, it would be absurd to suppose that a school system of this kind could be financed and operated privately.

(iv) The Danger of Referenda on Abandoning the Public School System. A body of opinion is developing in favor of a vaguely defined plan of "local option" which would permit each locality to decide, by vote of the people, whether it would abandon the public school system -- in whole or in part. Coupled with

this, is the idea that State "grants" would be made to citizens in communities which vote to abandon public education. This type of plan has a good deal of glamour for many reasons. It appears to be "democratic"; it takes public officials off the spot and leaves decisions to the "people"; it has the attractive label of "local option"; and would be sold as a means of providing the flexibility needed to meet differing public opinion in various sections of the State.

Despite the superficial "merits" of such a plan, I am fearful that the results would be to destroy public education (which means effective education) in large sections of Virginia. In the climate of public opinion which has developed in Virginia, and with the highly inflammatory appeals to emotion and prejudice which local elections of this kind will produce, it seems likely that a great many communities would abandon public education if they were given this opportunity. I earnestly hope that the leaders of our state will not support such a plan and thereby abdicate their responsibility for leadership at a time when it is so greatly needed.

(v) Education of Negroes. The economic burden of educating the Negroes is one which the South has borne



for generations. There has been a natural inclination on the part of many of our people to seek a plan which will relieve the State and localities of this burden. There are others who wish to retaliate against the Negroes for the aggressive activities of the NAACP. Happily, Governor Almond has expressed his opposition to "retaliation", and it is to be hoped that he shares the views expressed by many members of our group that the State, in the interest of all of the people, must continue to provide public education for the Negroes. The alternative of this is unthinkable, as we would then have some 30% of our population growing up in ignorance and crime, and yet having the right to vote and without developing the skills which would enable them to carry their fair share of taxes.

(vi) The Public School System Must be Preserved.

It is difficult to think of a greater calamity within our State than the abandonment or emasculation of the public school system. Not only would this tend to weaken America itself over a period of years, but it would have catastrophic effects upon the business, social, economic and political life of Virginia itself. It would retard our development as much as Reconstruction did in the 19th Century.

(vii) The Solution? There are, of course, no easy solutions to the greatest problem in the current history of Virginia. It seems to me, however, that the best opportunity of a reasonable and acceptable solution is the Gray Plan in substance -- probably under some other name. This plan was carefully developed and reflected some of the best thoughts of our leaders; a major portion of it was approved by the people; and decisions of the courts with respect to the North Carolina and Alabama plans indicate that we could operate legally under this type of plan.

It would, to a large extent, accommodate the views of different localities, and if wisely administered it should preserve the public school system generally without resulting in extensive integration for years and possibly generations.

L. F. P., Jr.





The second meeting of the committee appointed to recommend an organization and program for promoting the industrial development of Virginia was held at 12:00 noon, February 17, 1959, at the Commonwealth Club in Richmond.

Present were Stuart T. Saunders, Harvie Wilkinson, Jr., Lewis F. Powell, J. B. Woodward, Jr., Henry E. McWane and Frank Batten.

Mr. Saunders served as chairman and Mr. Batten as secretary.

The committee discussed in detail the notes of its first meeting. It decided to recommend that this group be formally organized. The members were in general agreement that the objectives as outlined in these notes should constitute the nucleus of a program for the organization to be formed.

There was some elaboration on several of these objectives.

1. It was agreed that an immediate goal should be to persuade the Governor and General Assembly to adjust the method of allocating corporate income, for tax purposes, to one more comparable to that used by other states.

2. The idea was advanced that probably the only practical means of making available a more attractive salary for the head of the state's industrial department will be for an organization such as this to finance a salary supplement.

3. The committee agreed that this organization should make a study to determine which recommendations of the General Assembly's industrial development study commission have been carried out and which have not.

The committee next discussed the type of organization to be formed. It was agreed that it should have a board of directors (or trustees) of 30 to 40 members. Several names were discussed as possible members, including Dean Charles Abbott of the University of Virginia Graduate Business School, President George Modlin of the University of Richmond, and a representative of VPI. Members of the committee were asked to send additional suggestions for possible members to Mr. Saunders prior to the next meeting.

It was agreed that the organization should be divided into functional committees and each member should be expected to participate actively.



Mr. Saunders was requested to draft a report for presentation to the full group outlining the recommended objectives and organizational structure for the permanent organization. Mr. Saunders agreed to prepare such a report and circulate it to the members of this committee for approval.

The committee next discussed the current situation in Virginia's school crisis. It was observed that this group of businessmen had urged Governor Almond to seek a solution to the problem which would allow the preservation of the public school system, and it was pointed out that the Governor had taken a position in the recent special session of the General Assembly which seemed to indicate his desire to follow such a course. The committee felt that an expression of support for the Governor's position by this group was desirable. Mr. Powell and Mr. Batten were requested to draft a letter to the Governor. The letter was to be circulated to those members of the group which met with the Governor so that each might have an opportunity to sign it.

Frank Batten



Encl -  
5/23/57

## Report Regarding Industrial Development in Virginia

It seems desirable that the business leaders of Virginia should band themselves together on an informal basis to promote industrial development of this State. To carry out that objective, a selected group of business leaders representing all sections of the State should be invited to become members of the group. Membership should be limited to chief executive officers of businesses and financial institutions with headquarters in the State and the top management representatives of corporations with out-of-state headquarters. One or two representatives of the legal profession should be invited and, perhaps, a few representatives from our colleges, particularly technical and graduate schools. No person holding political office should be eligible for membership; the group must be non-partisan.

### Purpose of the Group

The group should be an advisory rather than a working group. Its function should be to formulate, coordinate and spur a program for aggressive industrial development of the State. Among the functions which it should undertake are the following:

- (a) Suggest to existing governmental organizations, Chambers of Commerce, etc., areas in which studies or activities in the field of industrial development are needed and which should be undertaken by such organizations.

(b) Suggest changes in existing organizations, where necessary.

(c) Sponsor and, either independently or jointly with others, bear the financial expenses of studies and activities by outside firms or specialists, where no existing organization is prepared to undertake such studies and activities.

(d) Make suggestions for developing a more vigorous teamwork between the top State officials and business leaders in promoting Virginia along the lines successfully followed in other states. In this connection, all or a part of the group could work with the Governor in visiting the heads of industries which might be persuaded to locate in Virginia.

(e) Give leadership, guidance and support to efforts to improve our tax structure in such a way as to promote industry in Virginia. Neither the group nor any committee thereof should undertake studies to determine whether changes should be made in Virginia's tax laws. The result would undoubtedly be to undermine the group's effectiveness and status. Moreover, there might be conflict between the group's activities and the responsibilities of other organizations, including governmental departments and the General Assembly. The members of the group should not be expected to devote the time necessary to make detailed studies. Their function should be



to determine the ground to be covered and arrange for others to do it, or to support those who are doing it.

Particular Tasks to be Undertaken

(a) The Development of the Port of Hampton Roads.

The group should work with the Virginia State Ports Authority in the formulation of a program for the development of the Port of Hampton Roads, and, once formulated, should work for its adoption.

(b) Taxes.

At appropriate times the group should announce its support of tax revisions which are calculated to eliminate unfavorable elements in the State's tax structure. If need be, presentation should be made to the Governor and the General Assembly in support of such revisions.

(c) The Virginia Department of Conservation and Economic Development.

The group should discuss this problem with Governor Almond and offer to support him in obtaining needed funds to strengthen and expand the activities of this Department.

(d) Strengthening of the State Chamber of Commerce.

The group should appoint a committee to study ways and means of revitalizing the State Chamber, particularly the matter of increased financial aid.

Encl -  
7/20/59  
Roanoke, Virginia,  
July 20, 1959.

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(d) Virginia State Chamber of Commerce

The group should appoint a committee to work with the State Chamber in devising ways and means of making it an even more effective organization. The matter of increased financial aid should be given particular attention.



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SUGGESTED CONSIDERATIONS FOR COMMITTEE APPOINTMENTS TAKEN  
FROM THE LIST OF ORIGINAL INVITEES

Subcommittee No. 1 - to devise the means of getting and then developing several names from whom a selection could be made of a top flight administrative man for the Division of Conservation and Development including the question of how he shall be paid:

<del>Mr. Frank Batten</del>	<i>Wilkinson</i>
Mr. J. L. Camp, Jr.	<i>Tropnell</i>
<del>Mr. J. Rhodes Mitchell</del>	<i>Hofheimer</i>
	<i>McWane, <u>Ch.</u></i>

Subcommittee No. 2 - to study the proposed budget of the Conservation and Development Commission with a view to comparing it with that of other states in the specific area of industrial development and with a further view of testifying before the proper committee of the General Assembly as to our belief for the funds requested:

<del>Mr. M. W. Armistead</del>	<i>Ed Ould</i>
<del>Mr. Henry Clay Hofheimer, II</del>	<i>Aspinall Murphy</i>
Mr. Eugene B. Sydnor, Jr.,	<i>Ch</i>
<del>Mr. Edward A. Wayne</del>	<i>Bob Marsh</i>
Mr. John B. Woodward, Jr.	

