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ECONOMIC DEVELOPMENT ACT OF 1965**

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HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

OF THE

COMMITTEE ON PUBLIC WORKS

UNITED STATES SENATE

NINETY-FIRST CONGRESS

SECOND SESSION

ON

**S. 3744; S. 3798; S. 3915; H.R. 15712;
S.J. RES. 210; and S. 3982**

—————
JUNE 24, 1970
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Printed for the use of the Committee on Public Works



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CHAPTER IV. THE PROBLEM OF THE FUTURE. 301-400

CHAPTER I. THE PROBLEM OF THE UNIVERSE. 1-100

The first chapter discusses the fundamental questions of existence, the nature of reality, and the limits of human knowledge. It explores the relationship between the individual and the cosmos, and the role of philosophy in understanding the world.

CHAPTER II. THE PROBLEM OF THE INDIVIDUAL. 101-200

This chapter focuses on the inner life of the individual, examining the nature of the self, the mind, and the soul. It addresses the challenges of self-knowledge, the search for meaning, and the ethical implications of personal freedom.

CHAPTER III. THE PROBLEM OF THE SOCIETY. 201-300

The third chapter explores the social dimension of human existence, discussing the origins of society, the nature of community, and the responsibilities of the individual within a social context. It touches upon the concepts of justice, equity, and the common good.

CHAPTER IV. THE PROBLEM OF THE FUTURE. 301-400

The final chapter looks towards the future, considering the possibilities of progress, the dangers of technological advancement, and the ultimate destiny of humanity. It reflects on the hope and the challenges that lie ahead.

AMENDING THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

WEDNESDAY, JUNE 24, 1970

U.S. SENATE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 2 p.m., pursuant to notice, in room 4200, New Senate Office Building, Senator Joseph M. Montoya (chairman of the subcommittee) presiding.

Present: Senators Montoya, Randolph, and Baker.

Also present: Senators Harris and Mondale.

Staff members present: M. Barry Meyer, counsel; Tom C. Jorling, minority counsel; Stewart E. McClure, Harold Brayman, and Adrien Waller, professional staff members.

Senator MONTOYA. The subcommittee will come to order.

Good afternoon, ladies and gentlemen; the Subcommittee on Economic Development today initiates hearing to consider pending legislation that will extend title I through IV of the 1965 Public Works and Economic Development Act.

For the record, I will at this point include a profile of the bills and resolutions we are to consider today.

Hearing to consider:

S. 3744, Mr. Cooper and Mr. Baker on April 23, 1970, to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971.

S. 3798, Mr. Montoya on May 5, 1970, to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971, and for other purposes.

S. 3915, Mr. Curtis on June 3, 1970, to amend the Public Works and Economic Development Act of 1965 to authorize the Secretary of Commerce to designate areas in which there has been a loss of population as redevelopment areas.

H.R. 15712, to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971, passed by House, amended, on June 8, 1970.

S.J. Res. 210, Mr. Mondale for himself and others, to provide for a 1-year moratorium on the termination or modification of designation of areas as redevelopment areas for the purposes of the Public Works and Economic Development Act of 1965.

S. 3982, Mr. Mondale, June 17, 1970, to suspend temporarily certain changes in the administration of the Economic Development Administration.

(Bills and resolutions follow:)

91ST CONGRESS
2D SESSION

S. 3744

IN THE SENATE OF THE UNITED STATES

APRIL 23, 1970

Mr. COOPER (for himself and Mr. BAKER) introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) section 105 of the Public Works and Economic
4 Development Act of 1965 is amended by striking out "June
5 30, 1970" and inserting in lieu thereof "June 30, 1971".

6 (b) Subsection (c) of section 201 of the Public Works
7 and Economic Development Act of 1965 is amended by
8 striking out "June 30, 1970" and inserting in lieu thereof
9 "June 30, 1971".

10 (c) Section 302 of the Public Works and Economic De-

1 velopment Act of 1965 is amended by striking out "for the
2 fiscal year ending June 30, 1970" and inserting in lieu
3 thereof "per fiscal year for the fiscal years ending June 30,
4 1970, and June 30, 1971".

5 (d) Subsection (g) of section 403 of the Public Works
6 and Economic Development Act of 1965 is amended by
7 striking out "June 30, 1970" and inserting in lieu thereof
8 "June 30, 1971".

S. 3798

IN THE SENATE OF THE UNITED STATES

MAY 5, 1970

Mr. MONTOLA introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) section 105 of the Public Works and Economic
4 Development Act of 1965 is amended by striking out "June
5 30, 1970" and inserting in lieu thereof "June 30, 1971".

6 (b) Subsection (c) of section 201 of the Public Works
7 and Economic Development Act of 1965 is amended by
8 striking out "June 30, 1970" and inserting in lieu thereof
9 "June 30, 1971".

10 (c) Section 302 of the Public Works and Economic

1 Development Act of 1965 is amended by striking out "for
2 the fiscal year ending June 30, 1970" and inserting in
3 lieu thereof "per fiscal year for the fiscal years ending
4 June 30, 1970, and June 30, 1971".

5 (d) Subsection (g) of section 403 of the Public Works
6 and Economic Development Act of 1965 is amended by strik-
7 ing out "June 30, 1970" and inserting in lieu thereof "June
8 30, 1971".

9 SEC. 2. Section 202 of title II of the Public Works and
10 Economic Development Act of 1965, as amended, is further
11 amended by adding after the word "loan" the following:
12 "loan guarantees, and lease guarantees".

13 SEC. 3. Title III of the Public Works and Economic
14 Development Act of 1965, as amended, is further amended
15 by adding at the end thereof the following new section:

16 "SEC. 303. The Secretary, in carrying out his responsi-
17 bilities and duties under this title and subsection 401 (a) (4)
18 of title IV of this Act, is authorized to assist any area which
19 he determines has suffered or will suffer severe economic
20 loss by reason of the closing, removal, or curtailment, re-
21 gardless of cause, of any Federal installation, including
22 military installations, or any industrial or commercial facility
23 which constitutes a major source of employment in such
24 area. Such assistance may include any of the assistance pro-
25 vided for in section 301 of this title together with grants,

1 loans, or a combination thereof, pursuant to titles I and II
2 of the Act, as may be necessary to enable such area to
3 restore or maintain the economic viability of the area, and
4 may include assistance for training and retraining of workers
5 to the extent that such funds are not otherwise available
6 under regular programs of the Federal Government. Assist-
7 ance to any such area may be rendered without regard to
8 the designation of such area as a redevelopment area or its
9 geographic location; in a designated economic development
10 district. There is hereby authorized to be appropriated the
11 sum of \$25,000,000 for the purpose of this section for the
12 fiscal year ending June 30, 1971."

S. 3915

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1970

Mr. CURTIS introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To amend the Public Works and Economic Development Act of 1965 to authorize the Secretary of Commerce to designate areas in which there has been a loss of population as redevelopment areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) section 401 (a) of the Public Works and Economic
4 Development Act of 1965 is amended by redesignating para-
5 graph "(5)" thereof as paragraph "(6)" and by inserting
6 immediately after paragraph (4) thereof the following new
7 paragraph:

8 " (5) those additional areas in which he determines
9 there has been a substantial loss of population;"

1 (b) Section 401 (b) (3) of such Act is amended by in-
2 serting “and subsection (a) (5)” after “subsection (a) (3)”.

3 (c) Section 401 (b) (4) of such Act is amended by strik-
4 ing out “and (a) (4)” and inserting “(a) (4) and (a) (5)”.

91ST CONGRESS
2^D SESSION

H. R. 15712

[Report No. 91-984]

IN THE SENATE OF THE UNITED STATES

JUNE 9, 1970

Read twice and referred to the Committee on Public Works

JUNE 26, 1970

Reported by Mr. MONTOYA, without amendment

AN ACT

To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 105 of the Public Works and Economic
4 Development Act of 1965 (42 U.S.C. 3135) is amended by
5 striking out "June 30, 1970" and inserting in lieu thereof
6 "June 30, 1971".

7 (b) Subsection (c) of section 201 of the Public Works
8 and Economic Development Act of 1965 (42 U.S.C. 3141)
9 is amended by striking out "June 30, 1970" and inserting
10 in lieu thereof "June 30, 1971".

1 (c) Section 302 of the Public Works and Economic
2 Development Act of 1965 (42 U.S.C. 3152) is amended by
3 striking out "for the fiscal year ending June 30, 1970" and
4 inserting in lieu thereof "per fiscal year for the fiscal years
5 ending June 30, 1970, and June 30, 1971".

6 (d) Subsection (g) of section 403 of the Public Works
7 and Economic Development Act of 1965 (42 U.S.C. 3171)
8 is amended by striking out "June 30, 1970" and inserting
9 in lieu thereof "June 30, 1971".

10 SEC. 2. Notwithstanding section 402 of the Public
11 Works and Economic Development Act of 1965 (42 U.S.C.
12 3162), no area designated as a redevelopment area for the
13 purposes of such Act shall have such designation terminated
14 or modified in accordance with such section after May 1,
15 1970, and before June 1, 1971, unless the local governing
16 body of the county qualified under existing criteria for de-
17 designation specifically requests de-designation action.

Passed the House of Representatives June 8, 1970.

Attest:

W. PAT JENNINGS,

Clerk.

S. J. RES. 210

IN THE SENATE OF THE UNITED STATES

JUNE 11 (legislative day, JUNE 10), 1970

Mr. MONDALE (for himself, Mr. ANDERSON, Mr. BAYH, Mr. BYRD of West Virginia, Mr. EAGLETON, Mr. EASTLAND, Mr. GORE, Mr. HARRIS, Mr. HART, Mr. KENNEDY, Mr. MCCARTHY, Mr. MILLER, Mr. MONTOYA, Mr. PELL, Mr. PROXMIRE, Mr. RANDOLPH, and Mr. YARBOROUGH) introduced the following joint resolution; which was read twice and referred to the Committee on Public Works

JOINT RESOLUTION

To provide a one-year moratorium on the termination or modification of designations of areas as redevelopment areas for the purposes of the Public Works and Economic Development Act of 1965.

- 1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That, notwithstanding section 402 of the Public Works and
4 Economic Development Act of 1965 or any other provision
5 of that Act, the Secretary of Commerce shall not terminate
6 or modify the designation of any area as a redevelopment
7 area for the purpose of that Act after June 1, 1970, and
8 before June 1, 1971.

91ST CONGRESS
2D SESSION

S. 3982

IN THE SENATE OF THE UNITED STATES

JUNE 17, 1970

MR. MONDALE introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To suspend temporarily certain changes in the administration of the Economic Development Administration.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, notwithstanding section 402 of the Public Works and
4 Economic Development Act of 1965 or any other provision
5 of that Act, the Secretary of Commerce shall not before
6 June 1, 1971, terminate the operations or change the loca-
7 tion of any regional or area office of the Economic Develop-
8 ment Administration which was in existence on June 1,
9 1970.

Senator MONTÓYA. On May 5, 1970, I introduced S. 3798, a bill amending the 1965 act to extend the authorization for titles I through IV through fiscal year 1971. This bill will further amend the act by adding loan and lease guarantees to the loan provisions of title II and by expanding the act's designation criteria for areas suffering severe economic loss due to the closing or curtailment of activities by a major employer in the area.

A number of other bills and resolutions have been referred to this subcommittee for action, and it is our intention to examine each of them in the course of this hearing.

Included among these bills is the administration measure, S. 3744, introduced by my friends and fellow committee members, the Honorable John Sherman Cooper and the Honorable Howard Baker. This bill would simply extend the authorizations of title I through IV through fiscal year 1971.

In addition, we will examine the following bills:

S. 3915, Senate Joint Resolution 210, S. 3982, and H.R. 15712. S. 3915, introduced by our distinguished colleague, the Honorable Carl T. Curtis, junior Senator from Nebraska, would amend the 1965 act by authorizing the Secretary of Commerce to designate areas in which there has been a population loss as redevelopment areas.

Senate Joint Resolution 210, introduced by my friend and colleague, the Honorable Walter F. Mondale of Minnesota and cosponsored by 16 Members of the Senate, would provide a 1-year moratorium on the termination or modification of currently designated redevelopment areas. Ninety-six counties, including two in my State of New Mexico, are presently threatened with being cut out of the EDA programs.

S. 3982, also introduced by our colleague the Honorable Walter F. Mondale, would suspend changes in the location or operation of any regional or area office of the Economic Development Administration.

Finally, H.R. 15712, passed by the House on June 8, 1970, would extend titles I through IV through fiscal year 1971 and contains an amendment adopted on the House floor which is similar to the language of Senate Joint Resolution 210.

These bills are being considered today because, the Congress last year extended titles I through IV for only 1 year. In April last year we were informed that a full review of the economic development program could not be completed by the 1969 expiration date. Thus, more than 1 year has passed and the subcommittee has still not received a report on what changes and improvements the administration plans to propose.

We are, therefore, constrained to proceed with another 1-year extension.

Long before the next expiration date, June 30, 1971, the subcommittee expects that the Administration will have submitted its recommendations for modification, revision, and improvement of the Economic Development Administration's whole program.

We have with us this afternoon as our first witness, the distinguished Senator from Nebraska, Senator Carl T. Curtis.

Senator, you may proceed to present your testimony.

STATEMENT OF HON. CARL T. CURTIS, A U.S. SENATOR FROM THE
STATE OF NEBRASKA

Senator CURTIS. Thank you, Mr. Chairman.

Mr. Chairman, I welcome the opportunity to meet with this distinguished committee and discuss some of the economic problems facing our Nation.

I realize the tremendous demands on the time of the chairman and the members, and therefore I have prepared a statement which I shall not read but which I will leave with you for study and for the printed transcript.

(The statement referred to follows:)

PREPARED STATEMENT OF SENATOR CARL T. CURTIS

Mr. Chairman, I am appearing before your committee today not merely in behalf of rural America but in the sincere best interests of urban America as well.

I come here not to plead for special benefits for farmers, ranchers, and the people of small towns, but to appeal to the sound judgment of all America.

I come not merely to present a bill but rather to start a movement—an All-American movement back to the open air and the open spaces.

To understand this proposed movement, Mr. Chairman, we must reflect for a moment on the history, the hopes, the aspirations and dreams of America.

We must recall that as a brand new nation we experienced a great westward movement by people seeking new freedom and economic opportunity, new lives for themselves and their sons, daughters, and grandchildren.

We saw vast expanses of seemingly uninhabitable land suddenly turned into booming frontier towns, sprawling cattle drives, and spacious fields of grain.

Next came the machine movement, or the industrial revolution, Mr. Chairman. The pioneers and their descendants were quick to put the machine to the task of producing thriving cities, a transportation network replacing the cattle drives and wagon trails, and high-yield crops, sufficient to feed our people plus many in foreign lands.

We had been blessed with an abundance of resources, and we kept discovering more. But we were a restive people, driven not entirely by our own wants but also by uncontrollable forces of nature that produced great duststorms and by external wars that placed great demands on us for mass production of materials.

There began a new movement or revolution characterized by the concentration of industry and workers. Frontiers which once had attracted people now began turning them away, sending them to the big cities. The assembly line replaced the handplow, and the highrise apartment and rush-hour traffic jams replaced the wide-open spaces.

This urban concentration movement now has reached the point of several crises, Mr. Chairman. The attempts by growing numbers of people in the urban areas simply to get to and from their jobs have produced a transportation crisis of national proportion. The air pollution from smoking factories and deadly automobile exhaust fumes are literally choking people to death, prompting members of this very body to propose counter-measures such as severe limitations on the use of automobiles in these areas.

The water in the rivers and lakes serving these urban concentrations is so polluted as to endanger health, cripple public recreation, and in some areas forbid further sewer hookups, which in effect prohibits new construction. Urban slums, crime and poverty are festering by-products.

The American dream of the wide-open spaces, clean water, fresh air, a place to breathe deeply and flex the muscles, suddenly takes on new meaning and life.

The problems of the urban complexes are so great that we cannot solve them while continuing to stack people on top of people and industries on top of industries in these already over-crowded urban areas.

We must start a movement back to the rural areas, Mr. Chairman—a movement back to the wide-open spaces which once before provided an escape valve for hundreds of thousands of immigrants and others seeking new and better lives free of the tyranny and encroachments of the past.

This must be a conscious, concerted effort which, like the original settlement of the Midwest and West, has the active support and encouragement of the Federal government.

The purpose of my bill is to start this movement.

The bill itself is a simple and direct approach which would not make far-reaching, disruptive changes but would require the Economic Development Administration to make some common-sense changes.

The Public Works and Economic Development Act of 1965, otherwise known as Public Law 89-136, provides in Title IV, Section 401(a) that areas can qualify either for population loss or for unemployment as a basis for being designated Economic Development Assistance areas.

In implementing this law, the Secretary of Commerce promulgated administrative regulations which are unrealistic, obsolete, inadequate and discriminatory.

To qualify for EDA assistance on the basis of population decline, an area must have lost 25 per cent or more of its population between the 1950 and 1960 censuses, according to these regulations.

To qualify on the basis of unemployment, on the other hand, the EDA stipulates that an area must have had six per cent or more of its labor force out of work during the most recent calendar year for which figures are available. In addition, the area must have registered an average annual unemployment rate 50 per cent above the national average for three of the preceding four calendar years, or 75 per cent above the national average for two of the preceding three calendar years, or 100 per cent above the national average for one of the two preceding calendar years.

Right away it becomes obvious, Mr. Chairman, that the EDA is far more responsive to unemployment than to population loss as a basis for lending its assistance to an area.

To rush now with economic assistance to an area that lost 25 per cent or more of its population 10 or more years ago is like running to a fire months after the house has burned down.

Even if the population basis were updated from the 1950-60 census loss to the 1960-70 census decline, the response is much too late.

There are statistical methods of measuring population gains or losses for an area between censuses, just as unemployment statistics are compiled especially for purposes of determining eligibility for EDA assistance.

I would think, Mr. Chairman, that a population loss of two or three per cent a year for three or more years would reflect an economic decline just as serious as would an unemployment rate of six to eight per cent for two or three years in the same area.

Or perhaps a decline in the prime-work-force population in an area should be a factor added to the EDA's formula for determining assistance eligibility on the basis of population loss.