Subcommittee No. 3 - how to move effectively with and through the Governor in merchandising Virginia's advantages:

Mr. R. H. Hughes  
Mr. A. H. McDowell  
Mr. Webster S. Rhoads  
Mr. David P. Reynolds  
Mr. John W. Smith

Subcommittee No. 4 - to prepare data, *showing* following the several facets of Virginia's lag in industrial development to the end of meeting with press, radio and TV with the idea of trying to develop grass root support for industrial activity at the local, state, and General Assembly level:

<del>Mr. John S. Alfrend</del>	<i>Batten, <u>Ch</u></i>
Mr. Alan S. Donnahoe	
<del>Mr. Guy L. Furr</del>	<i>Rhoads</i>
	<i>Armistead</i>

Subcommittee No. 5 - to develop a council of area development which would be composed of various organizations concerned with industrial development, e.g., State Chamber of Commerce, railroads, public utilities, local development corporations, and the like:

Mr. William E. Blewett  
Mr. Walter L. Dolbeare  
Mr. James R. Gilliam, Jr.  
Mr. E. H. Ould



Notes on the Meeting of a Committee to Recommend an Organization  
and Program for Promoting the Industrial Development of Virginia

The committee unanimously agreed that there is a strong need for an independent organization of Virginia businessmen with the purpose of promoting the industrial development of Virginia.

Objectives

1. The first objective is to create a favorable climate in Virginia for industrial development.

There are influential people in politics and business in Virginia who are not particularly interested in attracting industry to the state. The committee feels that this organization must educate business leaders and politicians on all levels on the pressing need for industrial development and the benefits which will result from it.

This might best be accomplished through an education or public relations committee which would sell this concept to politicians, businessmen and newspaper editors and publishers throughout the state.

2. The committee decided to study the reports of the Sydnor and Modlin committees. It was felt that these reports contained enough recommendations to produce a sound program for the state government.

An objective of this organization should be to bring about action by the governor and the General Assembly to carry out the recommendations of these reports. Our target should be the enactment of legislation in the next regular session in January, 1960 and the provision of adequate funds in the governor's next budget. This would require action by the summer or early fall of this year.

3. The committee discussed, in general, the function and the needs of the Department of Conservation and Economic Development. It was agreed that certain changes are prerequisite to the success of this agency.

- a) The department needs a broad-gauge, professional manager for the industrial division. To attract such a man will require a substantially larger salary than is now provided.
- b) The department's board should, in time, have more members interested in and competent to guide industrial development.
- c) The department should compile a complete and comprehensive file of information needed by industries seeking a site. This information should be readily available to all agencies and companies working with industrial prospects.



4. It was felt that the Governor would be the most effective spearhead for the industrial development drive. He should receive active cooperation, advice and support from this organization of business leaders.

Perhaps it would be helpful for this group to serve as a "Closing Sales Team" to make visits with the Governor and other political leaders to make the final sales approach on important prospects.

5. The committee agreed that vigorous action is needed to insure that the staff of the Virginia Chamber of Commerce gives its wholehearted cooperation to this program.
6. An effort should be made to coordinate the advertising themes of the various corporations and development bodies seeking industry for Virginia.
7. The committee believes that Virginia's ports are one of the state's most important competitive advantages in attracting industry. This organization should actively support efforts by the state and federal governments to improve port facilities, channels and harbors.
8. This organization should study Virginia's tax structure and support such changes as will make us more competitive with other states. There was general agreement that the next source of increased revenues should be a sales tax rather than increased taxes on business.
9. This organization should attempt to mobilize the brainpower and research facilities of the state's universities and colleges in the industrial development drive.

#### Subjects to be Explored

Several subjects were discussed which the committee believes require further study before recommendations can be made.

1. Should this organization seek a voice in the membership of the Advisory Council on the Virginia Economy so that its recommendations will complement and support the recommendations of this organization?
2. Should an organization be created to coordinate the activities of the Department of Conservation and Economic Development, the various chambers of commerce, the industrial development councils and corporations working for industrial development?



3. There was brief discussion of the need for an agency to help finance new industries and expansion of existing industries. Is such an agency desirable? If so, should it be organized by the banks or the state?

### Organization

The committee believes that the structure of this organization should allow membership and support by many businesses from all sections of Virginia. However, its control should be centered in a board of directors (or trustees). The size of the board was not decided. Suggestions ranged between 40 and 100 members.

The committee feels it is vitally important to limit the board members to chief executives of their companies in Virginia. The members should also be limited to those who are willing to devote time and effort to this program.

Probably the board should be divided into committees, such as executive, finance, public relations, etc.

### Strategy

Several suggestions were made as to future strategy.

1. It was decided that this committee will meet again at 12 noon, February 17 at the Commonwealth Club.
2. The suggestion was made that, once this committee has agreed upon a program, it should meet informally with the Governor to discuss the program with him.
3. To sell this program to the legislature, it was suggested that this organization conduct a series of regional dinners for businessmen and legislators throughout the state.
4. The committee considered employing a professor at the University of Virginia Business School, or elsewhere, to prepare speech material for our use.

① Second Stuart name to be added  
Stuart Olson

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### Organization

The committee believes that the structure of this organization should allow membership and support by many businesses from all sections of Virginia. However, its control should be vested in a board of directors for business. The size of the board was not decided. Suggestions ranged between 10 and 150 members.

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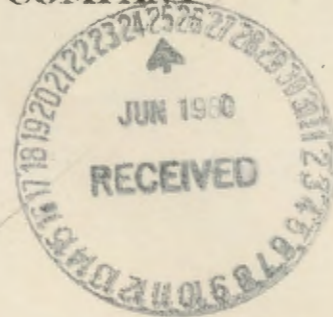
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# NORFOLK AND WESTERN RAILWAY COMPANY

STUART T. SAUNDERS  
PRESIDENT

ROANOKE, VIRGINIA

June 24, 1960.



To Informal Virginia Industrialization Group:

At the meeting of our informal group in Richmond on the 8th, I promised to send out copies of the reports of our subcommittees which are headed by Messrs. Gene Sydnor and Frank Batten, respectively. I enclose copies of those reports, which I believe you will find interesting. At a future meeting, I think that we should discuss quite thoroughly the recommendations made in the report of Mr. Batten's committee. In the meantime, if any of you have any comments on either of these reports, I would like very much to have them.

Sincerely,

*Stuart T. Saunders*

Enc.



May 31, 1960

Mr. Stuart T. Saunders, President  
Norfolk and Western Railway  
Roanoke, Virginia

Dear Stuart:

At the request of the Executive Committee of our informal group interested in industrial development, a committee composed of Messrs. Marsh, Murphy, Ould, Woodward, and myself met on January 6, 1960 to consider the matters assigned to us. These matters included consideration of the proposed budget of the State Department of Conservation and Economic Development with the objective of comparing it with that of other states and making recommendations on behalf of our group to the General Assembly at its session later in the winter.

Our committee met with Mr. Marvin M. Sutherland, then Administrative Assistant to the Director of the Department of Conservation and Economic Development, and based upon information received from him and our own analysis of the facts and figures available, we reported to the full membership of our group at the dinner meeting on January 6, 1960, with the recommendation that the sums (totaling approximately \$1,200,000 more than recommended in the Governor's budget) requested by the Board of Conservation and Economic Development for industrial development and related activities be urged as the minimum necessary for a thoroughgoing and effective program by the state in this field. You and the full membership present that evening authorized our committee to make such recommendations to the proper committees of the General Assembly later in the winter.

Tayloe Murphy, Harvie Wilkinson, and I appeared before the Appropriations Committee of the House of Delegates and among other things recommended that the Board's request for the Division of Industrial Development be approved even though this showed an increase of \$76,000 more than the Governor's budget provided. We also urged that the total funds for industrial development and all related activities (administration, mineral resources, topographic mapping, water resources, and public relations and advertising) be approved in line with the requests of the Board of Conservation and Economic Development, amounting to approximately \$1,200,000 more than the amount provided for these items in the Governor's budget. A digest of these figures together with a summary of our recommendations before the Appropriations Committee were mailed to all members of our group with the recommendation that letters be mailed to key legislators by those interested. I would like to thank at this time those members of our group who took the trouble to write such letters or to confer personally with the legislators.



The outcome of the budgetary and political maneuvering in the last days of the General Assembly provided a result not altogether satisfactory for those interested in a thorough-going and effective program in this field by the State of Virginia, but at the same time, it was not altogether unfavorable.