My bill does not go into this kind of detail, Mr. Chairman. It leaves the formula determination to the regulatory powers of the Secretary of Commerce.

My bill does just one thing: It makes it mandatory that the Secretary of Commerce give population loss equal weight with unemployment as a basis for designating assistance areas.

It is a bill that seeks equality and justice by law.

There will be those who say that unemployment in an area is more of a crisis than population loss, and that therefore the EDA assistance program should be more responsive to unemployment as a basis for rendering assistance.

They will say unemployment is a more immediate problem.

The fallacy in their argument is that they have closed their eyes to the problem until it becomes a crisis.

I submit, Mr. Chairman, that population decline in an area is the first tell-tale sign of an unemployment problem.

Population loss is a crisis chiefly in the rural areas of our country. It means people have lost jobs and have moved to other areas, usually the large cities, to find employment.

When people are crowded off the farms or out of jobs in the small towns, they don't stay there to become unemployment statistics. They move to the larger urban centers to obtain work. If they don't find work in the cities, they go on the unemployment rolls there. If they do find work, they may very well crowd someone else out of a job, or, if there is an economic slump for any reason in the city, they end up on the jobless rolls at a later date. They do not go back to the rural areas from whence they come.

The best way to solve unemployment and all of its attendant problems in the cities is to provide industry and jobs in the rural areas. In other words, prevention is the best cure. It is also the least expensive and the least disruptive.

I do not have the county-by-county preliminary 1970 census figures for Nebraska, but Senators who have them for their states will be shocked at the continued rate of out-migration from the rural areas.

I would urge them especially to obtain the figures for loss of the prime work force—young people—from the rural areas.

I do have some 1955-60 figures for an area of Nebraska which point up a startling problem that I am sure from preliminary reports has continued to the present.

The area of which I speak is the southwest corner of Nebraska, consisting of the counties of Dundy, Franklin, Frontier, Furnas, Gosper, Harlan, Hayes, Hitchcock, Kearney, Nuckolls, Phelps, Red Willow and Webster. I would point out that this area includes the county where I reside.

From 1955 to 1960, according to a population mobility study by the Bureau of the Census, 265 males from ages 15 to 19 moved into the area, while 848 moved out. For females in the same age group, there was a migration of 297 into the area and 996 out of the area during the same period.

These figures are even more startling when you realize that only 2,862 males and 2,599 females in this 15-19 age group remained in this 13-county area at the conclusion of the five years of out-migration covered in the study, meaning there was a net loss of 19 per cent population in the 15-19 group in the five-year period.

For the 20-24 age group, 340 males moved in and 1,299 moved out while 613 females migrated into and 1,442 migrated out of the area. This left 1,593 males and 1,746 females in the area at the end of the study period, a net loss of nearly 35 per cent.

The process slowed down a bit for persons in the 25-29 age group but the trend was the same. Males moving into the area in this group numbered 525 while moving out totaled 732. Females in this group migrated into the area at the rate of 555 for the five-year period while those migrating out numbered 818. There remained in the area 1,898 men and 2,005 women in the 25-29 age group at the end of the five-year period, reflecting a net population loss of nearly 11 per cent.

For all persons age 5 and over, the Census report for the five-year period showed that 3,822 males migrated into the area while 7,997 moved out and 4,038 females moved in while 8,319 migrated out. This means the area lost almost 11 per cent of its population over age 5 in the five-year period.

The out-migration continued during the next five years, from 1960 to 1965, according to the Census Bureau. For this more recent period I have figures of a different type—the actual economic loss incurred by the State of Nebraska due to out-migration.

The Census Bureau estimates that Nebraska has lost \$397,488,000 in lifetime earnings of people from the labor force who left the state during 1960-65.

By age groups, this loss breaks down as follows: Under 18, males \$27,265,000 and females \$8,834,000; 18 through 24, males \$81,627,000 and females \$26,447,000; 25 to 44, males \$152,720,000 and females \$49,481,000.

All I ask, Mr. Chairman, is fairness, justice, and common sense in dealing with this national problem of the rural population decline and the resulting urban population crisis.

My bill, S. 3915, is an attempt by law to require the Economic Development Administration to give population loss as much weight as the unemployment rate in determining whether an area is eligible for EDA assistance grants and loans.

You will find from close examination of my statement and any information that you might obtain independently from the EDA that it is a lot easier to get EDA assistance on the basis of unemployment than on the basis of population decline.

Yet, both factors are provided by law as factors which either singly or in combination are a sufficient basis for designating an EDA assistance area. The difference of course, is in the regulations prescribed by the Secretary of Commerce for implementing the law.

The other point I wish to make is that the cost of spurring economic development in the rural areas today is much less than the cost of correcting the ills, economic and otherwise, of the cities. In other words, I am coming to you with a bargain comparable to the two-for-the-price-of-one sales which are popular in the merchandising world.

To illustrate what I mean by this, I would like to read from an editorial written by Allen Strunk, editor of the McCook, Nebr., Daily Gazette. The editorial was published on June 15. It makes the following point:

The unemployment and loss of population situations are correlated. As mechanization continues on the farms, jobs are lost in the rural area. These people become unemployed, but because they are ambitious they are not the type to stand on the street corners. They go where work is . . . to the cities, where, because they are willing workers, they get the available jobs, often pushing out the less capable and less ambitious worker.

Thus the loss of population on the farms is directly related to the unemployment situation in the cities and further, to the crime, dope and general degradation of human dignity.

Whatever can be done in the rural area to maintain people, homes and jobs will have a double-barrel effect for the nation at large.

Here is my prepared statement that I would like to have submitted in the record in full.

Mr. Chairman, it boils down to this: In rural areas, unemployment statistics are not an accurate measure for extending EDA assistance, because when the unemployment develops, these people leave and go someplace else. They create unemployment at their destination, not from where they leave.

If we take a realistic measurement, a population decline, and make those areas available for this program, we will solve a problem in the rural area involved. We will prevent a problem or the aggravation of the problem in the cities where these people might go for employment.

This is my statement. I thank you very much for the chance to appear.

Senator MONTROYA. Thank you very much, Senator. I think you are trying to bring in a new concept which deserves the consideration of this subcommittee.

I am inclined to agree with you that we should provide some stimulus to try to reactivate the rural areas which are suffering from depopulation and economic retrogression. I certainly commend you for the fine statement that you have presented to the subcommittee.

Senator CURTIS. Thank you. I think it fits in with the entire national goals as set forth. It is absolutely necessary for the revitalization of rural America. Rural America must be revitalized and given job opportunities or the problems in the cities will grow worse at a pace that we can't overcome with our remedies applied there.

Senator MONTROYA. Permit me to ask this particular question. I will read the thrust of the amendment by way of additional criteria; that is (5), "Those additional areas in which he determines there has been a substantial loss of population."

What do you mean by the words "substantial loss"? Is this a loss from the 1960 census?

Senator CURTIS. I think we should make it as current as possible.

Senator MONTROYA. There are some areas that perhaps lost 1,000 out of 100,000 population. We don't have any definitions as to how the word "substantial" would fit into this particular context.

Senator CURTIS. I think it should be treated more liberally than the same percentage of unemployment. Unemployment figures might be temporary. If a situation is such that the people totally move away, it indicates a problem much graver.

As I understand the existing regulations of the Department of Commerce, made a long time ago, they treat population decline, but they go back for the years 1950-60, and require a 25-percent loss of population.

We make no such requirement on unemployment. There is no area that has had to show 25-percent unemployment to qualify for this aid. I think they should be treated equally.

Senator MONTROYA. We have some criteria in the law itself. We have four different criteria and you are trying to add a fifth criterion. The criteria refer to unemployment and family income, Indian reservations, and unusual and abrupt rise in unemployment. But the unemployment rate for a county which can qualify for EDA loans and grants is 6-percent unemployment or over. Under 6 percent that area would not qualify unless there is a special impact area created by the administrator of the act.

Thank you very much, Senator Curtis. We will try to develop a discernible definition or meaning for the word "substantial."

Senator CURTIS. I think that we should accept any accurate determination of population trends and not have to wait for a 10-year census.

Senator MONTROYA. Thank you very much, Senator Curtis.

Senator HARRIS, Mr. Podesta has to take a plane. Would you mind his offering his testimony?

Senator HARRIS. That would be fine.

Senator MONTROYA. Would you join us here in the meantime?

Senator HARRIS. Yes, thank you, Mr. Chairman.

Senator MONTROYA. Let the record show that the chairman of the subcommittee has invited Senator Harris to come and sit with him here on the rostrum, knowing of his avid interest in the development of this legislation in which he had a very material part initially.

In fact, it was my pleasure to conduct hearings in Oklahoma with respect to the Ozark region which was in its formative stage, I certainly want to welcome you here, Senator Harris.

Senator HARRIS. Thank you very much, Mr. Chairman.

Senator MONTROYA. Mr. Robert A. Podesta, Assistant Secretary for Economic Development of the Department of Commerce, is with us here today. I certainly want to welcome you, Mr. Podesta. I know you have a schedule to keep. You are leaving town and scheduled to leave at 3 o'clock. We will try to cover as much of your testimony as possible.

You may proceed, sir.

**STATEMENT OF HON. ROBERT A. PODESTA, ASSISTANT SECRETARY
FOR ECONOMIC DEVELOPMENT, U.S. DEPARTMENT OF COMMERCE
ACCOMPANIED BY WILLIAM BLUNT, CHIEF COUNSEL, ECONOMIC
DEVELOPMENT ADMINISTRATION**

Mr. PODESTA. Thank you, Mr. Chairman.

Could I explain to Senator Harris, that as he knows, the Secretary of Commerce is involved in some rather complicated negotiations with the Japanese Government on textiles. I have been drafted to sub-

stitute for him in Chicago in a meeting that was long scheduled on the minority enterprise.

So, I apologize for preempting his position.

Mr. Chairman, I wish to thank you and members of the subcommittee for this opportunity to present the views of the Department of Commerce and of the Economic Development Administration on S. 3744, S. 3798, and H.R. 15712, bills which provide for a 1-year extension of authorizations for titles I through IV of the Public Works and Economic Development Act of 1965, as amended, through fiscal year 1971.

H.R. 15712, passed by the House, is now pending before the Senate. We have also been requested to provide our views on S. 3815, a bill to amend the Public Works and Economic Development Act to authorize the Secretary of Commerce to designate areas in which there has been a loss of population as redevelopment areas.

As you know, we in EDA are extremely enthusiastic about the programs administered by the Economic Development Administration. We feel that these programs offer tremendous potential for dealing with many of the Nation's economic and related social problems and we are convinced that EDA is realizing its potential.

In this connection, we would like to point out briefly to you some of the accomplishments of EDA.

Our public works and development facilities program under titles I and II of the Public Works and Economic Development Act provides the basic facilities for meaningful long-term economic development. Since September 1, 1965, when EDA was brought into existence, a total of 1,753 public works loan and grant projects have been approved as of May 8, 1970. Construction has been completed on 742 of these projects. Currently, there are 510 such projects under construction while the balance are still in the preconstruction stage.

The EDA business development loan and guarantee program under title II of the act is continuing to provide a stimulus for the industrial, commercial, and financial community to locate investments in disadvantaged areas.

Through May 8, 1970, EDA had approved 245 business loans for a total obligation of \$210,738,000 since our act was passed in August 1965. During this same period of time, EDA guaranteed 55 working capital loans made by private lending institutions for a total of \$24,080,000. We estimate that the EDA business loan activity in fiscal year 1969 may provide more than 9,800 full-time jobs.

EDA's planning, technical assistance, and research authority under title III of the act is enabling EDA to utilize a valuable and flexible tool to supplement private and public initiative with expert assistance on a local, area, and district level.

For example, through May 8, 1970, EDA had approved 929 technical assistance projects at a total cost of \$47,087,000 and 336 district and area planning grants for a total obligation of \$15,708,000.

As you can see, EDA is engaging in a broad-based attack on the problems facing economically distressed areas. However, we are aware of the need for constant reappraisal of the means available to us and the methods we employ in carrying on this program to assure that we are as efficient and effective as possible. At the direction of the President we are conducting, and are in the final stages of, a comprehensive review and evaluation of our program.

We are aware that many members of both houses of Congress feel that changes should be enacted in the tools available to EDA, in the criteria governing the designation of areas eligible for EDA assistance, and in other aspects of our authorizing legislation.

We are confident that the results of our evaluation, and a like effort by the staff of the Economic Development Subcommittee of the House Public Works Committee, will be of great assistance in determining the need for such changes.

We understand that this subcommittee plans to consider the need for changes in our authorizing legislation.

In view of these on-going efforts by the Administration and by Congress, we recommend the enactment of S. 3744, which provides for a simple 1-year extension. This will allow for a completion of all evaluations and an orderly and well considered approach toward any changes which might be desired.

As you have requested, I shall now comment on the other bills which are before you.

Section 1 of S. 3798 also contains a 1-year extension of expiring sections of our act, but that bill also contains substantive amendment proposals. Section 2 of S. 3798 would authorize the Secretary to provide loan and lease guarantees for business development projects.

Section 3 of the bill would authorize the Secretary to provide technical assistance, grants, and loans to areas which suffer severe economic loss by reason of the closing of a major source of employment, such as Federal installations.

Similarly, while H.R. 15712 contains 1-year-extension provisions, it also proposes a 1-year suspension of designation of redevelopment areas after May 1, 1970 and before June 1, 1971.

S. 3915 would amend the designation criteria for redevelopment areas under title IV of the act by adding a new paragraph to section 401(a) thereof which would authorize the designation as redevelopment areas in which there has been a substantial loss of population.

As I stated earlier, although substantive amendments may prove desirable, we recommend that all proposed amendments be considered together at a later date.

In the meantime, we feel that maintaining a status quo in our authorizing legislation until the completion of all evaluations will encourage orderly and proper consideration of possible future change.

For this reason, we oppose the enactment of S. 3798, S. 3915, and H.R. 15712. We favor the enactment of S. 3744, which provides for a 1-year extension of the authorities under titles I, II, III, and IV of our act. As you know, title V of our act was extended for 2 years and expires at the end of June 1971.

So, if our recommendations are accepted by the committee and by the Congress, the total act would expire at the same date.

Senator MONTGOMERY. Are you satisfied that the regional commissions are doing their job?

Mr. PODESTA. Yes, I am, Mr. Chairman.

Senator MONTGOMERY. Have you reviewed the attendance record of the different Governors who comprise the regional commissions at the meetings called to evaluate programs?

Mr. PODESTA. No, sir.

Senator MONTROYA. You had better take a good look at their attendance record, because in some regional commissions, the Governors have not attended although they are the principal cogs in this development wheel. They have not attended. They have bad attendance records.

How can we depend on their leadership if they are not assuming their role as members of the particular commissions?

I would like to have in the record of these hearings the attendance record of all the Governors at all of these regional commissions that have been called in their particular regions.

Mr. PODESTA. We will supply that, Mr. Chairman.

Senator MONTROYA. I don't want the attendance record to reflect the attendance of the alternate unless it is reflected as the attendance of the alternate.

Mr. PODESTA. I have here with me our chief counsel, Mr. Blunt. I may have to refer to him. I am going to hold him responsible for being sure the answers are supplied to the subcommittee.

(Subsequent to the hearing the following material was supplied:)

ANSWERS TO QUESTIONS POSED BY MEMBERS OF SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

The following sets forth a listing of Commission meetings held by Title V Regional Commissions with the names of the Governors participating. The listing shows only attendance by Governors, not by Alternates. In addition to Commission meetings, most of the Commissions schedule Alternates' meetings approximately monthly.

Coastal Plains Regional Commission

- July 29, 1967: Lester Maddox (Georgia), Robert McNair (South Carolina), Dan Moore (North Carolina).
- September 13, 1967: Lester Maddox, Robert McNair, Dan Moore.
- January 19, 1968: Robert McNair, Lester Maddox.
- April 30, 1968: Robert McNair, Dan Moore.
- July 30, 1968: Robert McNair, Dan Moore.
- December 19, 1968: Dan Moore, Robert McNair, Lester Maddox.
- May 22, 1969: Lester Maddox, Robert W. Scott (North Carolina).
- October 24, 1969: Robert W. Scott, Robert McNair.
- February 9, 1970: Lester Maddox, Robert McNair, Robert W. Scott.
- May 28, 1970: Robert McNair, Robert W. Scott.

Four Corners Regional Commission

- September 19, 1967: Jack Williams (Arizona), John A. Love (Colorado), David F. Cargo (New Mexico), Calvin L. Rampton (Utah).
- December 18, 1967: Jack Williams, John A. Love, David F. Cargo, Calvin L. Rampton.
- February 20, 1968: Jack Williams, John A. Love, David F. Cargo, Calvin L. Rampton.
- March 28, 1968: Jack Williams, John A. Love, Calvin L. Rampton.
- May 28, 1968: Jack Williams, John A. Love, David F. Cargo, Calvin L. Rampton.
- December 13, 1968: Jack Williams, John A. Love, Calvin L. Rampton.
- February 19, 1969: John A. Love, David F. Cargo, Calvin L. Rampton.
- May 21, 1969: Jack Williams, David F. Cargo, Calvin L. Rampton.
- August 18, 1969: David F. Cargo, Calvin L. Rampton.
- November 3, 1969: Jack Williams, John A. Love, David F. Cargo, Calvin L. Rampton.
- March 2, 1970: Jack Williams, Calvin L. Rampton.
- June 11, 1970: Jack Williams, John A. Love, Calvin L. Rampton.

New England Regional Commission

- March 20, 1967: John A. Volpe (Massachusetts), John W. King (New Hampshire), John Dempsey (Connecticut), John H. Chafee (Rhode Island), Philip Hoff (Vermont), Kenneth M. Curtis (Maine).
- April 10, 1967: John A. Volpe, John W. King, John Dempsey, John H. Chafee, Philip Hoff, Kenneth M. Curtis.
- July 6, 1967: John A. Volpe, John W. King, John Dempsey, John H. Chafee, Philip Hoff, Kenneth M. Curtis.
- November 16, 1967: John A. Volpe, John W. King, John Dempsey, John H. Chafee, Philip Hoff, Kenneth M. Curtis.
- January 8, 1968: John A. Volpe, John W. King, John Dempsey, Philip Hoff, Kenneth M. Curtis.
- March 29, 1968: John W. King, John H. Chafee, John Dempsey, John A. Volpe, Philip Hoff, Kenneth M. Curtis.
- June 28, 1968: John W. King, John H. Chafee, John Dempsey, John A. Volpe, Philip Hoff, Kenneth M. Curtis.
- September 14, 1968: John W. King, John H. Chafee, John Dempsey, John A. Volpe, Philip Hoff, Kenneth M. Curtis.
- December 13, 1968: John W. King, John H. Chafee, John Dempsey, John A. Volpe, Philip Hoff, Kenneth M. Curtis.
- April 24, 1969: Kenneth M. Curtis, John Dempsey Francis W. Sargent (Massachusetts), Frank Licht (Rhode Island), Deane C. Davis (Vermont).
- July 10, 1969: Kenneth M. Curtis, John Dempsey, Francis W. Sargent, Walter Peterson (New Hampshire), Frank Licht, Deane C. Davis.
- September 13, 1969: Kenneth M. Curtis, John Dempsey, Francis W. Sargent, Walter Peterson, Deane C. Davis.
- November 20, 1969: Kenneth M. Curtis, John Dempsey, Francis W. Sargent, Walter Peterson, Frank Licht, Deane C. Davis.
- February 26, 1970: Walter Peterson, John Dempsey, Kenneth M. Curtis, Francis W. Sargent, Frank Licht, Deane C. Davis.
- May 1, 1970: Walter Peterson, Francis W. Sargent, Frank Licht, Deane C. Davis, Kenneth M. Curtis.

Ozarks Regional Commission

- September 7, 1966: Warren E. Hearnese (Missouri).
- October 5, 1966: Orval E. Faubus (Arkansas), Warren E. Hearnese.
- November 10, 1966: Orval E. Faubus, Warren E. Hearnese.
- December 9, 1966: None.
- February 25, 1967: Warren E. Hearnese.
- April 13, 1967: Warren E. Hearnese, Winthrop Rockefeller (Arkansas), Dewey F. Bartlett (Oklahoma).
- August 10, 1967: Warren E. Hearnese, Winthrop Rockefeller, Dewey F. Bartlett, Robert B. Docking (Kansas).
- September 10, 1967: Warren E. Hearnese, Dewey F. Bartlett, Winthrop Rockefeller.
- December 18, 1967: Dewey F. Bartlett.
- February 16, 1968: Robert B. Docking, Dewey F. Bartlett, Warren E. Hearnese.
- May 3, 1968: Dewey F. Bartlett, Robert B. Docking, Warren E. Hearnese, Winthrop Rockefeller.
- October 7, 1968: Dewey F. Bartlett, Winthrop Rockefeller.
- December 23, 1968: Dewey F. Bartlett, Robert B. Docking, Winthrop Rockefeller.
- February 26, 1969: Dewey F. Bartlett, Robert B. Docking, Warren E. Hearnese.
- June 29, 1969: Dewey F. Bartlett, Robert B. Docking.
- July 15, 1969: None.
- December 1, 1969: Dewey F. Bartlett, Robert B. Docking, Warren E. Hearnese, Winthrop Rockefeller.
- February 26, 1970: Dewey F. Bartlett, Warren E. Hearnese, Robert B. Docking.
- May 4, 1970: Dewey F. Bartlett.

Upper Great Lakes Regional Commission

April 11, 1967: Warren P. Knowles (Wisconsin), Harold LeVander (Minnesota), George Romney (Michigan).

July 26, 1967: Warren P. Knowles, Harold LeVander.

July 3, 1968: Warren P. Knowles, Harold LeVander.

September 3, 1968: George Romney, Warren P. Knowles, Harold LeVander.

December 5, 1968: Warren P. Knowles, Harold LeVander, George Romney.

March 18, 1969: Harold LeVander, Warren P. Knowles.

June 30, 1969: Harold LeVander, Warren P. Knowles, William G. Milliken (Michigan).

September 14, 1969: Harold LeVander, Warren P. Knowles, William G. Milliken.

December 11, 1969: Warren P. Knowles, Harold LeVander.

February 25, 1970: Harold LeVander, William G. Milliken.

Senator MONTROYA. What has been your experience with respect to programs submitted by the regional commissions?

Mr. PODESTA. Our experience, I think, in general has been good, Mr. Chairman. Let me take it right off the top of my head.

We started out with five new Federal cochairmen who were inexperienced as I was a year ago. We started out with a record of a couple of years accomplishments and we sort of had to get to know each other.

I found that I was able to get along with the Federal cochairmen understanding their special problems. As you know, Mr. Chairman, the Federal cochairman is one and there are several States involved. In your case, it is the Four Corners region. But in Appalachia, for example, there are 13 States involved and they have an equal vote. I think there has been only one veto by a Federal cochairman in the history of the regional commissions.

As soon as those new types got to understand each other, I found that it ran pretty smoothly. Some of the chairmen told me about some of their problems, and some of which we could do something about and some of which we couldn't.

So, I think there has been a great deal accomplished in coordinating the efforts in what is admittedly a rather awkward organizational structure.

Senator MONTROYA. Isn't the work of some of these commissions substantially endorsing or recommending grants for projects that have already been worked out at the local level, rather than through the facilities or under the auspices of the particular regional commission?

Mr. PODESTA. Mr. Chairman, at the risk of repeating something that the subcommittee already knows, up to this year they have been merely planning commissions. They have been able to supplement other programs, some programs are our programs and some are other agencies. Their abilities to respond is, I think—my impression is—somewhat broader than EDA's. They do supplement programs.

So, therefore, until next year they can't act until some basic grant agency acts, of which we are one. I don't know about their experience with the other grant agencies, but as far as their experience with us is concerned, we have found their staff to be able and understanding when we explained our problems and I think they have done a pretty good job of supplementing our grants.

Senator MONTROYA. Since this is only a simple extension, I don't intend to go into this particular phase, but I did last year in my hear-

ings all over the country. I just want the Department to be placed on notice that I intend to go into programing very thoroughly and also to try to determine or ascertain whether a lot of this money went into waste through grants for research on top of research and study on top of study, because that has happened in the past, Mr. Podesta.

I tried to caution your agency not to indulge in too much study. What we need in this country is more hardware and less study.

What have you done in that respect?

Mr. PODESTA. Really in my new job, I heard somebody say to act is human and to plan is divine. Coming from investment business, where if you don't make a decision tomorrow, it is too late, planning leaves me cold, if I might say so, as a protracted exercise.

On the other hand, I must say that while I am aware of some overlaps in planning, I don't think it can happen now, because our relationships with the Federal cochairmen are such that if we start to consider a grant or they start to consider a grant, they come to us and say, "Have you done anything in this area?"

I also would like to tell the subcommittee that I refer to the awkward organizational setup.

I am sure the subcommittee is aware, but it is a continuing problem for the Federal cochairmen and I suppose for the Governors, that the executive director of every regional commission, except Upper Great Lakes, is an independent person, and as far as I have been able to ascertain personally, he isn't reporting to anybody. He isn't the Federal cochairmen's man or the State's man. In the Upper Great Lakes, the Federal cochairman is also the executive director and I think it is no coincidence that we have fewer problems up there as a result of that particular organizational setup.

But I got the message, and I will pass it on to the Department.

Senator MONTROYA. You mentioned that you would just like a simple extension and that we should wait until a later time to consider the possibility of doing something affirmatively with respect to de-designating countries or regions.

Why do you oppose the moratorium on de-designation for another year?

Mr. PODESTA. Mr. Chairman, it really doesn't make that much difference to me, personally. Obviously, we are going along with it. As you may be aware, there are roughly 900 areas that are eligible for our aid every year. We can only respond to about a third of them.

So, adding to the universe, as the Ph. D. types say, which you would do by de-designating these areas, just, adds to our problem.

Senator MONTROYA. Why do you pick on just these 96 counties in the country if you are worried about the two-thirds not getting anything? Why don't you do away with the two-thirds, too?

Mr. PODESTA. We can't, Mr. Chairman. It is in the act. We have to respond to the statute. We are not happy with the designation criteria.

Senator MONTROYA. I am afraid that the Congress almost unanimously will disagree with your position on this. I wanted some plausible reason for dedesignating these counties. I think we ought to be designating more, instead of dedesignating.

Mr. PODESTA. We understand, Mr. Chairman. The designation criteria are not ours. They were fixed by the Congress.

Senator MONTROYA. Don't you think the designation criteria are outmoded??

Mr. PODESTA. Yes.

Senator MONTROYA. What do you do to innovate it?

Mr. PODESTA. That is what I would like to have a chance to tell you with a 1-year extension.

Senator MONTROYA. Wouldn't you be satisfied with retaining the status quo with respect to those counties designated already until you come up with some new criteria and then we will either agree with you or do battle with you?

Mr. PODESTA. If the Congress decides that, I will go along with it and do the best I can.

If we get a good project in one of those areas, we will do it. We won't play games and say we will designate them and then not do anything there.

Senator MONTROYA. I am very concerned because the only request that I have had in this subcommittee is to designate more areas, instead of dedesignating those that we have.

Have you had any request to dedesignate these areas?

Mr. PODESTA. Nobody has ever requested to be dedesignated.

Senator MONTROYA. How soon do you expect to complete this study? How far advanced are you in it?

Mr. PODESTA. At the moment, we are reviewing preliminary drafts of our own evaluation, the Commerce Department evaluation, which we are making really at the direction of the President. In that connection, we have used the services of consulting firms, of special task forces of agency people, and those particular reports are being polished up now and will be submitted to I suppose the new Office of Management and Budget sometimes within the next month.

We have been privileged to be appraised of what has happened and what the deliberations of the subcommittee of the House has been, and we are working to put together a package now.

I am sure the Chairman knows that our first task is to propose them to the leaders of our own agency who then propose them to the White House. I would say that sometime in the next couple of months that package will be completed.

Senator MONTROYA. Would you have inserted in the record the number of research and study projects that you have approved and funded?

Mr. PODESTA. Yes, sir.

Senator MONTROYA. List the projects and the purpose of the particular study or plan.

Mr. PODESTA. Yes, sir.

(The information referred to, and later furnished, follows:)

A list of approved research projects* for fiscal years 1966 through 1970 follows:

*Unless otherwise specified, projects are contractual. T=Transfers; G=Grants.

FISCAL YEAR 1966 RESEARCH PROGRAM, TITLE III

LIST OF APPROVED PROJECTS—U.S. GENERAL

California Analysis Center: Modern information techniques useful in EDA operations and research-----	\$2,500
California Analysis Center: EDA information system-----	385,160
California at Los Angeles, University of: Program of research and training in the politics of economic development. (G)-----	272,329
Chicago, University of: Role of entrepreneurship as a development phenomenon-----	28,167
Chicago, University of: Seminar and workshop in regionalization, growth, and planning. (G)-----	218,002
CONSAD Research Corporation: Locational considerations of Federal agencies for field activities-----	2,450
Cornell University: The contribution of tourism to regional economic development; a case study of Puerto Rico. (G)-----	59,848
Dartmouth College: Determinants of consumption expenditures on tourism and recreation services-----	13,561
Economic Associates: Procedures for measurement of industrial capacity-----	20,300
Fordham University: Survey of the closure of the Brooklyn Navy Yard-----	2,450
Harvard University: Workshop on regional economic development. (G)-----	273,640
Human Sciences Research, Inc.: Role of Community leadership-----	28,000
Jonker Co.: Analysis of selected characteristics of a geographic region-----	83,509
Kirschner Associates: Study of area eligibility-----	63,600
Management Systems Corporation: Development of an economic development training program and establishment of an Economic Development Education Institute-----	175,489
Oak Ridge Associated Universities: A student internship program in economic development. (T)-----	71,400
Planning Research Corporation: Economic analysis and research planning-----	57,160
RAND Corporation: Working papers for program planning-----	27,940
Regional Economic Development Institute: Simplified impact analysis technique for small areas-----	2,500
Regional Economic Development Institute: Summer Institute for regional economic research-----	170,938
Regional Economic Development Institute: A manual for economic impact analysis in small urban areas-----	96,875
Regional Economic Development Institute: Bibliography of resource materials in the field of regional economic development-----	2,100
Regional Economic Development Institute: An examination of the applicability of EDA tools to the problems of urban slums-----	2,500
Regional Science Research Institute: A program of research, education, and information exchange on industrial location and regional development. (G)-----	198,280
Saunders, W. B. & Company; Loan effectiveness and analysis program-----	85,500
U.S. Department of Commerce, Bureau of the Census: Population projections of U.S. counties, 1975. (T)-----	10,000
U.S. Department of Commerce, Office of Business Economics: Regional economic projections. (T)-----	10,000
Washington University (St. Louis): The relationship between public investment programs and regional development (G)-----	235,407
Washington, University of: Alternative techniques for forecasting regional income and employment. (G)-----	96,542
Total (number of projects 29)-----	2,695,147

FISCAL YEAR 1967 RESEARCH PROGRAM, TITLE III

LIST OF APPROVED PROJECTS¹—U.S. GENERAL

ABT Associates, Inc.: Industrialization of rural areas.....	\$85,000
Battelle Memorial Institute: Labor force participation rates.....	94,678
Behavioral Science Center *: Study the economic effectiveness of business leadership.....	48,584
Brandeis University: Planning for regional development.....	37,700
Brookings Institution: Community planning problems in federal grant programs regional economic development. (G).....	109,736
Brown University: Research advisory committee for economic development administration. (G).....	66,290
California Analysis Center: EDA information system.....	282,708
Census Bureau: Pilot study for small-area data collection and coordination. (T).....	20,000
Census Bureau: County population projections for 1975. (T).....	15,527
Charles River Associates: Area employment prediction to determine public facilities requirements.....	52,500
CONSAD Research Corp.: Government procurement policies and practices.....	151,509
CONSAD Research Corp.: Public investment.....	223,223
Cornell University: An experimental approach in comprehensive multicounty regional planning and development.....	106,602
Cornell University: A conference on regional development planning. (G).....	7,500
Department of Defense: Refinement of DOD economic information system for the ISB report. (T).....	25,000
Executive Development Center: Development of an economic development training institute.....	245,346
Georgia Institute of Technology School of Industrial Management: Regional industrial development in the southeast. (G).....	226,474
Harvard University: A multiregional input-output research program.....	50,614
Indiana, University of: R. & D. expenditures and regional economic development.....	250
Lewis and Clark College: Pacific Northwest region interuniversity conference on regional economic development programs. (G).....	7,579
Maryland University: Regional studies. (G).....	272,260
Minnesota, University of ² : The Experimental City. (G).....	40,000
Office of Business Economics ² : Input-output study of U.S. economy for 1963. (T).....	50,000
Office of Business Economics ² : Local area estimates of personal income and employment. (T).....	200,000
R. R. Nathan, Associates ² : Southeast Connecticut economic adjustment study.....	13,500
Southern Regional Education Board: A student internship program in economic development. (G).....	100,945
University of California, Berkeley: Studies in regional planning and development. (G).....	238,056
University of California of Los Angeles: Analysis of the regional context of economic development. (G).....	27,896
West Virginia, University of: Simulating regional economic development with an input-output model. (G).....	47,635
Wisconsin, University of: Legal problems associated with economic development. (G).....	102,368
Wolf Management Services: Formulation of standards and procedures for the evaluation of business loans.....	28,063
Total	<u>2,977,543</u>
Total number of projects.....	31

¹ Unless otherwise specified, projects are contractual. T=Transfers; G=Grants.² Office of Economic Research share in jointly funded project.

APPROVED DEVELOPMENT RESEARCH PROJECTS, FISCAL YEAR 1968—FUNDED FROM TITLE III OF THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

[In thousands of dollars]

Project No.	Name of applicant	Description of project ¹ —U.S. general	Amount
99-7-13117-1	Battelle Memorial Institute	Labor force participation rate	20
99-7-13146	Census Bureau	Support for defense-related industries data ² (transfer).	20
99-7-13131-1	do	County and city data tape (transfer)	(*)
99-7-13136	do	1960 occupations by industry and region (transfer).	45
99-7-13147	do	Journey to work tapes (transfer)	2
99-7-13061-2	do	Population projection to 1975 ² (transfer)	75
99-7-13017-1	do	Pilot study for small-area data collection and coordination ² (transfer).	40
99-7-13086	Charles River Associates	Area employment prediction to determine public service requirements.	11
99-7-13010-1	Chicago, University of	Seminar and workshop in regionalization, growth, and planning (grant).	221
99-7-13114	do	Research on impacts of technology on social change (grant).	100
99-7-13027	Clement, M. O., Dartmouth University	Structural models of tourist-recreation activities.	6
99-7-13100-1	CONSAD Research Corporation	Government procurement policies and practices.	4
99-7-13138	Consulting Services Corporation	Impact of procurement on regional development.	(*)
99-7-13149	Federal Reserve Board	Commercial banks and regional economic development (transfer).	5
99-7-1315	Georgia Technical Research Institute	Training for economic development personnel (grant).	36
99-7-13142	Hansen, Niles	Research plan for study of growth centers	2
99-7-13089-1	Harvard University	Multi-regional input-output research program.	140
99-7-13009-1	do	Workshop on regional economic development (grant)	205
99-7-13123	Jack Faucett Associates	Analysis of economic effects of Urban Employment Opportunities Development Act.	12
99-7-13002-2	Jonker Corporation	Analysis of selected characteristics of geographic region.	1
99-7-13145	Kent State University	Decisionmaking in plant location (grant)	6
99-7-13156	Kentucky, University of	Growth centers in regional economic development (grant).	254
99-7-13158	Massachusetts Institute of Technology	Studies of the urban ghetto (grant)	269
99-7-13152	National Bureau of Economic Research	Regional economic problems dealing with human capital and labor force (grant).	200
99-7-13129-1	National Bureau of Standards	Computer services (transfer)	42
99-7-13157	North Carolina, University of	Research and training in regional economic analysis and policy (grant).	228
9-7-13130-1	Office of Business Economics	Projections of income and employment (transfer).	200
99-7-13080-1	do	National input-output studies ² (transfer)	50
99-7-13139	Planning Research Corp	Examination of alternatives to the business loan program.	19
99-7-13148	Securities and Exchange Commission	Equity financing through public offerings in chronically distressed areas (transfer).	20
99-7-13109-1	Southern Regional Education Board	A student internship program in economic development (grant).	179
99-7-13160	Systemetrics	Framework for Federal policies and programs concerning urban problems.	35
99-7-13159	Urban Institute	Research on urban problems ² (grant)	40
99-7-13024-1	Washington, University of	Alternative techniques for forecasting regional income and employment (grant).	89
99-7-13155	Western Interstate Commission for Higher Education	Training student interns in economic development (grant).	56
99-7-13097-1	West Virginia, University of	Simulating regional economic development (grant).	49
99-7-13093-1	Wolf Management Services	Formulation of standards and procedures for evaluation of business loans.	1
Total (37)			2,691

¹ Unless otherwise specified, projects are contractual.