For the biennium beginning July 1, 1960 the Division of Industrial Development was given an appropriation of \$421,000 representing a 39% increase above the appropriation for the present biennium, but only a 12% gain above the actual expenditures in the present biennium, since Governor Almond has supplemented the appropriations for this period from his discretionary and other funds to the extent of \$73,170. The total appropriations for all activities in the department related to industrial development were \$2,320,900 compared with \$2,077,000 in the present biennium, an increase of 11%. However, total appropriations for the Department's Divisions other than Water Resources were less than amounts requested by the Board of Conservation and Economic Development by \$1,176,000 with the greatest part of this reduction coming in the outlay for topographic mapping, the request for this important work being reduced by \$840,000. As a guide, this gain of 11% in funds appropriated for all phases of industrial work compares with a gain of 34% in appropriations for the forestry activities of this state department and an overall gain of 21% for the whole department. Incidentally, the state's General Fund budget showed an increase of approximately 20%.

It is the opinion of this committee that industrial development work at the level of the state government is receiving more attention than it did a few years ago, and it is not quite the stepchild that it has been in the past. However, much remains to be done, and it appears to some of us that a more highly organized campaign must be developed in the future if we are to put this vitally important work of the state government on the plane that it deserves.

It seems in order to consider the advisability of our present informal group taking on a more formal nature, or exerting its influence to see that the State Chamber of Commerce or other suitable organization works actively in this field. Businessmen must, like any other group in the community, be highly organized to have their views prevail in today's political arena!

Sincerely yours,

ebsjr/S

Eugene B. Sydnor, Jr.



## REPORT OF MR. BATTEN'S COMMITTEE:

This committee was asked to propose means of generating public support at the local, state and General Assembly levels for a stepped-up program of industrial development. A second objective was to suggest plans for attracting national attention to Virginia's industrial assets.

We have concluded that there is a pressing need for increased public awareness and public support of industrial development. Much more could be accomplished if there were wider understanding of the benefits of industrial growth and a realization of what is necessary to attract industry. Increased awareness is particularly needed in the rural areas where so much strength in the General Assembly is centered.

The obvious ways of generating grass-roots support are through continuing publicity and editorial support in Virginia's newspapers, through speeches by business leaders throughout the state and through organized activities of local groups seeking industry.

To achieve this will require an organized effort by the governor or some organization of statewide stature. In North Carolina, South Carolina and some other states the governors have made industrial development their prime objectives and have themselves been the agents who stimulated public interest and support.

In Virginia, while the political leadership is increasingly interested in this subject, there are no indications it will seize the initiative and employ the weapons of persuasion necessary to rally public support. We believe we must turn to another source to provide the leadership to generate grass-roots support.

We considered whether our larger group should assume a public identity and take the leadership in this field. This idea was rejected because our group does not have the necessary staff. To hire one would mean duplication with organizations already in existence. We also felt that our group's greatest value would be realized if it remained informal.

We believe the State Chamber of Commerce is the logical organization to take on the task of generating support for industrial development. It already considers this one of its functions. It has a staff with the proper departments--research, public relations and industrial. It has a broad statewide membership.

However, we believe the State Chamber would have to make some significant changes before it could do this job effectively. First it would have to adopt the attitude that it is not in competition with but a supplement to other organizations seeking industry--its principal objective in the industrial field being to stimulate public support.

The Chamber's officers, board and particularly its staff would have to be in tune with this idea and consider it one of their primary objectives. We doubt that any significant increase



in the Chamber's staff or budget would be necessary. It would require some realignment in present duties.

This committee recommends that the president of the State Chamber of Commerce be approached to determine whether that organization is interested in and capable of taking on this function. We further recommend that if the Chamber accepts this duty, its president be invited to become a member of our larger group.

There are many techniques the Chamber could use to develop public interest. Some to be considered are:

Prepare carefully considered--and spaced--reports providing evidence of the need for industrial growth and programs for meeting it. These would be released to the public and the press. The material provided would be a tremendous boon to editors, civic leaders, politicians and local development bodies.

Collect and release to the press frequent reports indicating Virginia's progress in industrial development.

Organize an effective speakers' bureau of businessmen who would appear throughout the state and talk about industrial development. Perhaps a slide film should be produced for this purpose.

Working with the Conservation department and local groups organize regional conferences of business and political leaders to discuss industrial development.

Perhaps an annual statewide conference on industrial development should be organized at which reports would be made and a first-rate speaker present. This would attract considerable publicity in the state.

\*\*\*\*\*

This committee has two suggestions for attracting more national attention to Virginia's industrial assets.

1. It has been suggested that many Virginia headquartered firms which advertise nationally would be willing to include some appropriate message or insignia in their ads calling attention to Virginia as an industrial site or a good place in which to live. We recommend that this idea be proposed to the Department of Conservation and Economic Development.
2. We believe there is an opportunity for Virginia to gain more national publicity in business magazines and newspapers. It is not particularly difficult for a state to gain publicity in these journals if it has a story to tell and if it actively seeks the publicity. We believe that the State Chamber of Commerce is the proper organization to perform this function, and we suggest that this be discussed with its president.



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Virginia Industrial Group

Dean Charles C. Abbott  
University of Virginia  
Graduate School of Bus. Adm.  
Charlottesville, Virginia

✓ Mr. John S. Alfriend, Chairman  
National Bank of Commerce  
Norfolk, Virginia

✓ Mr. M. W. Armistead, III, President  
Times-World Corporation  
Roanoke, Virginia.

✓ Mr. Frank Armstrong, President  
National Fruit Product Company  
Winchester, Virginia

✓ \*Mr. Frank Batten, Publisher  
Norfolk-Portsmouth News, Inc.  
Norfolk, Virginia

Mr. Samuel M. Bemiss  
P. O. Box 1156  
Richmond, Virginia

Mr. D. Tennant Bryan, President  
Richmond Newspapers, Inc.  
Richmond, Virginia

✓ Mr. J. L. Camp, Jr.  
Vice-Chairman of the Board  
Union Bag-Camp Corporation  
Franklin, Virginia

Mr. C. Vernon Cowan, Regional Mgr.  
Chesapeake & Ohio Railway Co.  
Richmond 10, Virginia

✓ Mr. R. B. Douglass  
Chairman of the Board  
Smith-Douglass Co., Inc.  
Norfolk, Virginia

Mr. Alan S. Donnahoe  
Exec. V.P. & Asst. Publisher  
Richmond Newspapers, Inc.  
Richmond, Virginia

✓ Mr. Richard C. Edmunds, Pres.  
Edmunds Lumber Co., Inc.  
507 North Main Street  
South Boston, Virginia

✓ Mr. G. L. Furr, Vice Pres.  
Appalachian Electric Power Co.  
40 Franklin Road, S. W.  
Roanoke, Virginia

✓ Mr. James R. Gilliam, Jr.  
Chairman of the Board  
First Natl. Tr. & Savings Bank  
Lynchburg, Virginia

Mr. E. H. Graves, Plant Manager  
Continental Can Co.  
Hopewell, Virginia

✓ Mr. W. W. Harrison, Pres.  
The Peoples National Bank  
Charlottesville, Virginia

✓ Mr. Henry Clay Hofheimer, II  
Chairman of the Board  
Southern Materials Co., Inc.  
Norfolk, Virginia

✓ Mr. Robert H. Hughes, Pres.  
Clinchfield Coal Co.  
Dante, Virginia

✓ Mr. Carlisle H. Humelsine, Pres.  
Colonial Williamsburg, Inc.  
Williamsburg, Virginia

Mr. Edwin Hyde, President  
Miller and Rhoads, Inc.  
Richmond, Virginia

✓ Mr. Charles L. Kaufman  
Attorney at Law  
Bank of Commerce Building  
Norfolk, Virginia

✓ Mr. H. G. Leggett, President  
Leggett's Dept. Store, Inc.  
1015 Main St.  
Lynchburg, Va.

✓ Mr. S. E. Liles, Jr., Pres.  
Tidewater Construction Corp.  
1959 Military Highway  
Norfolk, Virginia

Dr. W. Harvey Maguigan, Mgr.  
National Aniline Division  
Allied Chemical Corporation  
Hopewell, Virginia

Mr. Robert T. Marsh, Jr., Pres.  
First and Merchants National Bank  
Richmond, Virginia

Mr. A. H. McDowell, President  
Virginia Electric & Power Co.  
Richmond, Virginia



\*Mr. Henry E. McWane, President  
✓ Lynchburg Foundry Company  
Lynchburg, Virginia

Mr. J. Rhodes Mitchell, Vice Pres.  
C. & P. Telephone Company  
Richmond, Virginia

✓ Mr. W. Tayloe Murphy, President  
Tidewater Telephone Company  
Warsaw, Virginia

✓ Mr. L. U. Noland, Jr.  
Chairman of the Board  
Noland Company, Inc.  
Newport News, Virginia

✓ Mr. Sture Olsson, President  
Chesapeake Corp. of Virginia  
West Point, Virginia

✓ Mr. E. H. Ould, President  
First National Exchange Bank  
Roanoke, Virginia

\*Mr. Lewis F. Powell, Jr.  
Attorney at Law  
Electric Building  
Richmond, Virginia