² EDA share in jointly funded project.

* Amounts less than \$500.

TITLE III RESEARCH: OBLIGATIONS FISCAL YEAR 1969 BY CATEGORY OF RESEARCH

[Dollar amounts in thousands]

Project No.	Performer	Description of project	Amount
I. Area problems and potentials:			
99-7 13130-2	OBE, Commerce Department.	Projections of income and employment.....	\$190
99-7 13117-2	Battelle Memorial Institute.	Labor force participation rates (amendment).....	18
99-7 13061-3	Bureau of Census, Commerce.	Population projection to 1975.....	25
99-7 13159-1	Urban Institute.....	Research on urban problems.....	60
99-7 13140-2	Bureau of Census, Commerce.	Pilot study for small-area data collection and coordination.	20
	Subtotal (5 projects).....		313
II. Economic development operations and processes:			
99-7-13139-1	Planning Research Corp.	An examination of alternatives to the business loan program.	1
99-7-13149 1	Federal Reserve Board.....	Commercial banks and regional economic development.	70
99-7-13170	EBS Management Consultants, Inc.	Determinants of location of selected growth industries.	12
99-7-13171	Jacklin & Co.....	Primary factors in location of growth industries.....	8
99-7-13172	REDI, Inc.....	Determinant of industrial location in the United States.	12
99-7-13167	Maryland Affiliate Corp.....	Examination of EDA's business loan procedures and practices.	10
99-7-13179	REDI, Inc.....	Analysis of dedesignated-redesignated areas.....	28
99-7-13129. 3	National Bureau of Standards.	Support of consolidated information system and data base.	256
	Subtotal (8 projects).....		397
Program evaluation and analysis:			
99-7-13162	Robert R. Nathan Associates.	Evaluation of economic development district and area planning programs.	74
99-7-13164	Chilton Research Service....	Evaluation of Economic Development Administration's business loan program.	89
99-7-13166-1	EBS Management Consultants, Inc.	Methodology for evaluation of the developmental effects of EDA's public works program.	55
99-7-13165-1	Decision Studies Group.....	Methodology for evaluation of the income and employment effects of EDA's public works program.	82
99-7-13178	CONSAD Research.....	Evaluation of the EDA technical assistance program.	38
99-7-13177	Booz, Allen & Hamilton.....	do.....	34
	Subtotal (6 projects).....		372
III. Subnational impact of national economic policy:			
99-7-13146-1	Bureau of Census, Commerce Department.	Support for defense-related industries.....	30
99-7-13163	Curtis Harris Associates.....	Regional analysis of Federal expenditures.....	18
99-7-13170	Bureau of Census, Commerce Department.	Value of shipments data on manufactures.....	1
99-7-13080-2	OBE, Commerce Department.	National input-output study.....	50
99-7-13090-1	National Academy of Sciences.	Impact of science and engineering on regional economic development.	5
	Subtotal (5 projects).....		104
IV. Training activities:			
99-7-13151-2	Georgia Tech.....	Training program in economic development.....	50
99-7-13109	Southern Regional Education Board.	Student intern training program.....	214
99-7-13155-1	Western Interstate Commission for Higher Education.	Training student interns in economic development.	188
	Subtotal (3 projects).....		452
	Grand total (27 projects).....		1,638

Note: Because of rounding, dollar amounts may not add to totals.

TITLE III RESEARCH—FISCAL YEAR 1970—JUNE 30, 1970
 [Dollar amounts in thousands]

Project No.	Performer	Description of project	Date obligated	Amount
99-7-13129.3	National Bureau of Standards.	Computer services.	Jan. 5, 1970.	\$412.0
089.2	Harvard University.	Regional input-output.	Oct. 20, 1969 and June 1, 1970.	108.0
155.2-3	Western Interstate Commission for Higher Education.	Student intern training.	Dec. 2, 1969.	106.0
179	Maryland Affiliate Corp.	Business loan procedures.	Mar. 5, 1970.	2.5
130.3	Office of Business Economics	County income and employment.	May 20, 1970.	150.0
180	Do.	Migration studies.	Mar. 2, 1970.	38.0
181	Housing and Urban Development.	Urban information system.	Mar. 16, 1970.	25.0
184	Consolidated Analysis Center, Inc.	Computer mapping.	May 11, 1970.	5.0
191	Boise-Cascade.	Industry location factors.	Apr. 14, 1970.	248.0
117	Battelle Memorial Institute.	Labor force participation rates.	Apr. 7, 1970.	48.0
109.3	Southern Regional Education Board	Intern training.	June 1970.	75.0
197	Consolidated Analysis Center, Inc.	Industry location.	do.	14.0
010.2	Chicago University.	Regional urban studies.	Jan. 22, 1970, and Apr. 20, 1970.	100.0
166.2-3	EBS Management Corp. (now Boise-Cascade)	Evaluation of public works.	Apr. 1970 and May 1970.	149.0
178.1	CONSAD	Evaluation of technical assistance.	do.	113.0
182	Mathematica	Evaluation of economic development process.	Apr. 22, 1970.	28.0
185	Chilton Research Service.	Tracing job vacancies.	Apr. 16, 1970.	45.0
186	Booz, Allen & Hamilton.	Evaluation of business loans.	Mar. 19, 1970.	169.0
187	Planning Research Corp.	Nonurban case studies.	Apr. 14, 1970.	75.0
188	Battelle Memorial Institute	Evaluation of planning grants.	Feb. 19, 1970.	50.0
189	Littlejohn Associates.	Urban case studies.	Apr. 1, 1970.	45.0
190	Booz, Allen & Hamilton.	do.	Mar. 25, 1970.	10.0
193	Curtis C. Harris.	Federal expenditures.	June 22, 1970.	28.0
194	Office of Business Economics	State input-output.	May 1970.	25.0
195	National Academy of Engineering, NAS	Telecommunications and urban problems.	May 28, 1970.	17.0
009.2	Harvard University.	Regional studies.	June 1970.	66.0
152.1	National Bureau of Economic Research, Inc.	do.	do.	59.0
183	University of Georgia, Athens.	Commuting.	do.	70.0
	Total.			2,280.5

Senator MONTROYA. Senators Randolph and Cooper wanted me to ask this question. If you can't answer it, maybe your assistants can.

Here is the question: As you know, the problem of the Appalachian Regional Hospitals has been of concern to the committee for some years. On June 15, 1970, Mr. T. P. Hipkens, president of Appalachian hospitals wrote to you asking for certain changes in the loan arrangement which exists between EDA and the hospitals group.

Specifically he dealt with (1) alteration of the payment schedule; (2) subordination of the EDA lien, and (3) modification of the declaration of restrictions.

What disposition have you made of this request?

Mr. PODESTA. It isn't very long since June 15 and we have not made any disposition of the request.

Senator MONTROYA. Have you given it any thought or study?

Mr. PODESTA. We have indeed.

Senator MONTROYA. Would you supply the answer to this question, or do you have the answer?

Mr. PODESTA. I would like to supply the answer for the record.

Mr. Blunt suggests we send the subcommittee a copy of our response, their request and our response.

Senator MONTROYA. Yes, please.

(The information referred to, and subsequently submitted, follows:)

The following material sets forth the request of June 15, 1970, of Appalachian Regional Hospitals, Inc., and the EDA response to such request:

APPALACHIAN REGIONAL HOSPITALS,
Lexington, Ky., June 15, 1970.

HON. ROBERT PODESTA,

Assistant Secretary of Economic Development, Office of the Secretary, U.S. Department of Commerce, Washington, D.C.

DEAR MR. PODESTA: This follows our letter of 29 January, 1970 and our subsequent discussions with Mr. Sinnott and his staff concerning ARH's search for relief from its indebtedness to EDA.

I appreciate the concern with our problems on the part of members of your staff. As suggested by Mr. Sinnott in his letter of April 30, 1970, we have sought to develop modifications in the present loan agreement which would facilitate accomplishment of our responsibilities to the Central Appalachian area and its people.

As a preface to a review of these modifications, I wish to review the circumstances which prompted our request for relief from the mortgage held by EDA on four ARH hospitals and the debt it secures.

A detailed analysis of our financial position and the history of ARH, Inc. has been submitted to you. The loan made by ARA in 1963 was designed for one thing—to keep vitally needed health facilities from closing. The desperate conditions of this period did not allow consideration of the unique potential of the miners' hospitals both as a means of delivering health services and as instruments of economic development in hard-core Appalachia. Nevertheless, the Federal investment through ARA not only left the hospitals open for the public, but with the advent of Medicare, Medicaid, and the Appalachian Development Program, has compounded in expanded services to the public and increased contributions to the Appalachian economy.

ARH, Inc. was not organized by a private entrepreneur to benefit the stockholders of a corporation. It is a non-profit institution presided over by an unpaid Board of Trustees, dedicated to protecting and improving health and living conditions in one of the poorest areas of the country. Appalachian Regional Hospitals was organized with the encouragement and financial support of various elements of the Federal Government. Its initial mission was to rescue a chain of ten hospitals which were in danger of closing in an Appalachian area with a critical shortage of hospital and medical services, and to help bolster the economy of an area desperately in need of more jobs and income. In addition, ARH had a responsibility to develop new and better methods of delivering high-quality health care to a region embracing 900,000 citizens, an inordinate number of whom were at, or below, the poverty level.

There is a clear record of achievement in relation to these objectives. The ten hospitals, whose existence were in jeopardy in 1963, are now viable institutions—nine of them in the ARH system, and the tenth operated by Methodist Hospital; Pikeville, Kentucky.

The nine ARH hospitals last year admitted 39,926 patients and provided them with 301,261 days of care. During their nearly seven years of existence, the ARH hospitals have served 226,367 in-patients with 1,710,350 days of care.

In the process, Appalachian Regional Hospitals, Inc. has made a major contribution to the economy of Appalachia.

ARH employs 2,094 persons, and its payroll exceeds \$10,600,000 a year. Over seven years, ARH has paid more than \$62,000,000 in wages and salaries.

This is in addition to the incomes of the medical staffs of ARH hospitals. We estimate that our 330 doctors have an aggregate income in excess of \$6,440,000 a year. An additional \$900,000 a year is paid in salaries by the Rural Health Center, financed by the Office of Economic Opportunity, on the grounds of our Beckley hospital.

The communities served by our hospitals also benefit from ARH's expenditure of \$952,000 for utilities, supplies, and equipment. ARH pays \$40,000 a year in sales taxes.

These are but a few measures of the contribution which the ARH system has made to the social and economic life of Central Appalachia. They indicate that the objective of the ARA investment of loan and grant funds has been accomplished—the hospitals have remained open and made a major contribution to the economy of their service area.

The point at issue today is not the imminent closure of these hospitals, but whether their potential for expanded service and economic growth can be recognized and exploited.

The Federal investment of ARA grant and loan funds to effect the transfer of the miners' hospitals to ARH, Inc. was addressed to the need for continued operation of the facilities. The fact that all of the hospitals are open seven years later is a testament to the accomplishment of that prime objective. However, in addition to simply keeping the doors open, the ARH system had an obligation to its charter and to the public to improve its facilities and services. Upon receipt of a \$1.2 million grant from the Office of Economic Opportunity in 1965, ARH pledged to serve as the base for a vastly-expanded system of health care in Eastern Kentucky. While the OEO funds served primarily to strengthen the working capital position of ARH, Inc., the hospital system committed itself to expanded facilities and services, in concert with other agencies, as rapidly as possible.

With the advent of the Demonstration Health Program, authorized by Section 202 of the Appalachian Regional Development Act of 1965, the ARH system assumed a key role in this Federally-supported health service in Appalachia. Expansion of the ARH system—particularly in Kentucky—is central to the planning being done under the 202 program.

In response to its charter and pledges to the Federal and State agencies, ARH has achieved some modest improvements in its facilities and services. Buildings providing offices for physicians have been built at four hospitals, and a 60-bed extended care-mental health addition is being constructed at Hazard, Kentucky. In addition to the provision of new facilities, a number of operating programs have been established including the following:

Home Health Services have been established at six hospitals and now serve nearly 500 patients in their homes.

A rural health care center, the largest in the U.S. funded by OEO, housed in a new building at our Beckley hospital, annually serves 14,000 ambulant and at-home patients.

A stroke center is being established at South Williamson, Kentucky to serve stroke patients referred by hospitals in a six-county area.

ARH this year helped to establish an emergency radio communications network, linking four ARH hospitals with eight other hospitals in Eastern Kentucky.

We have inaugurated numerous other health care programs, such as ambulance services, rehabilitation, emergency care centers, social services, and chaplaincy services.

In education, ARH is operating schools for the training of registered nurses, nurse anesthetists, medical technologists, laboratory assistants, and x-ray technicians. We also have hospital-based residency programs in surgery, pediatrics, pathology and internal medicine. We are planning a program in family medicine. We also have a continuing education program

for upgrading the knowledge of doctors and allied health care personnel. Still another programs hospital chaplains.

These are significant, but nominal, improvements. Over the next three to five years, we hope to vastly expand the facilities and services of the system with emphasis on the provision of extended care facilities which will alleviate pressure on existing general care beds and emergency treatment facilities to each of the nine ARH hospitals. Coronary care units are scheduled for five hospitals, and facilities for home care, meal delivery, and ambulatory care centers are planned to minimize the need for actual hospitalization; thus, providing less expensive and more efficient health care.

Our plans are, in large measure, supported by the Demonstration Health Program of the Appalachian Regional Commission and cooperating Federal agencies, because of the enormous potential for health care and economic growth vested in the ARH system.

It is essential that we seize this opportunity to make a maximum effort to raise the funds needed to match these programmed Federal funds. The results will be not only significant improvements in the quality, quantity, and scope of ARH facilities and services, but also a major new thrust in the economic growth of Central Appalachia.

As I indicated in the report which was previously submitted to you, participation in the Demonstration Health Program of the Appalachian Regional Commission and other Federally-sponsored health programs will impose extreme financial pressure on the ARH system. Enclosed is a current estimate of the cost of facilities which we have to finance in the next three to five years.

This is a turning point in the life of the ARH system. Accordingly, as suggested by Mr. Sinnott, we have reviewed the terms and conditions of the loan agreement covering the ARH indebtedness to EDA. The following modification would be extremely helpful in carrying out the program I have described:

1. Alter the payment schedule to provide for deferment of payments by ARH, Inc. to EDA until July 1, 1975; provide for the payment of accrued and current interest during the period July 1, 1975 through June 30, 1985; and begin retirement of principal July 1, 1985, with full amortization over the period July 1, 1980 through July 1, 2010. This entails a five-year extension of the maturity date.

2. Modify the existing Terms and Conditions to provide for subordination of the lien held by EDA on the hospitals, including land, existing buildings, equipment, and facilities located at Beckley and Man, West Virginia; South Williamson, Kentucky; and Wise, Virginia to the position of mortgage lenders providing funds to ARH, Inc., for the purpose of matching Federal funds for construction and equipment monies provided through, but not limited to, Hill-Burton, Mental Health, and Section 202 of the Appalachian Regional Development Act. The Terms and Conditions presently preclude the pledge of these facilities as security, except as such secured interests are subordinate to the first lien held by EDA. This effectively precludes the use of these hospitals as collateral. Because it is anticipated that the bulk of the capital improvements undertaken by ARH, Inc., will be assisted through various Federal programs, we propose that the lien which the agency holds on the four hospitals in question be subordinated to the position of other lenders *only* when necessary to secure matching funds for Federally-assisted projects.

This approach has two inherent safeguards for EDA. First, since all such projects will be subject to the review of one or more Federal agency having responsibilities in the health field, the legitimacy of projects will be insured. Secondly, since a substantial portion of the costs of new facilities and equipment will be covered by grant funds, the assets of ARH, Inc. will increase in substantially greater measure than the amount of any funds borrowed, thus improving your collateral.

In addition, we propose elimination of Special Condition 3(a) of the Terms and Conditions, which limits the purchase of fixed assets in any one fiscal year to \$250,000. With the constant demand for replacement of obsolete equipment as well as the construction and equipment of new facilities, this restriction is onerous and, we believe, should be stricken.

Finally, the restriction on the executive salaries contained in Item 3(i) should be eliminated. We believe these items should be left to the judgment of the Trustees of ARH, Inc.

3. EDA is the beneficiary of a Declaration of Restrictions made by ARH, Inc., covering the hospitals, land, and fixtures located in Letcher County, Kentucky; Floyd County, Kentucky; Perry County, Kentucky; and Bell County, Kentucky—the Declaration being filed for record in the Offices of the Clerks of the County

Courts of said counties. The purpose of the Declaration of Restriction, which was executed February 26, 1966, was to insure that the facilities acquired by ARH with funds granted by the Area Redevelopment Administration should be used for medical, hospital, and related facilities through June 30, 2005. We propose two modifications, neither of which is intended to impair the Declaration of these facilities to the provision of medical services to the public.

In Item 2 on page 2, we propose to strike the phrase, "require transfer of all rights and title to the aforementioned properties, or any part thereof, to the beneficiary, or its designee, or".

The effect of this amendment would be to permit the pledge of these facilities as collateral on loans for expansion of the ARH system. It would not impair the dedication of the facilities to the provision of public health services—a covenant which would continue to run with the land.

Secondly, we propose the modification of Item 6 to provide for a limitation of \$2 million through the term of the restriction, i.e., until June 30, 2005.

We believe these modifications will be of considerable benefit to the people of Central Appalachia in that they will facilitate the maintenance and expansion of services to the area by ARH, Inc.

The significance of the ARH system can be fully appreciated through first hand experience. At your convenience, I would be pleased to arrange a tour of our hospitals for you and your staff.

Very truly yours,

T. P. HIPKENS, *President.*

Enclosure.

APPALACHIAN REGIONAL HOSPITALS PROGRAM DEVELOPMENT PLAN, 1970-73

Program and location	1970-71	1971-72	1972-73	New employees			Total cost	
				1970-71	1971-72	1972-73	ARH	Other
Extended care:								
Hazard.....	X				45		¹ 291,667	\$1,166,668
Harlan.....	X				35		² 168,000	840,000
Middlesboro.....	X				38		¹ 313,720	1,254,880
Williamson.....		X				50	240,000	1,200,000
Wise.....			X				240,000	1,200,000
Home care:								
Wise.....		X				8	³ 26,500	
Beckley.....	X			12			² 44,000	
McDowell.....			X				² 26,500	
Emergency care:								
Harlan.....		X					150,000	750,000
Whitesburg.....		X					100,000	400,000
Middlesboro.....	X						141,600	566,400
Hazard.....		X					150,000	750,000
Williamson.....		X					150,000	750,000
Beckley.....		X					150,000	750,000
Man.....	X						100,000	400,000
Wise.....			X				150,000	750,000
McDowell.....			X				50,000	200,000
Meals on wheels:								
Hazard.....	X			3			40,162	160,661
Williamson.....		X			4		40,000	160,000
Harlan.....			X			4	30,000	120,000
Extended care:								
Hazard.....	X				45		¹ 291,677	1,166,660
Harlan.....	X				35		² 168,000	840,000
Middlesboro.....	X				38		¹ 313,720	1,254,880
Williamson.....		X				50	240,000	1,200,000
Wise.....			X				240,000	1,200,000
Home care:								
Wise.....		X				8	³ 26,500	
Beckley.....	X			12			² 44,000	
McDowell.....			X				² 26,500	
Emergency care:								
Harlan.....		X					150,000	750,000
Whitesburg.....		X					100,000	400,000
Middlesboro.....	X						141,600	566,400
Hazard.....		X					150,000	750,000
Williamson.....		X					150,000	750,000
Beckley.....		X					150,000	750,000
Man.....	X						100,000	400,000
Wise.....			X				150,000	750,000
McDowell.....			X				50,000	200,000
Meals on wheels:								
Hazard.....	X			3			40,162	160,661
Williamson.....		X			4		40,000	160,000
Harlan.....			X			4	30,000	120,000

¹ Funds available.

² Matching funds advanced by American Health Facilities.

³ Federal funds may be available.

THE ASSISTANT SECRETARY OF COMMERCE,
Washington, D.C., July 1, 1970.

Mr. T. P. HIPKENS,
President, Appalachian Regional Hospitals,
Lexington, Ky.

DEAR MR. HIPKENS: This acknowledges your letter of June 15, 1970, requesting modifications to the loan agreement covering the ARH indebtedness to EDA.

We certainly agree that the ARH system has made a real contribution to the health, social and economic life of Central Appalachia. For the future, your letter proposes expansions in the system and an impressive array of operating programs.

Because we feel it is important that your programs go forward, EDA agrees to the following modifications to the existing loan terms and conditions:

1. Alter the payment schedule to provide for:
 - a. the deferment of all payments until July 1, 1975;
 - b. the payment of accrued and current interest during the period July 1, 1975, through June 30, 1985;
 - c. the retirement of principal beginning July 1, 1985; and
 - d. the extension of the final maturity from June 30, 2004, to June 30, 2009.
2. Delete Special Condition 3 (a) which requires approval from the Government for the purchase of all fixed assets in excess of \$250,000 for any fiscal year.
3. Delete Special Condition 3 (i) which requires approval from the Government for officers salaries in excess of certain fixed amounts.
4. Modify item 2 of the Declaration of Restrictions by striking the phrase "require transfer of all rights and title to the aforementioned properties, or any part thereof, to the beneficiary, or its designees, or".
5. Modify item 6 of the Declaration of Restrictions by providing for a limitation of "Permitted Mortgages" of \$2,000,000 through June 30, 2009.

EDA is unwilling to provide for blanket subordination of the lien held by EDA in the hospitals and facilities located at Beckley and Man, West Virginia, South Williamson, Kentucky, and Wise, Virginia. We are, however, mindful of the reasons why this subordination has been requested and will not on a case-by-case basis unreasonably refuse to subordinate, for one or all of the hospitals in question, in connection with any fund-raising transaction proposed by ARH including Federally-assisted projects. It will certainly not be EDA's intention in the future to inhibit the expansion of the hospitals.

George Karras will be contacting you in the near future concerning the details for accomplishing the aforementioned changes and the necessary modifications of the Loan Agreement and security documents.

Sincerely,

(S) ROBERT A. PODESTA,
Assistant Secretary for Economic Development.

Senator MONTROYA. Senator Gravel has also submitted some questions and I will read them into the record, and if you can supply the answers here, fine; if you desire to wait and submit the answers later, that will be all right:

"Mr. Podesta, I have been a general supporter of EDA for some time. I know firsthand of its good work in Alaska, so my remarks and questions should not be thought of as a deep-seated criticism.

"In your statement you say that you are convinced that EDA is realizing its potential, and in support of this you go on to relate how much money you have spent and how many projects you have started.

"What troubles me is the larger problem with almost all Government programs—that is, how do we really know we are making any dent in what we have set out to do? My impression is that most programs lack an adequate feedback system to measure progress and failure. It is not enough to just assert that all is well, and both the Congress and the program managers would surely like to know what specific payback there really is to particular programs.

"I would like to have answers to the following few questions:

"(1) How can you demonstrate that your expenditures have in any way changed income and employment in the areas in which they were focused?"

Do you want to answer that here?

Mr. PODESTA. Mr. Chairman, since the Senator isn't here, I think I would just as soon answer formally for the record, but I would like to say here that our evaluation, which is currently underway, supplies specific answers to this. I would like to refer to them and answer in particular rather than now.

I am not afraid of this question at all. I think we can demonstrate it Senator MONTROYA. Would you furnish the answer?

Mr. PODESTA. We will.

Senator MONTROYA. Before we close the hearing record?

Mr. PODESTA. We will, promptly.

(The information requested follows:)

Question 1. How can [EDA] demonstrate that [its] expenditures have in any way changed income and employment in the areas in which they were focused?

Answer. EDA is presently in the final stages of an extensive evaluation of its programs to date. While some of this evaluation is being undertaken by the Agency's staff (using methods for evaluation developed previously by private consulting firms), the bulk of the evaluation is being undertaken by several reliable and independent consulting firms under contract to the Agency. The evaluation teams have closely examined a wide sample of projects completed a year or more in those programs—public works grants and loans, and business loans—which most directly bear on changes in income and employment. Other evaluation efforts have been directed toward EDA's efforts in specific communities, assessing the Agency's total impact on each community, and at those of its programs which have a less direct bearing on income and employment—area and district planning grants, and technical assistance.

Evaluations received to date, which have been carefully analyzed by the Agency, indicate that the Agency's expenditures have had a direct bearing on income and employment in the areas in which the expenditures have been made. For example, consultants from the Boise Cascade Center for Community Development in concert with an in-house task force evaluated 274 Public Works projects, in which the Agency had invested \$74,726,000. It was found that 29,343 direct jobs were attributable to the program. The annual payroll was approximately \$160 million for these direct jobs.

In addition to the Public Works projects, 44 Business Loans were evaluated. These loans represent an Agency investment of \$31 million, and it is estimated by Booz, Allen, & Hamilton, Inc., the contractor, that 16,698 direct jobs have been located as a result. The annual payroll of these jobs was found to be approximately \$99.2 million.

In the case of both the Public Works and Business Loans, job and income figures represent either new or saved positions at the local level, in areas designated by the Agency.

Senator MONTROYA. "(2) How do you know that any increase in economic activity you may have caused in one locality is a net national gain and not merely offset by a decrease elsewhere or by other negative results?"

Mr. PODESTA. We don't really know that. I defy anybody else to know the answer to that. We do have a prohibition in our law that we can't lift up particular development activities, and put them into another place. So, we know we don't take away to start something. But what the overall effect in the economy is, I defy anybody, even the Federal Reserve, to answer that.

Senator MONTROYA. Senator Gravel says: "I don't believe it is national policy to redistribute economic activity. Furthermore in our

economic system the existence of leading and lagging areas is necessary and may be even desirable."

Mr. PODESTA. I think it is inevitable.

Senator MONTOLA. Question No. 3. "If there has been a change in income and employment in the areas where your program is operating, how do you know your programs are the cause and that the changes would not have happened anyway?"

Mr. PODESTA. We really, I don't think, have hard answers, but we have substantial evidence that our programs do have specific impacts that wouldn't have happened anyway.

We will supply for the record samples.

(The witness later furnished the following:)

Question 3. If there has been a change in income and employment in the areas where [EDA's] program is operating, how do you know your programs are the cause and that the changes would not have happened anyway?

Answer. The present broad evaluation program referred to previously is demonstrating that significant changes in jobs and income have resulted from EDA projects located in its qualified areas. It is not specifically EDA's purpose to bring about an increase in the total national employment. Rather, it is our purpose to locate new jobs or to save existing ones in depressed areas qualified for our assistance. The Agency does not claim that jobs which came about as a result of our projects would not have been produced *somewhere* without the program. However, our evaluation indicates that these jobs which resulted from our projects were located in or were saved in *EDA qualified areas* as a result of the Agency's efforts.

For example, seven projects which included EDA financing and which resulted in new jobs in EDA areas involved companies which had alternative sites available for their expansion which were outside EDA designated counties. The Agency's financial assistance encouraged the companies to establish their plants in areas eligible for EDA help. These firms are: Harvey Aluminum in Washington; Underwood Glass in Mississippi; Interstate Paper in Georgia; Fairchild Camera & Equipment Company in New Mexico; Sequoyah Industries in Oklahoma; Franklin Furniture in Tennessee; and Louisa Carpet Mills in Kentucky.

EDA is charged with locating employment within its designated areas. The fact that these companies finally decided to locate in these areas—at least in part because of EDA activity—demonstrates the causal link you asked about.

An eighth example—Lincoln Pulp and Paper Company in Maine—represents a case involving not the construction of a new plant in an EDA area, but rather EDA assistance to a plant already located in one of our qualified areas but which had been idle for a number of months. This is a case in which our assistance recovered jobs for a community which had existed previously but which had evaporated during the time in which the plant was idle.

It should be pointed out that the Agency did not take credit for all jobs associated with its investments, but only for those for which attribution is fairly direct. Thus, only where attribution was made by knowledgeable local leaders, employers, or field evaluators, that the EDA project was directly connected with the measured employment and income, were these benefits counted.

Senator MONTOLA. What is your position on the location of the different regional offices, Mr. Podesta?

Mr. PODESTA. As you know, Mr. Chairman, early in this administration, the President directed all the agencies to follow what he called the 10 administrative regions. We found the deplorable situation where in a particular State—I think, one of the horror stories—where they have to go to nine different places to find answers. So, they asked us to relocate within our budgets without spending more money to get our offices in places where the public could respond and go some place and get the answers.

So, we are trying very hard to relocate our offices in line with that.

To that extent, we have already consolidated two offices, Wilkes-Barre, Pa., and Portland, Maine. Those offices are in the process of going into Philadelphia. We are reducing two to one and we think we can adequately cover the area.

We are in the process of moving all but a small part of our Duluth office to Chicago.

That is three out of seven. We have four more offices. One is in Austin, one is in Seattle, one is in Huntington, W. Va., and one is in Huntsville. We have not even addressed ourselves to the problem of these because our budget is so restricted I don't see how we can do anything about them.

But long term we are under a directive to move into a central place.

Senator MONTONA. Are you doing this to conserve on travel time or make it more convenient for your traveling personnel?

Mr. PODESTA. Neither. We are doing it to be responsive to the public need.

Senator MONTONA. That issue was present when the regional commission attempted in the Four Corners Area to move the regional office from Farmington to Albuquerque. Then the commission finally changed its mind, if you will recall.

Mr. PODESTA. I remember that.

Senator MONTONA. Albuquerque would have been very convenient. They have fine restaurants for your personnel there, fine hotels and good airplane accessibility. But that was not the underlying question there. I think the office should be located as close to the core of the particular region it intends to serve.

Do you have any quarrel with that objective?

Mr. PODESTA. For the regional commissions. I don't, Mr. Chairman. I think the Economic Development Administration has a somewhat different problem.

Senator MONTONA. I know the Federal cochairman at the Four Corners region at the last hearing wanted to locate in Denver, which is outside of the Four Corners region, because it had good transportation, good restaurants, and he was close to home.

But I think once we have established an office, that we should have some pretty convincing evidence before we overturn that decision.

I know there is great controversy between Chicago and Duluth. I see the distinguished Senator from Minnesota here, who is, I think, preparing and gearing to do battle to keep it in Duluth. But what basis did you have for making the decision to move this office from Duluth to Chicago?

Mr. PODESTA. Our basis was merely a response to the directive of the Chief Executive for whom I work, and my boss, the Secretary of Commerce. Two things: One is the Secretary of Commerce would like to get all the Commerce field offices in one building. But over and above that, the President has directed the agency to wherever possible to locate their offices in the 10 Federal administrative regions.

In the case of the Midwest region, the place they are supposed to go is Chicago. We already have space picked out, we have talked to people in Duluth. I have very close friends in Duluth. I like Duluth. I

have been there. We have responded to the needs of Duluth as far as their EDA projects are concerned.

All I can say is that our rationale is that we are merely carrying out the orders of the executive branch.

Senator MONTÓYA. Are you moving all the regional offices that might be located elsewhere to Chicago?

Mr. PODESTA. No. We have an office in Austin, which is supposed to move ultimately to Dallas. That is not very far. We have an office in Seattle. One of the 10 administrative regions is Seattle, another one is San Francisco. We have only seven offices. We think we can handle the whole thing with five the way we are set up.

At the moment, we have no plans except the ones that are already being implemented which are to move Wilkes-Barre and Portland to Philadelphia, which we are calling the Atlantic office, and to move Duluth to Chicago.

Those were the places where space was available.

Also, I might say if you look at the map of the territory to be covered, Duluth is in the far corner of a very wide territory. If I were starting a business to cover that area, I would say that you would suggest the office wouldn't be in Duluth. But we are going to leave an office in Duluth. We like our people. We like what they are doing. We are very plugged-in with the Upper Great Lakes Commission, working with them very closely. We are not anxious to just delete Duluth and we are not going to.

Senator MONTÓYA. I am sure that would be welcome news to Duluth, that you are not going to delete Duluth.

Senator HARRIS?

Senator HARRIS. I want to say, Mr. Chairman, I am very grateful for the special opportunity to sit with the committee and ask a question or two.

First, Mr. Podesta, it is a great disappointment to me, and I think a great disappointment to a good many Oklahomans, particularly in those five counties set to be de-designated, that you oppose a 1-year moratorium on de-designation. I think your position would work a great hardship on these counties in my own State, as I trust it would around the country.

We had been led to believe, I and those in Oklahoma who are interested, that you would appear here this morning and join in efforts to delay de-designation. On June 16, which happened to be the very morning I was holding hearings on this question in Wagoner, Okla., I received a telegram, not from you, but from the Deputy Assistant Secretary for Economic Development, as follows:

Pending enactment of the extension of our authorizations under the Public Works and Economic Development Act of 1965 as amended we have determined to suspend de-designation actions which would otherwise be taken in respect to our annual review of designated areas.

CHARLES A. FAGAN III,

Deputy Assistant Secretary for Economic Development.

Isn't that inconsistent with your appearance here today in opposition to the moratorium on de-designation?

Mr. PODESTA. I really don't think so. What we said is if the Congress in its wisdom decides to do this, we will go along with it.

Senator HARRIS. That would be the situation anyway. If it is the law, you would have to go along with it.

Mr. PODESTA. That is right.

Senator HARRIS. Why was the telegram sent? What did it accomplish? Why did you send it?

Mr. PODESTA. As you know, I didn't send it, as you have just said.

Senator HARRIS. You are here speaking for the Economic Development Administration.

Mr. PODESTA. We were getting requests of which there were some 90 areas being de-designated under a statute and formula over which we had no control at all.

Senator HARRIS. You could appear here and ask that the moratorium on de-designation be adopted. You have some responsibility in that regard. But my question is this: De-designation is not going to be effective until the 1st of July anyway.

Mr. PODESTA. That is right.

Senator HARRIS. What then did you accomplish by sending me a telegram saying you are going to hold up de-designation pending action by the Congress? If you are bound by the law, you can't hold it up after the 1st of July anyway. If the Congress does not act before the 1st of July, you won't be able to hold up de-designation, will you?

What did your telegram accomplish and why was it sent?

Mr. PODESTA. No. 1, this is a procedure. It is a formula that is triggered by events. We had already sent out letters to, I think, some 90 areas as we always do telling them that they were about to be de-designated. That isn't the worst thing that ever happened to anybody, because if an application is in, we don't stop it anyway.

These people were coming to us and pointing out what the House has done. So, we wired them and said, "Relax, we are going to wait until the Congress acts."

Senator HARRIS. That is, or July 1, whichever is earlier. Is that right?

Mr. PODESTA. No. Mr. Counsel, this sounds like a technical question.

Senator HARRIS. If you could say, Mr. Counsel—Mr. Podesta can't—why the telegram was sent which gave the 91 counties, including the five in Oklahoma, the opinion that, somehow, you had backed up on the de-designation order, when, as a matter of fact, I take it, if the Congress doesn't act by July 1, you are bound by the present law, and you are here today opposing a moratorium on de-designation?

The effect of the telegram then is nil, is it not, unless it was for a political effect?