Mr. David P. Reynolds, Vice Pres.  
Reynolds Metals Company  
Richmond, Virginia

Mr. Webster S. Rhoads, Jr.  
Chairman of the Board  
Miller and Rhoads, Inc.  
Richmond, Virginia

Mr. W. T. Rice, President  
Atlantic Coast Line Railroad Co.  
500 Water Street  
Jacksonville 2, Florida

✓ Mr. R. R. Richardson, Jr., Pres.  
Hall-Hodges Co., Inc.  
Norfolk, Virginia

Mr. Robert L. Riggs, Plant Manager  
Nitrogen Division  
Allied Chemical Corporation  
Hopewell, Virginia

Mr. E. Claiborne Robins, President  
A. H. Robins Co., Inc.  
Richmond, Virginia

✓ Mr. Clarence J. Robinson, Pres.  
Robinson Terminal Warehouse Corp.  
Alexandria, Virginia

Mr. Paul D. Sanders, Editor  
The Southern Planter  
Richmond 9, Virginia

\*Mr. Stuart T. Saunders, President  
Norfolk and Western Railway Co.  
Roanoke, Virginia

Mr. John W. Smith, President  
Seaboard Air Line Railway  
Richmond 13, Virginia

Mr. Eugene B. Sydnor, Jr., President  
Southern Department Stores  
Richmond, Virginia

✓ Mr. Frank Talbott, Jr., Chairman of the  
Board and General Counsel  
Dan River Mills, Inc.  
Danville, Virginia

Mr. William H. Trapnell, President  
Commonwealth Natural Gas Corp.  
Richmond, Virginia

Mr. H. W. Tulloch, Manager  
Employee & Community Relations  
General Electric Company  
Waynesboro, Virginia

Mr. Edward A. Wayne  
First Vice President  
Federal Reserve Bank  
Richmond, Virginia

Mr. Monroe Wells, Vice Pres.  
Reynolds Metals Company  
Richmond, Virginia

\*Mr. J. Harvie Wilkinson, Jr., Pres.  
State-Planters Bank of Commerce & Trusts  
Richmond, Virginia

\*Mr. E. H. Will  
Chairman of the Board  
Virginia Electric and Power Company  
Richmond 9, Virginia

✓ Mr. W. P. Woodley, Pres.  
Columbian Peanut Company  
Wainwright Building  
Norfolk, Virginia

✓ \*Mr. John B. Woodward, Jr., Director  
Newport News Shipbuilding and Dry Dock Co  
Newport News, Virginia

\*On smaller committee.  
9-14-60



Oct. 19, 1960  
Encl.

## OUTLINE OF POSITION

**Position Title: Consultant-Industrial Development and Planning**

**Responsible to: Chairman, Executive Committee of the Virginia Group  
for Industrial Development**

### BROAD RESPONSIBILITY STATEMENT

The Consultant is responsible for enhancing the economic development and growth of the Commonwealth of Virginia by promoting Virginia as a favorable location for business. He does this by:

- (1) Causing industrial enterprises outside the Commonwealth to establish operations in Virginia.
- (2) Causing industrial enterprises within the Commonwealth who are considering expansion, to make such expansion within Virginia.

### PRINCIPAL RESPONSIBILITIES

1. Establish and pursue appropriate contacts with those representatives of the principal 150 corporations in the United States who are responsible for making final decisions on new plant locations.
2. Become familiar with the immediate and long-range expansion plans of these principal corporations.
3. Determine the needs of these corporations with regard to new plant sites and business climate, and develop knowledge of the criteria they consider of greatest importance in making a decision on location.
4. Establish and pursue contacts with managements of smaller firms (both outside and inside the State), particularly those who expect to experience rapid growth.
5. Become familiar with the special needs and plans of these smaller firms for expansion and new plant location.
6. Provide promotional material, including data which cover the usual plant selection criteria.



7. Provide information, or establish channels for obtaining that information, which will enable a prospective client to estimate his current and future costs of doing business in Virginia, compared with costs at his present location.
8. Provide specific information on methods of financing industrial development in Virginia, such as Virginia Industrial Development Corporation, Virginia Capital Corporation, Small Business Administration, and local industrial development corporations.
9. Provide comparison data on possible locations within Virginia.
10. Provide comparison data on plant location criteria of Virginia and other states.
11. Investigate, analyze, and evaluate the strengths and weaknesses of Virginia with respect to business climate, and recommend the plans and the organizational arrangements for maintaining advantages and for overcoming weaknesses.

#### PRINCIPAL RELATIONSHIPS

1. Recommend to the Executive Committee of the Virginia Group for Industrial Development any additional courses of action which he feels are necessary to fulfill the responsibilities of his position, and take appropriate action following decisions of the Committee.
2. Report as required to the Executive Committee of the Virginia Group for Industrial Development on the status of his progress.
3. Work with the Director of the Department of Conservation and Economic Development to obtain necessary information on the resources and business climate of the Commonwealth.
4. Receive administrative, clerical, and special-service assistance as required, from the Department of Conservation and Economic Development.
5. Establish and maintain contacts with the industrial development organizations of Virginia railroads, utilities, and other public-serving enterprises who have such organizations.
6. Establish and maintain contacts with the industrial development branches of the Virginia State Chamber of Commerce and local Chambers of Commerce.

7. Establish and maintain contacts with the Virginia Manufacturers' Association.
8. Establish and maintain contacts with local industrial development groups.

HWT  
10-19-60



## MAN SPECIFICATIONS

### HE DOES

1. Develop favorable contacts with those who have the authority to make plant location decisions.
2. Sell concepts, ideas, propositions -- develop confidence in clients and co-workers.
3. Speak and write effectively.
4. Analyze, interpret, evaluate, and summarize data.

### HE IS

1. College graduate.
2. A man of mature and sound judgment.
3. In good health (must be able to travel extensively).
4. Imaginative -- an innovator and creator -- alert to new ideas.
5. Perceptive and sensitive to needs of clients and constituents.
6. Aggressive, dynamic, enthusiastic, persuasive, self starter.
7. 40 years of age or older.
8. Persistent, determined, not easily diverted or discouraged.
9. A man of some recognized experience and performance in industry.

### HE KNOWS

1. Fundamentals of business -- finance, manufacturing, marketing, some engineering.
2. Industrial organization concepts.
3. Virginia's industrial and political history.

HWT  
10-19-60

MEMORANDUM

To: Mr. Powell

November 26, 1961

From: H. Brice Graves

Virginia Industrialization Group

Richard C. Holmquist

At the time Mr. Holmquist accepted employment by Virginia Industrialization Group he apparently thought that it would be possible for him to arrange that a portion of his compensation would be withheld and applied to the purchase of an annuity for his benefit, and of course the only advantage in that procedure would be gained by being able to exclude the amount applied to the purchase of the annuity from the taxable income of Mr. Holmquist.

The statutory provision in this area is contained in §403(b) of the Internal Revenue Code of 1954. That section provides that if "an annuity contract is purchased for an employee by an employer described in section 501(c)(3) which is exempt from tax under section 501(a)", and if certain other specified requirements are met "then amounts contributed by such employer for such annuity contract \* \* \* shall be excluded from gross income of the employee \* \* \*".

I do not see any particular problem from a legal standpoint in arranging the situation so that Mr. Holmquist would be an employee of the Group. That would doubtless require



a more formal organization of the Group, but it could be done if the members of the Group were willing to do it. The barrier that seems virtually insurmountable to me is the requirement that the employer must be an organization described in §501(c)(3). That section relates to corporations, funds or foundations "organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes" that meet certain additional requirements. It does not seem to me that the Group is operating in the charitable area at all. If it were organized in a more formal manner, it would be more in the nature of a business league, which would be exempt from income tax under §501(c)(6) but to which contributions would not be deductible as charitable contributions. Dues and other payments, however, if unrelated to political and legislative activities, would qualify as business expenses.

As you know, the fact that the organization is not organized for profit is not controlling since many non-profit organizations do not qualify as charitable organizations under §501(c)(3). My present reaction is that the Group could not qualify as a charitable organization if it retains its present purpose, which was stated in the letter of Mr. Saunders to Mr. Holmquist, dated September 28, 1961, to be the stimulation of "industrial growth and development in Virginia for the benefit of our respective businesses, and we hope also for the benefit of the State of Virginia generally." In view of your more intimate knowledge of the background, however, possibly you may be able

to suggest an acceptable charitable purpose, and I will be glad to talk with you further at your convenience.

H. B. G.

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REPORT TO MEMBERS OF THE VIRGINIA INDUSTRIALIZATION GROUP

In my first report sent to you early in January, I summarized some of Virginia's weaknesses as follows:

1. State inadequately staffed to do a proper sales, research and public relations job.
2. Lack of preparedness at the community level in many areas of the State.
3. Lack of coordination by industrial development groups in certain areas of the State.
4. Inadequate educational opportunities. This refers to graduate study opportunities in technical and scientific fields and vocational training in some areas. General educational standards in certain areas of the State also appear to be lower than desirable.
5. Some changes should be made in the tax structure, particularly with respect to taxes affecting distribution, warehousing and related services.