Mr. BLUNT. The notices went out that the de-designation would be effective by June 30. The law requires us to make an annual review. It is our regulations which require us to de-designate by June 30. We felt that in view of the action of the House we certainly didn't want to put through de-designations until we found out what the sense of Congress was on the de-designation question.

If the final bill had not been enacted or is not enacted by the end of the fiscal year, we would have the administrative authority pending that legislation to continue the counties despite the fact that we had received notice from the Labor Department that they did not qualify for designation.

Senator HARRIS. Will you promise me that in the five counties in Oklahoma, if this legislation isn't finally approved by the 1st of July, you will hold up de-designation until there is final action by the Congress?

Mr. PODESTA. May I promise that?

Senator HARRIS. I appreciate that promise. I will report it. I think they will be grateful that you have given us that promise, which was not inherent in what you had said previously.

Don't you feel, Mr. Podesta, that because of the 5-percent unemployment we now have and the increasing unemployment which I think most people in the administration say we are going to have, and with the unfairness, therefore, in the criteria and other inequities which have shown up as a result of experience, the old census, several years old that is used, the difficulty of getting the proper unemployment statistics in a rural or undeveloped county, the hardships worked by an annual review, and an annual designation and de-designation.

I can say for my own State, in Wagoner County, where they had particular unrelated public works construction, which distorted the overall annual figures on employment, and which really are not realistic, and, say, Pittsburgh County, which is also a special case, because they are about to reduce drastically the employment at a Federal installation there—and I could go through the individual counties such as that in my State that are affected, where it doesn't work out to be fair to say to them as, for example, Wagoner County, "After you have gotten in shape to buy an industrial tract, and after you have gotten into position to put water and sewers in there with EDA programs and begin to build some new private industry, all of a sudden, this year, you are out."

Don't you think it would be wise if the administration would join with the Congress and say, "Listen, we are going to study this whole business and come back with some overall recommendations to improve the law, and, while we are asking for a 1-year extension of the law, we would also like to freeze the present designations for 1 year."

Don't you think that would be the fair thing to do?

Mr. PODESTA. Senator, I have already said that we could live with this and we will not only live with it if the Congress does it, we also will treat those counties as if they had been just like all of the other counties.

That is all I can say about it.

Senator HARRIS. Why not just say you are for it? Why do you oppose it officially?

Mr. PODESTA. I guess because I am half Irish and half Italian.

Senator HARRIS. What does that mean?

Mr. PODESTA. It is like being half Indian.

Senator HARRIS. What does that mean?

Mr. PODESTA. It just means I am difficult.

Senator HARRIS. My wife is half Indian, but she is for a moratorium in de-designation.

Mr. PODESTA. She is gorgeous, too.

Senator HARRIS. But the President's position is against the moratorium. Is that so?

Mr. PODESTA. Senator, we are for a 1-year extension without doing anything. We have already agreed with the House.

Senator HARRIS. Without the moratorium?

Mr. PODESTA. Without doing anything, without moratoriums or anything else. But individual parts of it we are just not that hot about. I think you know the constraints under which an assistant secretary,

who serves at the pleasure of somebody, who serves at the pleasure of somebody else, operates under. I am answering as the Assistant Secretary of Commerce.

Senator HARRIS. You say in effect you just work there and the official policy is against a moratorium?

Mr. PODESTA. That is right.

Senator HARRIS. I am disappointed to hear that.

Senator MONTOYA. One more question along these lines and then I will defer to Senator Mondale.

Mr. Podesta, if the Congress should by sheer accident not enact the moratorium provision, what would be your position and what action would you take with respect to the de-designated counties?

Mr. PODESTA. I don't know, Mr. Chairman. I don't know.

Senator MONTOYA. Aren't you supposed to know?

Mr. PODESTA. I will face it and I will be able to, if Congress does not act.

Senator MONTOYA. Isn't it reasonable for us to assume that you will in the absence of legislation de-designate those counties?

Mr. PODESTA. I don't think it is safe to assume that, no.

Senator MONTOYA. In view of your present course of action, I think it is safe to assume it.

Mr. PODESTA. Mr. Chairman, as the Senator said, I just work here. What I would do and what I must do are two different things. I am not going to try to commit my seniors in this matter. What I would do myself might be something different.

I think it is reasonable to say that if the Congress should not act, we will act very promptly on it.

Senator MONTOYA. That doesn't answer my question. You have left it up in the air.

Senator BAKER. Mr. Chairman, if you will yield, I don't understand the question. Will you put it again?

Senator MONTOYA. Will you read the question?

(The question was read by the reporter.)

Senator MONTOYA. Are there any more questions on that?

Senator BAKER. I just wanted to understand what the question was. You indicated to the witness he wasn't answering it. I had not been able to discern what it was. I thank the chairman for permitting the reporter to read it back to me. Thank you very much.

Senator MONTOYA. That is all, Mr. Podesta.

With the permission of the subcommittee, Senator Mondale has a question, if there is no objection.

Senator RANDOLPH. No objection. I just want to say to Mr. Podesta, Mr. Chairman, with your understanding, Mr. Podesta, I have conceded that sometimes the nonmembers of this subcommittee and committee are more probing than those of us who serve on the subcommittee or the committee.

Have you noticed that?

Mr. PODESTA. I have noticed.

Senator RANDOLPH. That is not a criticism of these men. They come with specific detailed problems, of course, as you understand, in their States that they must present. We always welcome them, Senators Harris, Mondale, and others. They are welcome at this table. I know you understand that we work the democratic dialog in a democratic way.

Mr. PODESTA. I know that, Senator, and I appreciate it.

Senator MONTOYA. Senator Mondale.

Senator MONDALE. Thank you very much, Mr. Chairman. I thank the other members of the subcommittee.

Senator MONTOYA. I would like to say that Mr. Podesta had asked me to arrange his time so that he could depart at 3 o'clock. But you don't mind waiting a few more minutes, do you?

Mr. PODESTA. No; I don't mind waiting.

Senator MONTOYA. He has to make a plane.

Senator RANDOLPH. What time is your plane?

Mr. PODESTA. I don't know. I know I am supposed to leave here at 3. I am substituting for the boss who is arguing with the Japanese at the moment on a fairly important program. And I have got to get to Chicago. I do have with me my very able chief counsel, Mr. Blunt.

Senator MONDALE. I don't wish to inconvenience Mr. Podesta, but I would like to ask a few questions personally of him if it is possible.

Senator RANDOLPH. Why don't you have someone check your office and see exactly what your appointment is. I would want, and I would act now as chairman of the full committee, to give you every opportunity to keep an appointment, and even come back here at another time, because after all, we show courtesy to our witnesses who do have problems and express the view.

Can you check that very quickly?

Mr. PODESTA. Yes, someone has already gone out.

Senator MONTOYA. Would you mind two or three questions in the meantime of Senator Mondale?

Mr. PODESTA. Not at all.

Senator MONDALE. Can you tell me now whether or not quarters are available in Chicago to which the Duluth office functions would be transferred?

Mr. PODESTA. They are.

Senator MONDALE. Are they permanent quarters or temporary?

Mr. PODESTA. Temporary.

Senator MONDALE. In other words, on August 1 you are going to be moving the office from Duluth to temporary quarters in Chicago and then moving again from those temporary quarters to permanent quarters? Is that correct?

Mr. PODESTA. That is correct.

Senator MONDALE. Why not wait until you have your permanent quarters?

Mr. PODESTA. Senator, this is part of a process that is going to involve the total of seven offices. We must deal with the General Services Administration and also with a rather restrictive budget.

Senator MONDALE. Isn't it more costly to move twice than once?

Mr. PODESTA. Definitely.

Senator MONDALE. Why are you moving twice?

Mr. PODESTA. Because we don't have an alternative. We don't say if we move from Austin to Duluth we only have to move once. In Philadelphia, we have had a perfectly horrible experience of having a strike going on, having our site changed twice. We are doing it with as little dollars as we can because it comes out of our regular administrative budget.

Senator MONDALE. Your lease is not up until July 1, 1971. Wouldn't it be wiser at least to wait until you have permanent quarters?

Mr. PODESTA. We deal through the General Services Administration and they have told us that our move at the present time is perfectly okay with them and they are pretty chintzy about dollars.

Senator MONDALE. I am asking what you favor.

Mr. PODESTA. I favor moving to Chicago.

Senator MONDALE. Right now?

Mr. PODESTA. Right now.

Senator MONDALE. You are aware, I am sure, that there are twice as many EDA designated counties and 11 times as many Indian reservations within 200 miles of Duluth than the same radius from Chicago, are you not?

Mr. PODESTA. Yes, sir.

Senator MONDALE. You are aware now that there are 106 public works projects within 200 miles of Duluth and 21 within 200 miles of Chicago; 27 business loan projects within 200 miles of Duluth as compared with five in Chicago.

Mr. PODESTA. I haven't been aware of that. But it doesn't surprise me.

Senator MONDALE. Don't you check those things?

Mr. PODESTA. No, I don't.

Senator MONDALE. The relationship of those who deal with your office and its convenience to those citizenry is not a matter which you—

Mr. PODESTA. It is very important to us.

Senator MONDALE. If it is very important, why aren't you in Duluth rather than Chicago?

Mr. PODESTA. I think it is easier for most people who have to deal with us to get to Chicago. There are many areas that might have had some help that couldn't get to Duluth.

Senator MONDALE. Couldn't get to Duluth?

Mr. PODESTA. Yes.

Senator MONDALE. What is the difficulty?

Mr. PODESTA. I think it is kind of hard to get to Duluth versus getting to Chicago.

Senator MONDALE. It is?

Mr. PODESTA. Yes.

Senator MONDALE. I regard that as an insult. It is a modern town with airplane service and rail service and you can get there by car. It is a part of the United States.

Mr. PODESTA. Senator, I have been in Duluth.

Senator MONDALE. Most of the people who have services from EDA are closer to Duluth and can get there quicker and much more cheaper than they can to Chicago.

Mr. PODESTA. Senator, may I respond?

Senator MONDALE. Yes.

Mr. PODESTA. Yesterday afternoon Congressman Blatnik and a great many friends of yours arrived in my office to ask us to work on a project to build a new terminal for Duluth. They gave us some perfectly horrible statistics about the airport.

I would submit on the evidence that it is a lot harder to get to Duluth than Chicago which is all that I said.

Senator MONDALE. What is your home town?

Mr. PODESTA. Chicago.

Senator MONDALE. That is all I have to say.

Senator BAKER. Mr. Chairman, may I say a word?

Senator MONTOYA. Yes.

Senator BAKER. I don't want to detain the witness. I haven't entered in this colloquy because I arrived late. I want the record to show that I feel that our holding this witness after his previous request to catch an airplane early and the nature of the questions and the nature of the innuendo that followed have not been in keeping with the character of this committee.

Senator MONDALE. May I respond to that, though not a member?

Senator MONTOYA. Yes.

Senator MONDALE. Those weren't innuendoes. Those were charges. Sixty families have been displaced by an outrageous political judgment which is bad business, bad politics, undermines the respect of the agency and in the 6 years I have been in the U.S. Senate I have not seen anything with fewer redeeming, if any, justifications than this.

I am outraged. I don't mind saying so.

Senator BAKER. Mr. Chairman, I must say that in the 4 years I have been here that I have never seen such charges made by a member of this committee or the Senate against an administration witness.

Senator MONDALE. You have such charges today, and while I meant no disrespect to this witness, I will stand on my statement.

Senator BAKER. If the Senator will permit me to finish, I fully understand his concern for the maintenance of that office in Duluth. I have similar problems from time to time with the maintenance of similar facilities in my own State. But I think that the charges made that there is a basis for the change beyond that which the witness has testified to are unfounded.

Mr. PODESTA. Thank you very much.

Senator BAKER. You are welcome.

Senator MONTOYA. May I say on behalf of myself that I certainly assured Mr. Podesta that he would be out of here by 3 and that at 1 minute to 3 I asked him if he could submit to questions by Senator Mondale. He indicated that he would. And I am not pressing him upon the assurance which I gave him other than through his consent.

I hope my colleague from Tennessee will appreciate that. Because certainly, I wouldn't inconvenience Mr. Podesta after giving him the assurance as I did before the hearing.

Mr. PODESTA. May I make one statement? I would like the Senator to know that I am leaving for Chicago. While I am there I am going to close the sale of my house in Chicago brought on by the fact I can't afford to run two residences. If there aren't any innuendoes, that might add to it.

Senator MONTOYA. Thank you, Mr. Podesta, for appearing for us.

I also want the record to show that we have been trying to accommodate Mr. Podesta on previously scheduled hearings to suit his convenience. Of course, the chairman could not be here to suit Mr. Podesta's convenience until today. Is that correct?

Mr. PODESTA. Thank you, Mr. Chairman.

Senator MONTOYA. Thank you.

Senator MONTOYA. Senator Harris?

STATEMENT OF HON. FRED R. HARRIS, A U.S. SENATOR FROM THE
STATE OF OKLAHOMA

Senator MONTROYA. Your full statement will be printed in the record at this point without objection and you may proceed as you desire, Senator Harris.

(Statement referred to follows:)

PREPARED STATEMENT OF SENATOR FRED R. HARRIS

Mr. Chairman, I appreciate very much this opportunity to appear before you in support of an extension for one year of the Public Works and Economic Development Act and for a one-year moratorium on the termination or modification of designations of areas or counties as redevelopment areas under that Act. I strongly urge the approval, therefore, of S.J. Res. 210, of which I am a co-sponsor, and H.R. 15712.

Despite the fact that the Public Works and Economic Development Act has been funded considerably below the authorization level, it has been highly effective in my own state in giving communities the tools to work with toward needed economic development, toward building much-needed new private jobs and other opportunities. I am grateful, Mr. Chairman, for your excellent work and the efforts of this committee which have been so beneficial to the development of States such as Oklahoma.

I believe that in the year which would follow the extension of the basic Act, hearings can be held in more detail and improvements in the particular programs involved can be recommended.

But, Mr. Chairman, at a time when national unemployment has risen to five per cent, considerably higher among certain segments of our population and in certain underdeveloped areas of the country, this is not the time to allow this important economic development legislation to expire.

More particularly, this is not the time to de-designate counties and areas of the country which have been, up to now, eligible for the special grants and loans and other programs available to them as redevelopment areas.

Five Oklahoma counties—Jefferson, Pittsburg, Pawnee, Wagoner, and Delaware—were among the counties de-designated. On June 3, 1970, I wrote to the Secretary of Commerce, saying, "I certainly hope that you will act favorably on the suggested moratorium on de-designation in order to avoid creating undue hardships in these counties which have worked so hard over the past few years to solve some of their economic ills." Thereafter, on June 11, I joined with Senator Walter F. Mondale of Minnesota and others in the introduction of S.J. Res. 210, which would establish such a moratorium. I am here today in support of that legislation, as well as of the bill which would extend the basic act.

On Tuesday, June 16, 1970, I conducted a special day-long hearing in Wagoner, Oklahoma, to determine what the people themselves in the five counties affected by the de-designation announcement thought about these programs and what the effect of such de-designation, if allowed to stand, would be.

Mr. Chairman, I was tremendously impressed by the number of people who took part in this hearing on such short notice, by the careful preparation which had gone into the statements they presented and by the judgment and wisdom of what they had to say.

Also, I appreciate very much the fact that Mr. Stewart McClure, a member of the professional staff of the Senate Public Works Committee, was able to attend this hearing in Oklahoma and hear these excellent and highly useful statements, and the ensuing discussion, firsthand. I am grateful to the Committee for permitting Mr. McClure to do this, and I know that what he learned will be very helpful to this Committee in its deliberations.

Economic development officials from across Oklahoma, county officials in the five counties involved and a group of state legislators, headed by Speaker of the House Rex Privett and including State Senators Raymond Horn and Bob Medearis and State Representatives Vol Odom and Wiley Sparkman, participated in the Wagoner hearing on the effectiveness of the EDA program and the need to keep it operating at least at its present level in Oklahoma.

The hearing focused on the economic development efforts now underway in the five Oklahoma counties which will be de-designated at the end of this month unless the legislation pending before this Committee is enacted.

During the day, statements were made by Mr. L. B. Earp, Executive Director, Northeast Oklahoma Economic Development District and a very impressive delegation from Delaware County; Bill Hill, Director, Kiamichi Economic Development District, and a very impressive delegation from Pittsburg County; Colonel Homer G. Snodgrass, Jr., Executive Director, South Central Oklahoma Economic Development District, and a very impressive delegation from Jefferson County; Earl Price, Executive Director, Central Oklahoma Economic Development District, and a very impressive delegation from Pawnee County; and Mr. L. V. Watkins, Executive Director, Eastern Oklahoma Economic Development District, and a very impressive delegation from Wagoner County.

I was very pleased to be able to announce at the beginning of that hearing that the Department of Commerce was going to suspend de-designation pending action by the Congress on the legislation presently before this Committee. Now, I am disturbed that Mr. Robert Podesta of EDA has testified here today against any amendments to a simple extension of the present law and against a moratorium on de-designation. This position would not be in keeping with present needs in the country. Thus, we need swift action on legislation which will give us a one-year breather.

The hearing in Oklahoma—an effort on my part to bring the Federal government home to the people, to listen and to allow the people who know the most about these matters to express their opinions—proved to be highly successful. I intend to hold other such hearings in other parts of the state and on other subjects.

Several conclusions emerged: First, it was obvious that, because of the Public Works and Economic Development Act and related programs, an immense amount of volunteer self-help effort was being put forth in each of these counties, that people had gotten together and organized themselves to do things for themselves, to build up their own communities, to improve employment and other opportunities. No price tag can be put on this effort, but it is obvious that this kind of federal and local partnership is what this country needs a great deal more of. These local people and these local communities have been stimulated to take inventory of themselves, their problems and their assets, and they have gone to work to solve their problems and to capitalize on their assets—to achieve a better life for all their people.

Second, the programs involved in this Act have had demonstrable effect in creating new private jobs. The testimony in the Oklahoma hearing gave specific instances of industries which had been built in communities because of water and sewer facilities provided under this Act or other such essentials for industrial development supplied as a result of it.

Third, it was strongly apparent that many communities would suffer greatly if their hopes and plans for economic and industrial development under this Act were snuffed out because of de-designation. In many instances, people had just begun to implement their carefully laid plans and this would all be to no avail if eligibility for this program is terminated.

But these hearings were important not only because of the specific legislation this Committee is now considering or the need to delay de-designation of these counties. It was also important for the suggestions which emerged that can be highly useful to this Committee and to the Congress as we consider changes and improvements in the basic law and programs in the future—after a one-year extension of the law and of presently designated counties has been enacted.

There was highly worthwhile testimony concerning the need more clearly to announce national policy in favor of redistribution of people—that is, the need to improve opportunities throughout the nation, not just in the cities, so that people can live where they want to live. Polls have indicated that a majority of Americans would rather live in smaller towns or cities, but less than one-third can do so because of the lack of opportunity to make a living there. L. V. Watkins, Executive Director, Northeast Oklahoma Economic Development District, spoke on this subject very eloquently, as did others.

Also, those who testified at the Oklahoma hearing made an incontrovertible case that the criteria for designating counties and areas must be changed. It pointed out that rural counties are surveyed only once a year in regard to unemployment, and that this does not give a true picture of the situation. Moreover, since people in small communities pretty well know what the job opportunities are locally, they may not technically show up as an unemployed member of the "work force" because they have not applied for a job within two weeks prior to the time questioned. Census data, years old, is also not entirely satisfactory.

Suggestions were made for the improvement in the law in regard to criteria used in designating redevelopment areas, and I believe that this testimony and these suggestions can be very helpful to the Committee in the future, and I certainly commend them to you.

It was also suggested at the hearings that the designation of redevelopment areas should not be made on an annual basis. I agree that this period is unrealistic and that it undermines long-range planning. Further, it was pointed out that such annual reviews also have an adverse effect on the planning and programs of Economic Development Districts, individual counties in which may be, from one year to the next, de-designated.

The Oklahoma hearing was attended by more than 80 people. This shows the tremendous interest in these programs and the willingness of so many people to give their time and energies to the development of their own home communities. A tape recording was made of the full testimony and discussion at the Oklahoma hearing. Mr. Chairman, I hereby submit to the Committee the names of those from each county affected who made or presented statements at the Oklahoma hearing. I believe that these statements and the suggestions which they contain will be very helpful to this Committee, and I ask that the agenda for the Oklahoma hearing, the names of those who made or presented statements and the prepared statements be printed in the record of these hearings.

Mr. Chairman, a lot of people in this country are out of work. A lot of people in this country are working shorter hours. A lot of people are underemployed. This is not the time to slow down on the development of our human resources. This is not the time to slow down on economic and industrial development in the areas of the country which need it most. I, therefore, strongly recommend the extension of the Public Works and Economic Development Act for one year and a one-year moratorium on de-designation of any counties or areas presently designated as redevelopment areas, and, that in the future these programs be strengthened and improved.

Senator HARRIS. I want to say I appreciate very much the courtesy you have shown me, giving me a chance to comment and ask questions concerning the testimony of Mr. Podesta. Mr. Chairman, at a time when national unemployment has risen, and is rising further, that is not the time to be dedesignating certain counties under the EDA program.

On Tuesday, June 16, 1970, I conducted a special day-long hearing in Wagoner, Okla., to determine what the people themselves in the five counties affected by the dedesignation announcement in Oklahoma thought about these programs and what the effect of such dedesignation, if allowed to stand, would be.

I was tremendously impressed by the number of people who took part in this hearing on such short notice, by the careful preparation which had gone into the statements they presented, and by the judgment and wisdom of what they had to say. And, also, I appreciate very much the fact that Mr. Stewart McClure, a member of the professional staff of the Senate Public Works Committee was able to attend this hearing in Oklahoma and hear these excellent and highly useful statements and the ensuing discussion firsthand.

I am grateful to the subcommittee for permitting Mr. McClure to do this. I know what he learned will be very helpful to this subcommittee in its deliberations.

I want to say that I was pleased to be able to announce at the beginning of that hearing in Oklahoma that the Department of Commerce was going to suspend dedesignation, pending action by the Congress on the legislation presently before this subcommittee.

I read to the group assembled the telegram which I received on the morning of that hearing. Now, I am very disturbed and very disappointed that Mr. Podesta has today testified here against any amendments to a simple extension of the present law and against a moratorium on dedesignation of counties.

This position is not in keeping with present needs in the affected counties in Oklahoma nor in the country, in my judgment, and, thus, we need very swift action on the pending legislation which will give us a 1-year breather. I, therefore, support Senate Joint Resolution 210 and House bill 15712.

I want to call your attention, Mr. Chairman, very quickly to a few conclusions that came out of that hearing. First, it was obvious that, because of the Public Works and Economic Development Act and related programs, your excellent work and the excellent work of this committee, an immense amount of voluntary self-help effort is being put forth in each of these counties, that people have gotten themselves together, and organized themselves to do for themselves, to build up their own communities, to improve employment and other opportunities.

Second, the programs involved in this act have had demonstrable effect in creating new private jobs.

Third, it was strongly apparent from the hearings that I held that many communities would suffer greatly if their hopes and plans for economic and industrial development under this act were snuffed out because of dedesignation.

Then, some conclusions came out in regard to how the basic law itself might be improved, and I know that that is what you plan to do, if we can get a 1-year extension and a 1-year moratorium on dedesignation—to consider how the basic law itself might be improved as a result of our experience.

Those who testified at the Oklahoma hearing made, I think, an incontrovertible case that the criteria for designating counties and areas must be changed. It was pointed out that rural counties are surveyed only once a year in regard to unemployment and that this does not give a true picture of the situation.

Moreover, since people in small communities pretty well know what the job opportunities are locally, they may not technically show up as an unemployed member of the "work force," because they have not applied for a job within 2 weeks prior to the time. Also, census data, often years old, is not entirely satisfactory.

Other suggestions were made for helpful improvements in the law, such as, for example, taking more into account—family income and underemployment, which is very important.

So, these are some of the suggestions which came out of that hearing. I will submit, if I might, Mr. Chairman, the complete statement that I have prepared, as well as the names of those who appeared, the agenda of that hearing held in Wagoner and the statements of those who appeared and testified at that time.

Senator MONTOLA. Without objection, that information will be made a part of the record.

(The information referred to follows:)

AGENDA

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| 10:00 | Opening statement by Senator Harris. |
| 10:15 | L. B. Earp, Executive Director, Northeast Oklahoma Economic Development District—Delegation from Delaware County. |
| 11:00 | Bill Hill, Director—Kiamichi Economic Development District—Delegation from Pittsburg County. |
| 11:45-1:15 | Lunch Break. |

- 1:15 Colonel Snodgrass, Executive Director, South Central Oklahoma Economic Development District—Delegation from Jefferson County.
- 2:00 Earl Price, Executive Director, Central Oklahoma Economic Development District—Delegation from Pawnee County.
- 2:45 L. V. Watkins, Executive Director, Eastern Oklahoma Economic Development District—Delegation from Wagoner County.
- 3:00 Other witnesses and closing statement by Senator Harris.

TRANSCRIPT OF HEARINGS CONDUCTED BY U.S. SENATOR FRED R. HARRIS AT WAGONER, OKLA., ON JUNE 16, 1970, ON THE EXTENSION OF THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AND DELAYING DEDESIGNATION OF COUNTIES

Hon. Fred R. Harris, a U.S. Senator from the State Oklahoma: Opening remarks

I want to thank you for the great response there has been to the notice of this hearing and all of you for being out here. I want to introduce two or three people who have come with me—my Executive Assistant in Oklahoma City, who is known to most of you, I think, Mr. Burl Hays, and also in the Oklahoma City office, Zora Fielder, and my Legislative Assistant in Washington is Fred Gipson. Then we are especially fortunate to have with us a member of the professional staff of the Senate Public Works Committee in Washington and which has jurisdiction over the Economic Development Administration program, Mr. Stewart McClure, who has come to Oklahoma and Wagoner today as the personal representative of Senator Jennings Randolph of West Virginia, who is Chairman of the Public Works Committee in the Senate, and the Chairman of the Subcommittee on Economic Development is Senator Joseph Montoya of New Mexico. Stewart is here as I say representing the Public Works Committee and will be taking back to them directly, as will I as I testify before them this week. They begin their hearings on Thursday. The report of this meeting, the new evidence and the kind of strong interest that you've shown here. I think that will have a great deal to do with what the Senate Public Works Committee does and the kind of record we can make insofar as this legislation is concerned.

What brings us together, as you know, is action by our government de-designating some 96 counties in the country for eligibility for grants and loans, and other such programs for economic and industrial development under the Economic Development Administration. As you are well aware, among those counties are five counties in Oklahoma—Jefferson County, Delaware County, Pawnee County, Pittsburg and Wagoner. And what we are interested in doing is to try to hold up the de-designation. In fact on June 3, I wrote to Secretary Maurice H. Stans, who is Secretary of Commerce, a letter in which I said this, "I am quite concerned about the recent announcements by the Economic Development Administration to de-designate some 96 counties, 5 of which are in Oklahoma. I strongly support the recommendation of Congressman Fallon, Chairman of the House Public Works Committee calling for a moratorium on de-designating these EDA counties, at least until the present economic problems of this country are alleviated, when we can get a better understanding of the economic conditions which prevail in these counties. I certainly hope that you will act favorably on the suggested moratorium on de-designation in order to avoid creating undue hardships in these counties, which have worked so hard over the past few years to solve some of their economic ills. I would appreciate hearing from you on this matter."

Since several of us in the Senate introduced Senate Joint Resolution 210, a copy of which I think most of you have, which would provide for the one year moratorium on these de-designations until we can have further hearings in the Senate and in the Congress. Several pieces of legislation in connection with the authorization for EDA programs have already passed the House of Representatives, that is, H.R. 15712, in case any of you want the number. As we meet here this morning half the battle is already won. Yesterday, on the eve of this hearing, the Department of Commerce sent out the following statement, "pending enactment of the extension of EDA authorizations under the Public Works and Economic Development Act of 1965 as amended we have determined to suspend de-designation action which otherwise would be taken in respect to our annual review of de-designation areas." So they are going to hold up now cutting off of these 5 counties in Oklahoma and other counties in the country until action is taken on this legislation that is now in the Senate Public Works Committee. So, half the battle is won.

What we need to do now is get swift action by the Senate Public Works Committee by the Senate, which is holding it up altogether, and that is the purpose of this meeting, to take back this information as I testify before the Public Works Committee, and Mr. McClure can take back to the committee as Chairman of their official staff and pass this legislation now which will finally hold up these de-designations. I think that this act by the department power is in repetition of this pending legislation being introduced with such strong support and by the announcement of the Commerce Department, so you've already had considerable effect. Now we just need to take one additional step which is the purpose of this meeting here today. I want to particularly thank Fred Byars, CAP Director here in Wagoner who allowed us to use this meeting room; L. V. Watkins who helped put together this meeting, and I want to call on State Representative Vol Odom who, as much as anybody else, got it together.

When we break at lunch I'm going to go out and with the Mayor and some of the local folks to see Wagoner's industrial track for a more detailed explanation of the ground that Stewart and I can take back as to what Wagoner is planning in regard to industrial development, and by five this afternoon, I'm going to try and go back through Coweta also. We're going to tape these statements as much as we can to the Public Works Committee so if we'll just start off this way and if each person will, in addition to making his statement, introduce those who are here from his county. I think that will be very helpful to us and we'll also get this in this record we're going to type up and get in the permanent hearing records of the Senate Public Works Committee.

I think that Delaware County is one of the best counties in the country insofar as utilization of the EDA program and other programs. I have to say also, if you'll allow me, before we go any further, I bring greetings from Carl Albert and Ed Edmondson. I had breakfast with Carl and Ed yesterday morning. Both of them, of course, as you know are vitally interested in this program. Ed is the Chairman of EDA, Economic Development Subcommittee in the House and both of them have been very strongly in favor of this one year moratorium until we can have hearings. I wanted to get that said as well. I would like Richard Loch to testify next and he has also a resolution from Delaware County Commissioners.

STATEMENT OF RICHARD LOCH, LEGAL AID ATTORNEY, GROVE, OKLA.

I'm Richard Loch, an attorney from Jay, Oklahoma, in Delaware County, and Senator, I've been requested by the Board of County Commissioners of which Mr. Potter is President, to submit a resolution to the committee from the Board of County Commissioners. It goes as follows: Board of Directors, Delaware County, State of Oklahoma Resolution. Whereas pursuant Public Works Economic Development Act of 1965 the Department of Commerce has heretofore designated Delaware County, State of Oklahoma, to Title 4 Redevelopment County; Whereas by being so designated Delaware County, state of Oklahoma, is now and has been eligible and has received grants from Public Works and Economic Development facilities which have aided and is aiding in the development of said county; Where as pursuant to notice here before received Delaware County, State of Oklahoma, will be de-designated as to Title 4 Redevelopment County on June 30, 1970; Whereas there is now pending in the Congress of the United States an amendment to the Public Works and Economic Development Act of 1965 which would extend the act for one year and further amendment to establish a moratorium on the de-designation providing no county shall be de-designated as of June 1, 1970, through June 30, 1971; Whereas in light of the present economic situation facing our nation of tight money, increased interest rates, rising unemployment, and a sagging economy all of which are prevalent in Delaware County, State of Oklahoma; These make it all the more necessary to Delaware County to maintain its designation to Title 4 Redevelopment County. Now therefore be it resolved that the Congress of the United States of America effectively maintain Delaware county's status to Title 4 Redevelopment County so that the critical problem of employment, unemployment, out-migration, may be alleviated through the continued use of those programs administered through EDA of which Delaware County is of such dire need. Done in an open meeting this 15th day of June, 1970; Board of County Commissioners, Delaware County, State of Oklahoma by Stirl L. Potter, Chairman. Thank you.

STATEMENT OF STIRL L. POTTER, CHAIRMAN, BOARD OF COUNTY COMMISSIONERS,
DELAWARE COUNTY

I would like to make a few remarks about the privilege to serve on the North-eastern Oklahoma Economic Development Board and on the Grand Lake Area Planning Commission. During the last fifteen years that I practiced law in Delaware County, four of those years as county attorney and the last four years as head of that county's legal aid program, I've had occasion to deal not only with unemployment and the necessity for EDA as to what it can do for our county, not only statistically but individually working with people in the communities, and I think that's the thing that needs to be brought across. You can read all the statistics in the world but we know in our county today we have two vital industries and actually only two industries that you can count on. And, that is, the Glassmaster Boat Factory at Grove and O'Brian Poultry at Jay, Oklahoma. I say for the record that those two industries would not be in Delaware County today if it were not for EDA, because water programs and loan and grant services through EDA made possible one being maintained and made possible the creation of the other. And those are industries that find employment for Delaware County's people at least at a legal federal wage. I think that's one of the things statistics overlook when they publish reports saying there are only 200 people unemployed in Delaware County.

We who live there know that's impossible to believe because last year in our program we interviewed 652 cases and of those our statistics show that 400 were unemployed people and I would say of those that were employed, and this, yesterday in my office I had a woman who had three children and she is employed according to statistics. She works at a retail establishment in Jay. She gets 60 cents an hour, that's \$24 a week, \$96 a month but in statistics she is employed. I think that's the thing they miss in statistics the fact that we have innumerable people who may work one day and be off 4 days. They work that one day earning \$4 a day, yet they're put down as being an employee because we do not have the proper survey in our counties to show the true unemployment. And until EDA and statistics believe the true facts, until it is pointed out for the record that no one is really employed that makes below the minimum federal wage. I don't care what you say when you take the labor force are receiving minimum federal wage or above then you're getting a true picture of the economic conditions of the county. Until that time comes by, I don't believe it's possible. Three things I think figure the poverty level and our county is about the fourth poorest county in the state—5% of the people enter below the minimum wage level. We also have a gain in population of some 3500, but if you look into that gain you see that it's retired people living and coming to reside in our county because of the recreation facilities and they are making and living on social security. They do not add to the economy. If you offset the rise in population with the true out-migration, for every young person graduating from our high schools we lose one of them for every two of these older people we gain. And these young people are the productive people in our community. And the other thing of what I've mentioned is poverty. It is the poverty combined with the out-migration. The only way we can bring everything up to at least the federal wage and keep our young people is through the programs such as EDA. It has been vital and played a part in every program that we've had either by reduced interest rates or by federal prices.

STATEMENT OF FLOYD A. OSBURN, SUPERINTENDENT OF SCHOOLS, OAKS, OKLA.

I am Superintendent of Schools at Oaks, Oklahoma, and I'm also Superintendent of a children's home for dependent and neglected Indian children located in Oaks. I have lived in South Delaware County all of my life. I have worked in the children's home and in the public schools for the past 28 years. I think I know the needs of Delaware County just about as well as anyone else. One of our needs, of course, is industrial development. We need natural gas in a real bad way.

I was thinking as some of the fellows here were talking about Delaware County, right north of us in the Kansas community there's a good size canning factory. I noticed this spring this particular factory is not open. By the way the employees in the factory were probably 90 percent Indian people. Why is it not open? Because they need money to extend or to build a sewer system located on the banks of a small creek. Of course, with all the pollution that is going on they stopped this factory. But this man from Siloam Springs has told these

people if they will get natural gas, if they will get an extended sewer system, that he will not only open this small factory but he will double the capacity of it, so you can see we need it.

Now another thing—I want to back up a little bit—is some of these Joe Locke was talking about, the unemployed. Many of our people work at Siloam Springs in a chicken processing plant. They go over at night and work and maybe they do not get eight hours. They are paid the minimum salary. But maybe they will get four or five hours, and that's the way a lot of people are going, Senator, too.