A recommended "Plan of Action" has now been prepared in outline fashion so as to be ready for the new Director of the Division of Industrial Development and Planning. It focuses attention on correcting these weaknesses and furthering the substantial progress that has already been made.

Employer visitation work is currently being done by the Division of Industrial Development and Planning at the request of the Governor and excellent information is being obtained from this survey.

My own travel within the State was somewhat limited during January, February and March because of General Assembly activities but several new areas were covered.

Speeches were made in Richmond, Marion, Petersburg, Chase City, Lawrenceville, Lynchburg and Norfolk. A copy of the Norfolk speech was sent to each of you. The other speeches are available to anyone who wishes them. Trips to attend meetings or call on Virginia manufacturers were made to Charlottesville, Piney River, Lynchburg, Kenbridge, Fredericksburg, Hopewell, Fort Lee and Newport News.

In connection with industrial prospects, trips were made to Upper New York State, New York City (4), Washington and Northern Virginia (3), and Maryland. Twenty-eight calls were made.

Assistance with the preparation of publications and other materials to be used by the Division of Industrial Development and Planning includes a new book for electronic industries (copy enclosed). Let us know how many you can use to send to prospects with whom you are acquainted.

Considerable time was devoted to working toward obtaining certain higher-education facilities. This included specific projects in Northern Virginia, the Richmond area and on the Peninsula.

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Substantial gains were made by the General Assembly with respect to industrial development. Items of specific interest include:

The reduction in the rate of tax on capital from 75¢ to 65¢ will become effective on January 1, 1963 as scheduled. There was some effort to delay this date.

A change in the law now permits a three-year net operating loss carryover by manufacturing firms in computing corporate income tax. This becomes effective January 1, 1964.



The tax on the Virginia Industrial Development Corporation was removed.

All proposals for new and expanded taxes by this session of the General Assembly were rejected. A bill was passed at the request of the Governor, directing a thorough study of Virginia's entire tax structure.

Public schools will receive a 23% increase in state general fund appropriations for recurring operations.

Minimum salaries for teachers will be increased \$700 during the next two years.

A Public School Authority was created to make available more funds for public school construction.

Institutions of higher learning will all receive increases for operating expenses.

Provisions were made to meet the needs of an increasing number of college students. Included are off-campus and extension programs in Madison County, Lynchburg and Martinsville under the University of Virginia, and at Wytheville under V.P.I. A new branch college in the Clifton Forge-Covington area also was provided for.

A Commission was authorized to study vocational education at the high school, technical institute and community college levels.

Appropriations to the State Council of Higher Education were increased in order to strengthen its staff, and finance additional studies.

The University of Virginia, Virginia Polytechnic Institute and William and Mary were authorized to enter into joint agreement with the National Aeronautics and Space Administration for the operating of a proposed NASA cyclotron in the Newport News area. The State also indicated its intention to develop a technical graduate center in the same area.

Daylight Saving Time was authorized from Memorial Day to Labor Day (except for Bristol which will stay on Standard Time, and a portion of Northern Virginia which will follow the District of Columbia).

The establishment of branch banks through merger will now be permitted.

Maximum truck weights on Virginia highways were raised from 56,500 to 70,000 pounds and height from 12-1/2 to 13-1/2 feet.

The funds for building industrial access roads were increased by \$500,000 per year. Also, a discretionary fund was appropriated for use by the Highway Commission in meeting urgent needs on the rural primary highway system.

Money was made available for speeding up the topographical mapping of the State.

The industrial development and planning activities of the State will be transferred from the Department of Conservation and Economic Development to the Governor's office. The budget was increased to permit an expanded effort by this office.

An eleven-man Advisory Board will be appointed to assist the Governor in matters of industrial development.

A seven-member Commission will be named to make a thorough study of the effects on oyster seed grounds of proposed deepening of the James River Channel. This commission will present a report prior to the 1964 session.

A 15-member Council of the Industry of Agriculture was authorized to promote development of agricultural industry in the Commonwealth. This Council will work closely with all agencies concerned with industrial and economic development.

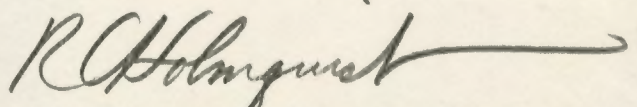
A measure was passed prohibiting payments to a union as a result of rail transportation of "piggy-back" trucks on flatbed railroad cars.



Legislative permission was granted to form the Norton Industrial Development Authority for purposes of providing financial help in attracting new industry to that area.

The first three chapters of Virginia's labor laws were revised pursuant to recommendations made by a VALC study. The changes provide for improvement in administration, improvement in safety laws, revised hours of work for women, and certain administrative details relating to facilities and forms of pay.

It is hoped that a meeting of the Virginia Industrialization Group can be held in the near future, at which time I shall report on Virginia's present status in its bid for greater industrial growth.

A handwritten signature in dark ink, appearing to read "R. C. Holmquist", with a long, sweeping horizontal flourish extending to the right.

Richard C. Holmquist, Executive Director  
Virginia Industrialization Group

April 6, 1962.

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The Unpublished Role of Virginia Business  
and Professional Leaders in Establishment  
of the Virginia Division of Industrial  
Development and in Opposition to Massive  
Resistance

Stuart T. Saunders

June 2, 1980



## Foreword

I wish to acknowledge the significant contributions to this paper of J. Harvie Wilkinson, Jr., Richard C. Holmquist, Edwin C. Helm of the Virginia Division of Industrial Development, the Library of Richmond Times Dispatch, and the Richmond Public Library in making this saga possible.

This is not intended to be a literary document, but merely a brief record of certain factual occurrences. I express only my own views and not necessarily those of the contributors or anyone else.

### The Genesis of the Virginia Industrialization Group

In the late 1950's, Virginia was experiencing severe competition in economic development from many sections of the country, especially from southeastern states. Virginia's industrial leaders were acutely aware of this. In response to this growing challenge, Harvie Wilkinson and I decided in mid-1959 to organize a group known as the Virginia Industrialization Group (hereinafter referred to as the Group). We received an enthusiastic response to the idea from the business, financial, and newspaper community in practically all sections of the Commonwealth. The Group was to operate in the background and had no desire for any personal aggrandizement. Its sole purpose was to promote a favorable climate for industrial development in Virginia. We knew that we had a great product, but we believed that its potential had not been realized.

To give some indication of the depth and scope of the involvement of Virginia business and professional leaders in the Group, its members were:

Dr. Charles C. Abbott, Dean  
University of Virginia  
Graduate School of Business  
Charlottesville, Virginia

Mr. Howard M. Aberg, Manager  
Sears, Roebuck & Company  
Arlington, Virginia

Mr. John A. Alfriend  
Chairman, Executive Committee  
Virginia National Bank  
Norfolk, Virginia

Mr. Philip P. Allen, President  
Lynchburg Broadcasting Corp.  
Lynchburg, Virginia

Mr. M. W. Armistead, President  
Times-World Corp.  
Roanoke, Virginia

Mr. Frank Armstrong, President  
National Fruit Product Co.  
Winchester, Virginia

Mr. Frank Batten, Publisher  
Norfolk-Portsmouth News, Inc.  
Norfolk, Virginia

Mr. R. N. Begien, Jr.  
Regional Manager  
Chesapeake & Ohio Railway Co.  
Richmond, Virginia

Mr. Samuel M. Bemiss  
Richmond, Virginia

Mr. W. E. Betts, Jr., President  
Montague Betts Co.  
Lynchburg, Virginia

Mr. Samuel J. Bonsack  
Vice President  
Chesapeake & Potomac Telephone Co.  
Richmond, Virginia

Mr. Leonard S. Bradley, President  
Consumers Company of Lynchburg  
Lynchburg, Virginia

Mr. D. Tennant Bryan  
President & Publisher  
Richmond Newspapers, Inc.  
Richmond, Virginia

Mr. J. L. Camp, Jr.  
Chairman, Executive Committee  
Union Bag-Camp Paper Corp.  
Franklin, Virginia

Mr. Harry DeButts  
Upperville, Virginia

Mr. David H. Dillard  
Old Dominion Box Co., Inc.  
Lynchburg, Virginia

Mr. James D. Christian  
N. B. Handy Co.  
Lynchburg, Virginia

Mr. Alan S. Donnahoe  
Executive Vice President  
Richmond Newspapers, Inc.  
Richmond, Virginia

Mr. R. B. Douglass  
Chairman of Board  
Smith-Douglass Co., Inc.  
Norfolk, Virginia

Mr. W. M. Doyle, Jr.  
Doyle's Florist, Inc.  
Lynchburg, Virginia

Mr. Richard C. Edmunds  
President  
Edmunds Lumber Co., Inc.  
South Boston, Virginia

Mr. John W. Ferguson  
President  
First Federal Savings & Loan  
Lynchburg, Virginia

Mr. G. L. Furr, Vice President  
Appalachian Electric Power Co.  
Roanoke, Virginia

Mr. James R. Gilliam, Jr.  
Chairman of Trust Committee  
First National Trust &  
Savings Bank  
Lynchburg, Virginia

Mr. Francis K. Godwin, President  
Petersburg & Hopewell Gas Co.  
Petersburg, Virginia

Dr. R. P. Gifford  
General Manager  
General Electric Co.  
Lynchburg, Virginia

Mr. E. H. Graves, Plant Manager  
Continental Can Co.  
Hopewell, Virginia

Mr. John W. Hancock, Jr.  
President  
Roanoke Electric Steel Corp.  
Roanoke, Virginia

Mr. W. Wright Harrison, President  
Virginia National Bank  
Charlottesville, Virginia



Mr. R. Braxton Hill, Jr.  
Waller & Woodhouse, C. P. A.  
Norfolk, Virginia

Mr. Henry Clay Hofheimer, II  
Southern Materials Co., Inc.  
Norfolk, Virginia

Mr. L. D. Horner, Jr.  
Senior Vice President  
First & Merchants National Bank  
Lynchburg, Virginia

Mr. Carlisle H. Humelsine  
President  
Colonial Williamsburg, Inc.  
Williamsburg, Virginia

Mr. Phil N. Hunter  
Northern Virginia Power Co.  
Winchester, Virginia

Mr. Edwin Hyde, President  
Miller and Rhoads, Inc.  
Richmond, Virginia

Mr. A. G. Jefferson, President  
A. G. Jefferson Company  
Lynchburg, Virginia

Mr. Don L. Jordan, President  
Johnson-Carper Furniture Co.  
Roanoke, Virginia

Mr. Charles L. Kaufman  
Attorney at Law  
Norfolk, Virginia

Mr. John S. Lanahan, President  
Richmond Hotels, Inc.  
Richmond, Virginia

Mr. H. G. Leggett, President  
Leggett's Department Store, Inc.  
Lynchburg, Virginia

Mr. S. E. Liles, Jr., President  
Tidewater Construction Corp.  
Norfolk, Virginia

Mr. Robert S. Lockbridge  
President  
Craddock-Terry Shoe Corp.  
Lynchburg, Virginia

Dr. Harvey Maguigan  
Assistant to Vice President  
Fibers Division  
Allied Chemical Corp.  
Hopewell, Virginia

Mr. Robert T. Marsh, Jr.  
Chairman of Board  
First & Merchants National Bank  
Richmond, Virginia

Mr. James T. Mathews, Manager  
Sears, Roebuck & Co.  
Richmond, Virginia

Mr. C. A. Maynard, Manager  
Lynchburg Division  
The Mead Corporation  
Lynchburg, Virginia

Mr. W. H. McDowell, Jr.  
President  
Virginia Electric & Power Co.  
Richmond, Virginia

Mr. Henry E. McWane, President  
Lynchburg Foundry Co.  
Lynchburg, Virginia

Mr. A. M. Miller, President  
Basic Construction Co.  
Newport News, Virginia

Mr. Herbert C. Moseley, President  
The Bank of Virginia  
Richmond, Virginia

Mr. Lloyd U. Noland, Jr.  
Chairman of Board  
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Newport News, Virginia

Mr. Sture G. Olsson, President  
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West Point, Virginia

Mr. E. H. Ould, President  
First National Exchange Bank  
Roanoke, Virginia

Mr. John C. Parrott, President  
Roanoke Gas Company  
Roanoke, Virginia

Mr. William S. Patterson  
Vice President  
Patterson Drug Company  
Lynchburg, Virginia

Mr. Lewis F. Powell, Jr.  
Attorney at Law  
Richmond, Virginia

Mr. Hamilton M. Redman  
Vice President, Finance  
Norfolk & Western Railway Co.  
Roanoke, Virginia

Mr. David P. Reynolds  
Executive Vice President  
Reynolds Metals Company  
Richmond, Virginia

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Chairman of Board  
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Richmond, Virginia

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Atlantic Coast Line Railroad Co.  
Jacksonville, Florida

Mr. Elias Richards, Jr.  
President  
Fidelity National Bank  
Lynchburg, Virginia

Mr. R. R. Richardson, Jr.  
President  
Hall-Hodges Company, Inc.  
Norfolk, Virginia

Mr. Robert L. Riggs  
Plant Manager, Nitrogen Division  
Allied Chemical Corp.  
Hopewell, Virginia

Mr. John W. Roberts, President  
Solite Corporation  
Richmond, Virginia

Mr. E. Claiborne Robins  
President  
A. H. Robins Company, Inc.  
Richmond, Virginia

Mr. Clarence J. Robinson  
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Roanoke, Virginia

Mr. Abe Schewel  
Schewel Furniture Co.  
Lynchburg, Virginia

Mr. W. Harry Schwarzschild  
President  
Central National Bank  
Richmond, Virginia

Mr. Stuart Shumate, President  
Richmond, Fredericksburg &  
Potomac Railroad Co.  
Richmond, Virginia

Mr. Eugene B. Sydnor, Jr.  
President  
Southern Department Stores, Inc.  
Petersburg, Virginia

Mr. Frank Talbott, Jr.  
Chairman of Board & General Couns  
Dan River Mills, Inc.  
Danville, Virginia

Mr. Charles A. Taylor, President  
Life Insurance Company of Virginia  
Richmond, Virginia

Mr. William B. Thalhiner, Jr.  
President  
Thamhimers, Inc.  
Richmond, Virginia

Mr. Henry E. Thomas  
Administrative Vice President  
Shenandoah Life Insurance Co.  
Roanoke, Virginia



Mr. Moses G. Todd  
Todd Electric Company  
Norfolk, Virginia

Mr. William H. Trapnell  
President  
Commonwealth Natural Gas Corp.  
Richmond, Virginia

Mr. H. W. Tulloch, Manager - Relations  
Specialty Control Department  
General Electric Company  
Waynesboro, Virginia

Mr. J. Hoge Tyler III  
President  
Seaboard Citizens National Bank  
Norfolk, Virginia

Mr. William Vaughan  
Vaughan Chevrolet & Cadillac, Inc.  
Lynchburg, Virginia

Mr. Edward A. Wayne, President  
Federal Reserve Bank of Richmond  
Richmond, Virginia

Mr. Monroe Wells, Vice President  
Reynolds Metals Company  
Richmond, Virginia

Mr. J. Harvie Wilkinson, Jr.  
Chairman of Board  
State-Planters Bank of  
Commerce & Trusts  
Richmond, Virginia

Mr. Erwin H. Will  
Chairman of Board  
Virginia Electric Power Co.  
Richmond, Virginia

Mr. W. W. Winfree, President  
Glamorgan Pipe & Foundry Co.  
Lynchburg, Virginia

Mr. Floyd L. Wiseman, Manager  
Lynchburg Works  
H. K. Porter Company  
Lynchburg, Virginia

Mr. W. P. Woodley, President  
Columbian Peanut Co.  
Norfolk, Virginia

Mr. John B. Woodward, Jr.  
Newport News Shipbuilding  
& Dry Dock Company  
Newport News, Virginia

I was named chairman of the Group and served in that capacity until I left Virginia in October, 1963. Harvie Wilkinson succeeded me and has served ably since then. It was soon apparent that one, if not the greatest, obstacle to further industrial development in Virginia was the massive resistance movement.

#### Massive Resistance

As consequence of the decision of the United States Supreme Court in 1954 in Brown vs Board of Education and subsequent decisions, Virginia's school system in the late 1950's was in a chaotic condition. The entire system of public education was in jeopardy and its repercussions threatened the economic development of the state. Industry would not locate or expand its existing facilities in a state where there was no public school system. In addressing the General Assembly on January 28, 1959, Governor J. Lindsey Almond correctly stated:

"I am not aware of any crisis in the history of Virginia more grave nor any emergency creating a more impelling necessity for the convening of the representatives of our people."

In the fall of 1959, public schools were closed for months in Norfolk, Charlottesville, and in Warren and Prince Edward Counties. Efforts to create private schools were underway in many sections of the State and a number came into existence.

The massive resistance movement was led by Harry F. Byrd, Sr., who was the then senior United States Senator from Virginia and the dominant figure in Virginia politics. In fact, massive resistance was so named by the Senator himself. He was supported by his formidable organization, including such influential colleagues as ex-Governor William Tuck and Congressman Watkins Abbitt, as well as a large number of Virginians.

Governor Almond was also a staunch defender of segregation and advocated "freedom of choice" as an alternative. According to the Richmond Times-Dispatch, at a news conference on October 2, 1959 he stated that he would continue his fight to preserve segregated schools regardless of what he called "the United States Supreme Court's ruthless opinion threatening to nullify Virginia's anti-integration laws."

The situation became so intense that then President Dwight D. Eisenhower invited Governor Almond to the White House for a discussion of the crisis. Unfortunately, the meeting never took place.

Early in November, 1959, the Governor made a fire and brimstone speech declaring his undying dedication to massive resistance. It showed such dedication to that cause that our Group invited the Governor to a dinner at the Rotunda Club in Richmond to hear our views.\* The great majority of our members attended. I asked each member to express his opinion on massive resistance, and virtually everyone spoke. We made three points: (a) massive resistance was doomed to failure,

\*I cannot fix the exact date of the dinner as the Group kept no minutes and the Rotunda Club has been out of existence for years.



(b) this program would produce untold harm to the Commonwealth, and (c) it would seriously affect the economy and image of Virginia. The efforts of our Group were recognized in Virginus Dabney's book, Virginia: The New Dominion in this manner:

Business leaders throughout the state also became alarmed, lest the uproar and shutting of schools damage the economic progress of the Commonwealth. A group of prominent businessmen and industrialists met with Almond at about this time, and pointed out that new industries would not wish to settle in areas where there was great uncertainty as to the availability of adequate educational facilities. They felt, too, that Virginia's "image" was being severely damaged by massive resistance.

After listening to these comments, the Governor delivered another fire and brimstone speech in which he dressed us down. He shook his finger at us and said he would never accept integration in the public school system of Virginia. The meeting broke up in that atmosphere. \*

However, within a week we realized that we had accomplished more than we thought. In a few days, the Governor showed moderation of his hard-nose advocacy of massive resistance. He has since acknowledged that this meeting was influential in changing his mind.

The rest is history. Much to his credit, Governor Almond over a period of a few months completely reversed his position and withdrew his support for massive resistance. By so doing, he saved without bloodshed and other terrible consequences the public school system of Virginia. He also preserved Virginia as a desirable place for industrial development. But the Governor had to pay a heavy penalty for what he did. He earned the life-long animosity of Senator Byrd and his organization. Most Virginians gradually accepted the demise of massive resistance. Their behavior in this

crisis is a tribute to its citizens' character, stamina and balance under extreme pressure. Our Group took no part thereafter in the implementation of public school integration.

The Virginia Division of Industrial Development

As I have indicated earlier, our Group was organized as an informal entity to promote industrial development in Virginia. When the Group came into being in 1959, there was no effective state department of industrial development. Such activity as there was had been submerged in the Department of Conservation and Planning.\* It had only a few employees who devoted their time to industrial development. The funds available for this endeavor were wholly inadequate. Virginia was completely out-stripped in this field by neighboring states.

Our Group was acutely sensitive to this situation and resolved to do something about it. We decided that one of the primary things to be done was to employ an outstanding person in industrial development to advise and assist the Division in its work. We approached Governor Almond with the proposal that a first-rate expert be hired and that his services be offered to the Commonwealth. The Governor acknowledged the need for such a person, but stated that there were no funds available to pay the salary for such an individual. Whereupon the Group agreed to supply the necessary funds. The Governor accepted our offer, but observed that in order to guard against possible conflicts of interest certain conditions must be

\*The name of the Division of Industrial Development has been changed at least four or five times. For simplicity, I refer to it in this paper as the Division of Industrial Development.



agreed upon. These conditions were outlined by the Governor in a letter dated July 27, 1961. A copy of the letter is attached as Exhibit "A".

Our Group immediately began an intensive search for a qualified person to fill this position. After considering many candidates, we decided to employ Richard C. Holmquist as Executive Director of our Group and as Consultant to the Governor and the Division of Industrial Development. Mr. Holmquist had a rich experience in industrial work and was highly qualified. Our Group raised \$25,000 to pay his annual salary and continued to do so for 3 years and 4 months. A stipulation of his employment was that he would not favor the members of our Group in any way and this was observed.

Dick Holmquist started his work with the Division on September 1, 1961. He proved to be most cooperative and imaginative in re-organizing and injecting new life into the Division. At once, he initiated a research program to develop areas in which the Division should expand. After three months of study, the Division came forward with a nineteen point program. Among these were: development of European sources for industrial growth in Virginia, reorganization and expansion of the Division, enlistment of support to accelerate improvements in the state's educational opportunities (especially technical education), and the promotion of world trade through Virginia ports.

Practically all of these projects have become a reality, greatly benefiting Virginia's economy. I attach two exhibits, "B" and "C", showing the number of new plants and the expansion of

manufacturing facilities in Virginia since 1951. The charts show that during the early 1960's, which co-incidentally, were Dick Holmquist's first years with the Division, the State experienced industrially one of its greatest surges in its history. Great credit for this should be given to the State Chamber of Commerce, the Virginia State Port Authority, and local Chambers of Commerce.

Our Group takes pride in the fact that we had a part in planting the seeds for a European office of the Division in Brussels, Belgium and that another office is to be opened in Japan this fall. As evidence of the fruition of these seeds, it should be noted that in the past fifteen years most Governors, if not all, have made trips abroad to promote industrial development and world trade. During his term, Governor John N. Dalton has made two visits to Europe, and one to Japan and China in pursuit of these objectives.

Commenting on his most recent trip to Europe, Governor Dalton said in a speech before a World Trade luncheon in Richmond on May 21, 1980:

...trips by Virginia Governors since 1966, along with the good work of the Division of Industrial Development and our local authorities, have brought investments of \$703 million and 20,313 jobs to the Commonwealth.

And these figures do not count the ICI plant announced during my trip abroad in April, and another plant yet to be announced for about \$50 million in further investment. Without these two plants, our total since 1969 is 114 new plants and 36 expansions, for a total of 150.

Finally, our Group, through Dick Holmquist, was an important factor in creating the Division of Industrial Development on July 1,



1962. The primary role in this achievement was played by Governor Albertis Harrison. Today, Virginia has a highly efficient and effective Division.

\* \* \* \* \*

Without seeking any accolades, our Group recites this record of its unselfish and public-spirited efforts to defeat massive resistance and to stimulate industrial development and world trade in Virginia. Our Group was privileged to participate in these two historic events in the life of the Commonwealth.



J. LINDSAY ALMOND, JR.  
GOVERNOR

COMMONWEALTH OF VIRGINIA  
GOVERNOR'S OFFICE  
RICHMOND

July 27, 1961

Mr. Richard C. Holmquist  
118 Long Lots Road  
Westport, Connecticut

Dear Mr. Holmquist:

It is understood that an employment agreement has been reached between you and a group of businessmen known as the Virginia Industrialization Group. I am pleased to designate you as a consultant to the Governor and the Virginia Department of Conservation and Economic Development for such duties as may be assigned to you by the Director and the Board, effective September 1, 1961.

Because the conditions of your assignment are somewhat out of the ordinary, I am sure you will agree it is well to set them down in detail, in order that we may have a complete understanding.

You will be provided with office space, secretarial services, use of telephone, and all other incidentals, by the Division of Industrial Development and Planning, just as if you were a regular member of the staff of this Division.

Your salary will be paid by the Virginia Industrialization Group. When traveling on official business of the Commonwealth, you will be provided with the maximum statutory per diem allowance for lodging, meals, and necessary gratuities as set forth in the Appropriations Act (currently \$12.00 per day) or actual expenses, whichever is the lesser amount, to be paid from funds appropriated to the Department of Conservation and Economic Development. Any such



GOVERNOR'S OFFICE

Mr. Richard C. Holmquist  
July 27, 1961  
Page Two

expenses in excess of your transportation expenses by common carrier and by State automobile will be provided by the Department in the same manner as for State employees. Any entertainment expenses necessary to the conduct of your work must of necessity be borne by the sponsors and paid from funds of the Virginia Industrialization Group.

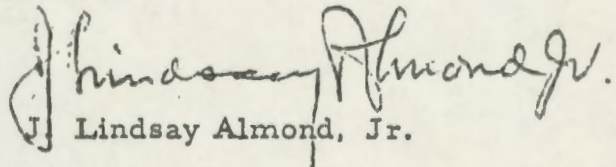
You will report through the Director to the Board of Conservation and Economic Development, and will be expected to work in close cooperation with the Commissioner of Industrial Development and Planning.

Your tenure of office as a State consultant will be at the pleasure of the Board of Conservation and Economic Development and the Governor.

You are assured of the full cooperation of the Director and staff of the Department of Conservation and Economic Development, and the resources of my office are available to you in the interest of sound industrial development in the Commonwealth.

I extend to you my hearty good wishes for your success in this new venture you are undertaking.

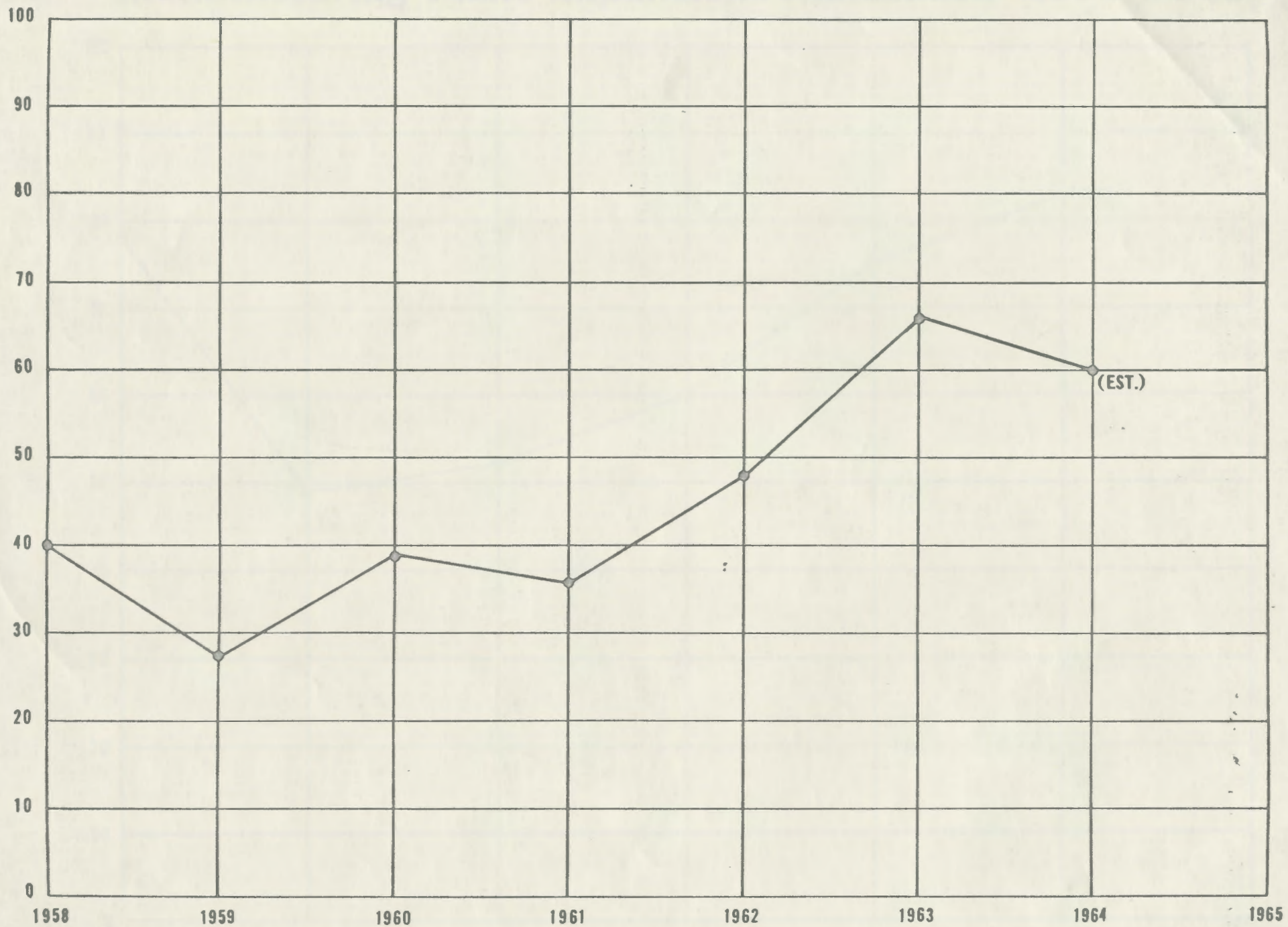
Sincerely yours, -

  
J. Lindsay Almond, Jr.

1

cc: Mr. Stuart T. Saunders, Chairman, Virginia Industrialization Group, Roanoke, Virginia;  
Mr. M. M. Sutherland, Director, Department of Conservation and Economic Development, Richmond, Virginia

## Number of New Manufacturing Plants Announced

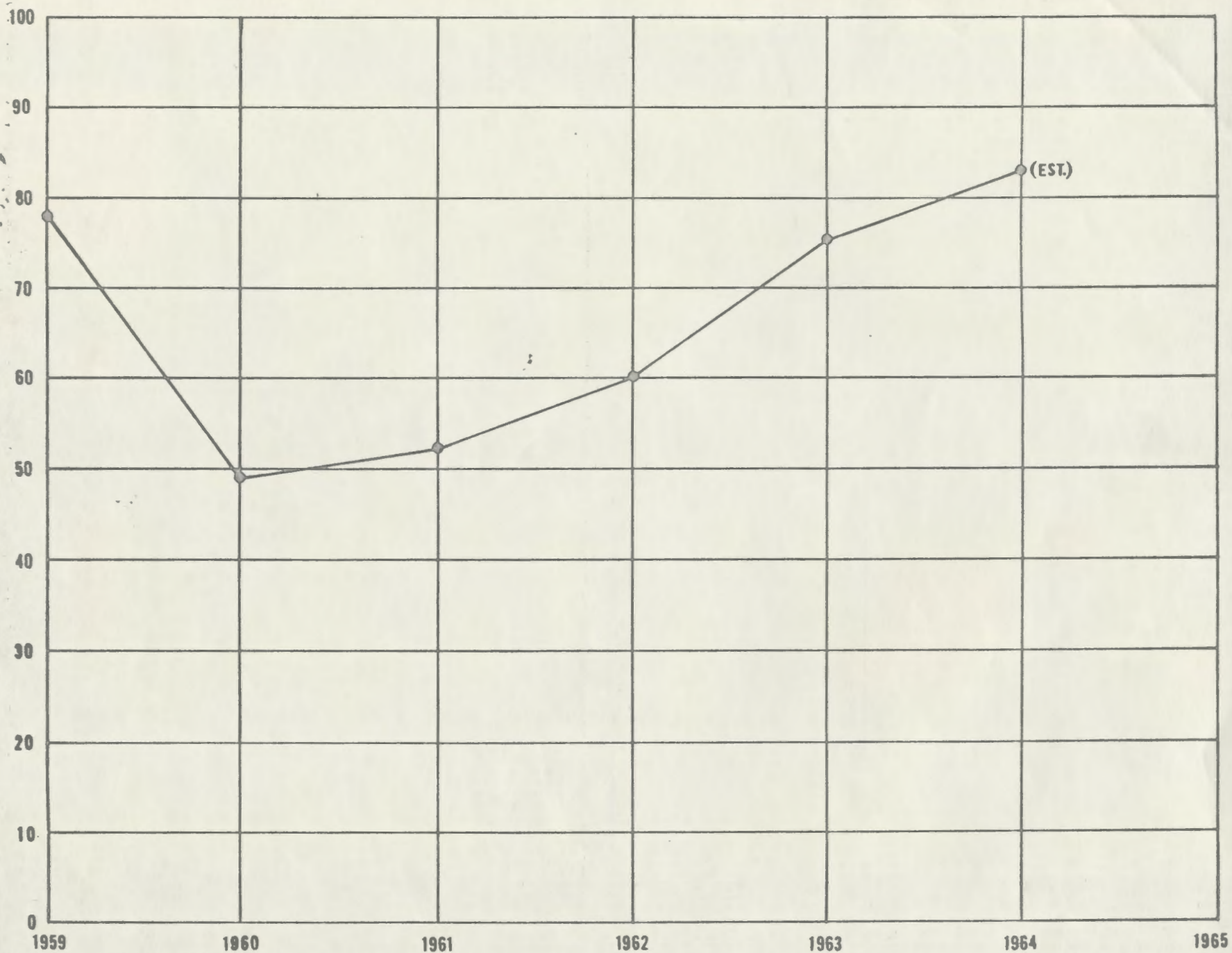


Source: Richard C. Holmquist



Exhibit "C"

# Manufacturing Plant Expansions Announced 1959-1965



NOTE: During 1959-60-61, no reporting was made of warehouses or expansions that did not lead to additional employment.



Extra

My Willett Correspondence

Statement by  
Stuart Saunders  
Chairman of  
of the Group.

L.F.P.

Foreword

I wish to acknowledge the significant contributions to this paper of J. Harvie Wilkinson, <sup>\*</sup>Jr., Richard C. Holmquist, Edwin E. Holm of the Virginia Division of Industrial Development, the Library of Richmond Times-Dispatch, the Richmond Public Library and Frank Batten in making this saga possible.

This is not intended to be a literary document, but merely a brief record of certain factual occurrences. I express only my own views and not necessarily those of the contributors or anyone else.

The Genesis of the Virginia Industrialization Group

In the late 1950's, Virginia was experiencing severe competition in economic development from many sections of the country, especially from southeastern states. Virginia's industrial leaders were keenly aware of this. In response to this growing challenge, Harvie Wilkinson and I decided in mid-1959 to organize a group known as the Virginia Industrialization Group (hereinafter referred to as the Group). We received an enthusiastic response to the idea from the business, financial and newspaper community in practically all sections of the Commonwealth. The Group was to operate in the background and had no desire for any personal aggrandizement. Its sole purpose was to promote a favorable climate for industrial development in Virginia.

\* Vice Chairman ✓

See Harvie Wilkinson's letter  
to me of 15 January 1982 in  
my H. J. Willett Correspondence File