About a year ago we started work on an application for a community facility, and I suppose some you have gone through this, but it requires a lot of hard work by a lot of groups. This is sponsored by the Board of Education of the Oaks Schools. We called a special meeting last night for a resolution but we were very sorry to say that about five o'clock one of our members had a heart attack and died and we didn't get the resolution out. But this is a \$250,000 project that will greatly benefit the south part of Delaware County. If this designation is changed this will probably go down the drain. This application is in the HUD office—I believe at Fort Worth. It has been graded with a real high grade and we are waiting anxiously each day to get some notice of financing. We are hoping that this will be done by July 1. But if it isn't and this de-designation is made as planned, this will change from a three-fourths grant to two-thirds. With all the work that we have done and with all the people who have pledged to help on this thing, this means that this project will greatly benefit South Delaware County—for example, in our school system we have an enrollment of about 450 children, 65% of these are Indian people, and as Mr. Draper said, don't let them do this to you. This would mean that, well, a few figures here, that our part of the project would go from about \$62,000 to \$85,000 we would have to raise on our part. And that's an impossibility. We have a taxable evaluation in the district of Oaks and mind you we have to educate these 450 children, we have a taxable evaluation of \$230,000. If you can imagine that, and that's how bad we need this facility. We need it for recreational purposes, we need it for educational purposes, and it will greatly benefit all the Indian people in South Delaware County. Thank you very much.

STATEMENT OF ELMER ALLEN, BOARD OF TRUSTEES, JAY, OKLA., AND MEMBER OF
COOKSON HILLS COMMUNITY ACTION BOARD

I'm Elmer Allen, and I'm President of the Board of Trustees at Jay, and I'm on the Cookson Hills Community Action Foundation Board, which does a fine job in our county, let alone all the other counties that it serves.

Senator Harris, ladies and gentlemen, citizens of Jay and Delaware County, I am very pleased that you have given us this opportunity to express our concern and feelings here today on the de-designation of Delaware County and the loss of eligibility for EDA programs. We have benefited a great deal from EDA grants and loans on their city water and sewer systems for residents. We are presently working on the completion of our city-wide sewer system which could not have been possible without EDA grants in the program.

We are in the process of submitting through the County Commissioners an application to the Department of Housing and Urban Development for a neighborhood facility which we need in Jay very badly. We have been working on the program about 5 years and if we lose this, this will change the grant from $\frac{3}{4}$ percent to $\frac{2}{3}$ and probably will kill the project. We are planning to help ourselves but we need Federal help to be able to grow and prosper. We have passed a County Industrial bond issue to assist in the expansion of industry; we passed a one cent sales tax and urban renewal. So, I, therefore, plead with U.S. Congress as Mayor of a small town in Delaware County to pass this extension for the EDA Act and the moratorium amendment in order to help us continue with the project we now have in the making.

STATEMENT OF HON. WILEY SPARKMAN, OKLAHOMA STATE REPRESENTATIVE,
GROVE, OKLA.

Senator Harris, all the distinguished gentlemen gathered here today, I would be negligent in my duty if I didn't appear and represent my county. These gentlemen have appeared and certainly given you the statistical figures that represent what they observe. I think, personally, we have a divided county, Senator, and my hometown of Grove is recreation. The rest of the county has advanced and has

come along for a period of years. But still they can't avail themselves. We're around Grand Lake and that's all there is to it. You can't put the lake in the south end of the county. Now we have advanced in sales tax this past year and have made a substantial advance. But we didn't particularly advance in employment. Some, yes. Because I'm like these gentlemen. I'm well aware—I can tell you for instance what the kids went to work doing when they got out of college. Five of them went to work down at the Welfare Department; five of them down at the Jay swimming pool; and five at the Grove swimming pool. But other than that I don't know where college kids go to work in the county.

These people have just now laid out the program and this is the first time that we've raised our head and begun to be on the up beat. This is the first step and for them to emasculate us at this time—great Gods! This program I can see and visualize something for ten years. Because the people at Jay have absolutely been beating their brains out to get the health building they came to me and we went to Dr. Colyar personally. He had a little hicky and you know how that develops—well we cured that hicky real quick. So, Dr. Colyar immediately approved it, and it's on its way. And then, Senator, to de-designate these people at this time would be terrible, and the same thing applies to Grove.

Now we have a lot of retired people who are coming in Grove and showing an influx, and we gained 3600 people in population. But they told you about the two industries. Of course, what I have been trying to promote is tourism of the north end, but I'm also—and I can see these people down at Kansas, Hobart, Hawthorne—they at this time are taking the steps and they have taken the first steps and for them to be denied—it would be a terrible thing. Absolutely! What we need is from the town of Grove south something to establish itself. We in the town of Grove are going to try to live and die with the tourism. And if the stock market doesn't break all of them, why, maybe they'll all go to Grand Lake. But I know you're going to do it. I know what you've already done. We appreciate your coming down here and telling us and showing us you've got it done. Because I know you can do it, Senator, you did it in the state and you can do it up there. Thank you very much.

STATEMENT OF F. C. BAKER, MAYES COUNTY CHAIRMAN FOR ECONOMIC DEVELOPMENT DISTRICTS, PRYOR, OKLA.

I'm Fletcher Baker, Deputy Director of the Wa-Ro-Ma, Inc., Community Action, which includes Wagoner, Rogers and Mayes counties. This I wasn't expecting, but I have in Mayes County been the Chairman of the EDA district for about six years and have been able to keep Mayes County as a designated county primarily because the employment office is in our town and the traffic through our office we will not hardly interview until we find out they are registered with the employment office. And I think this is the reason that our picture looks different than the other two counties which, primarily Delaware County, does not have an employment service facility. Our employment at the present time runs up, of course, with some changes, but we show between 10 and 12 percent unemployed, but this is because we insist that these people are registered before we'll even hardly talk to them. So it is for this reason, I think, that Mayes County remains as a designated county. Again, we have many applications in the making that we would definitely hate to lose designation because, it would definitely kill some of the programs we have. In Salina we have an application through the school systems for one of the neighborhood facilities. That poor town just could not come up with the facility. Part of it is going to be used for the school system and once again, they just could not afford this without the Federal help from EDA.

STATEMENT OF BILL HILL, EXECUTIVE DIRECTOR, KIAMICHI ECONOMIC DEVELOPMENT DISTRICT, EASTERN OKLAHOMA STATE COLLEGE, WILBURTON, OKLA.

Senator Harris, I just want to indicate to you our appreciation for your efforts and what you are doing to give us the chance to indicate conditions we have in Pittsburg County, in McAlester, as well as the whole southeastern part of the state. I, of course, am Director of KEDDO which entails a 7-county area, and I want to indicate to you some of the things about the KEDDO area

and its relevancy to Pittsburg County and McAlester, and Mr. Wright and some of the folks he has brought up are real confident about the McAlester area, and I am going to stay away from that town and county and let them point up some of those things. First of all, I think what we'll do is ask the McAlester delegation to stand up and introduce themselves.

First of all, I'd like to start out by saying that McAlester is designated by the EDA as the KEDDO 7-county region growth center and what this means to the 7-county area is that if McAlester and Pittsburg County do not flourish and grow economically then the whole 7-county area will suffer, because the other areas which have no towns of any size look to McAlester for different services. One being they look toward McAlester as their growth center and for medical services; they look to McAlester as their growth center for a certain amount of vocational-technical training facilities; they look to McAlester as a growth center for transportation facilities; they look to McAlester for recreation facilities; some of our towns look toward McAlester to furnish them municipal services such as water out of the lakes there in McAlester. I think with those things in mind you can understand quite well why if McAlester and Pittsburg County don't grow economically, don't flourish, then the whole region, the other six counties are going to suffer some detrimental effects. I've got statistics on those 7-county areas I would like to hurriedly read even though it's divorced, say 130 to 140 miles, but these are some facts dealing with unemployment and out-migration rates which will give you some idea as to the variety of conditions we have down there. So, I will hurriedly go through that knowing our time is of the essence in order to by-pass what other people have to say about McAlester, specifically. But, let me bore you with a few statistics about the other parts of the state down there.

M'CURTAIN COUNTY

McCurtain County, which is the southeastern county at which Weyerhaeuser is doing some business there, from 1960 to 1966 they had in six years there just a gain of 2,400 people. From 1950 to 1960 they lost 5,700 people. McCurtain County in 1966 had a median income per family of \$2,400, compared to \$3,800 in Oklahoma and compared to \$5,660 in the nation. So you can see how far down the totem pole we are. Realizing then that Pittsburg County and our growth center fail to grow economically, you can see what it's going to do to the rest of the region.

LE FLORE COUNTY

From 1950 to 1960 it showed a loss of 6,000 people, when the rest of the areas in the United States was gaining in population. It had a median family income of \$2,600 compared with a family income in Oklahoma of \$3,800 and \$5,600 in the nation. So, again, you can see in that county out-migration was suffering per family income. Unemployment—I forgot to mention that—in McCurtain County in 1965 was 6.9%—4.6% in the nation. In Le Flore County the employment rate was 7.7%.

CHOCTAW COUNTY

From 1950 to 1960 there was a 24% loss of its people, and the people are leaving because there are no jobs there—economic conditions are in very poor shape. Per family income is \$2,200. I won't mention the other two per family incomes any more realizing that this is way below the average.

PUSHMATAHA COUNTY

From 1950 to 1960 it showed a loss of 24% of its population. Its unemployment for 1965 was 7.1%.

LATIMER COUNTY

This county is adjacent to Pittsburg on the east. In 1966 it had 10.8% unemployment and \$2,600 median family income.

HASKELL COUNTY

The median family income is \$2,200. They had a population loss of 3,000 people, and 7.7% unemployed.

So, that's our counties. I won't go into Pittsburg County because the other folks will tell that. I would like to say in synopsis here that with the blighted

conditions we still have down here that local development is not effective if we don't have state and national support behind us. It has been proven prior to the district's start in 1967 that local leadership and local incentive and local endeavors are just simply not enough. We are going to have to stay with state support and national support, and without it, I'm afraid we're going to have a rough road to hoe. I would like to say in my closing remarks again, Senator, that we really appreciate your coming down and showing us that you are definitely interested in our area and again we really appreciate it.

STATEMENT OF AL DONNELL, DIVISION OF McALESTER REGIONAL HEALTH CENTER AUTHORITY

I would like to call your attention to the fact that in McAlester with the Model Cities program and the urban renewal housing program, the city administration, the public health programs and other local medical and health service programs, as well as the economic development districts, I think we have an uncommon kind of cooperation. We all traveled up here together. We talked about all these programs, and I think it did our hearts good, Senator, to see the way they operate. This isn't always the case, however, as you well know.

I would like to just speak briefly about the health and social service center, which is a four part model cities program. This is a very important project for southeastern Oklahoma, and I would like to try to draw a parallel of industrial progress with health as a prime interest in this area. And I think it is fair to say that this is probably the only exception in Oklahoma of this large of a geographic area where this is going to be accomplished, because we don't have much of those and we don't have many road blocks or obstacles in our way.

We are the center of strength in health as we are in other areas in southeastern Oklahoma, and I think that industrial progress and economic development springs from the center of strength. And I think a good example is the Comprehensive Tulsa Planning Act. We have Mr. Bill Eunuchs here who has just recently come on board with KEDDO. He is organizing an area-wide health planning program for KEDDO itself. Bear in mind that we have Atoka County to the south and we have McIntosh County to the north which both come into this. When we talk about 7 counties in economic development we are probably talking about 9 or 10 in the health and mental health areas. We felt, frankly, due to the nature of the health and social service center that EDA would approve in some fashion financing of economic resources for these buildings. We have, I think, a strong case. This is not just another hospital that EDA is financing, but it is a whole new health and social service center which is geared and is housing environmental facilities, sanitation, recreation, vocational-technical training facilities, etc. We can fit right into this. For the first time in many, many years when citizens send their children away to college there will be something for them to come back to. I think I can say before going any further that although this is primarily just a health and social service center it is as important as industrial development. It is all run together. We have a great educational program at Eastern Oklahoma State College at Wilburton, Oklahoma—we have all the vocational-technical training facilities—and we feel we are going to develop for you one of the showcases of the whole country in a way to come up with a social and health system for a great rural area.

STATEMENT OF ED LONG, ASSISTANT CITY MANAGER OF McALESTER, OKLA.

You know McAlester is no different from any other small city in the eastern part of Oklahoma. We have our problems of financing, we have our problems of budgeting—there is really no way that we can give the services to the citizens then expect the city to go out and attract industries in without funds from somewhere. Now McAlester has been very fortunate in the past to acquire, I dare say, in the neighborhood of \$9 million in grants from HUD, EDA, FWPCA, HEW, and so forth. But the biggest one has been EDA. Without them we could not have extended our water system to Lawton, North American, an industrial tract down south of McAlester. The industrial tract mentioned in the resolution is some four or five miles west of McAlester, and there is no way that the city of McAlester could construct utilities out to that site. It's impossible. So we

have got to depend on some sort of Federal program for leadership. The logical one is EDA. If we lose EDA then we lose a large capability of applying the new industries that are going to possibly absorb the loss of this to our nation. We employ a lot of people, but the thing of it is that we are losing people so we have got to have these facilities available to us to bring them back in Pittsburg County because we are the growth center. Thank you.

STATEMENT OF JOE HAUSS, ASSISTANT TO THE DIRECTOR OF MODEL CITIES PROGRAM,
MCALESTER, OKLA.

Well, we're really working some with only McAlester on what we call the Model City area. I mean we are concerned about southeastern, but this is where we do our surveys and where we do our studies. And, of course, we're talking about 84% of the residents in the entire city. Our model neighborhood covers 84%. Now I don't really see at this time if EDA drops out how our Model Cities program is going to progress because we are responsible for coming up with the comprehensive plan, and I can't think of any other project that can be more comprehensive than this hospital plan. I don't know. I want to quote a few figures here because somebody might have the idea that we're rich in McAlester, and, it's not true. There are 43% of the residents in McAlester that are underemployed. Now I'm talking about people that are working, that are getting salaries, but they are not making enough to live on. That's 43% of the population of McAlester. In the last survey we took there was nearly 8% on top of that who were underemployed. So there you have a sad, a very sad situation when they're laying them off at the Navy, and the retail merchants are also in trouble. So we people especially in Model Cities must do something with your help, anybody's help.

STATEMENT OF RAY CURLISS, EXECUTIVE DIRECTOR, URBAN RENEWAL AUTHORITY,
MCALESTER, OKLA.

I can't really add a lot to what has already been said except that, of course, EDA plays a prominent role in the continuation and the ongoing programs now in existence. We feel very fortunate in McAlester to have urban renewal now for some six years actively, and we have a pretty active housing program going. But the periphery of urban renewal outside the area that is being treated on a detailed basis cannot be done without EDA assistance. We're talking about water moved to serve other parts of the city, and obviously, we're involved in the more serious segments of the city—that portion that reaches the point that is really beyond any help other than drafting massive expenditures of funds. So without EDA, a curtailment or partial curtailment of funds is going to seriously have an adverse effect on the total development of the area.

STATEMENT OF CHAMP HODGENS, COUNTY COMMISSIONER, PITTSBURG COUNTY,
MCALESTER, OKLA.

Senator, and others who are here, I just have a few short words to say. As a County Commissioner in McAlester I am directly in contact with what I might call the poorer people. I am in the rural area daily; I am in contact with these people. I want to say one good thing, Senator Harris, we're getting a lot of Indian houses down in our part of the country, and that's not money wasted. That's something these people have never had before. It's building up their standard of living. Down in my district I see it every day. It's really happening. We're not here today grumbling at all. We're real proud of the things we have gotten down there, and they've helped us.

We've had several rural water districts—I think possibly eight or nine in our county. I think they're the greatest thing that ever happened since REA—these rural water districts. People in our county, we don't have good water wells and stuff, and these rural water districts have really been a boon to us out there. We can't attract people out of these cities. I think the metropolitan areas have problems, big problems nowadays and we're trying to help move these people out of there where they can do a better job of living and live where there's a little more room. And we can't do that without some housing and without some water and without some sewers and things.

These housing projects aren't any good if you don't have sewers and if you don't have water to go along with them. And through EDA they've been a big help in this thing, and being on the KEDDO board and working with Bill Hill and these others on these kinds of projects. It has been a big help to us, and we just sure would hate to see it cut off now, because we're just kind of beginning to see some benefits. Now smaller towns down there—we have several—for instance, the city of Kiowa, they have an application in for a sewer system, and we're trying to get a rural water project in the south end of town going down there where we don't have any water. And these people don't sit back asking just for something—they're doing all they can. But we're limited. Our little old towns are limited by the amount of bonds they can float. They're all just loaded up. They vote these bonds but they're loaded up. They're just going to have to have some help from some grant money to help on these things. A little help will move people out of these metropolitan areas and will help the ones we've got, too, and maybe we can solve two problems at the same time.

STATEMENT OF BOB WRIGHT, MANAGER, CHAMBER OF COMMERCE, PITTSBURG COUNTY, McALESTER, OKLAHOMA

Senator, in closing McAlester's and Pittsburg county's presentation I would like to just make one further comment, and that is the fact, that perhaps friends in Washington might be under the impression that cutting employment severely at the U.S. Naval Ammunition Depot might affect the immediate area only. I want to point out the fallacy of this assumption, because just a year and a half ago when employment was at its peak period in January of 1969, employees commuted from 33 of the 77 counties in Oklahoma to work at NAD at McAlester. At this time it is down to 21 counties so it is beginning now to definitely affect our whole area, as well as many, many other areas. They don't just pick the out-of-town people or the McAlester people as they delete these jobs and lay people off, they just take the jobs that are no longer necessary or that they can eliminate. But it is affecting people throughout the entire state, and this is the point I wanted to make. I want to thank each and every one of you for your efforts in our behalf and for coming here and hearing us. The facts that have been presented in this written testimony are accurate and they are as of yesterday and today. I was busy on the phone all day yesterday gathering facts and figures and they are correct. There was nothing put in there that wasn't absolutely true. Thank you so much for your help.

STATEMENT OF EARL PRICE, EXECUTIVE DIRECTOR, CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT, SHAWNEE, OKLA.

I appreciate the opportunity of being here and, I certainly appreciate your bringing the Federal government down to the people. We appreciate this very much for you to allow the people of the state of Oklahoma to come here and testify, and we know that you will take these reports back to Congress and we will be heard in the Halls of Congress.

I might correct one of the mayor's statements from Pawnee. Mayor Glen Wood that got Emily Mills in Pawnee. He more than any other person accomplished that job, although EDA did play a very important part of locating that mill there in Pawnee. In Pawnee we can see the results of this partnership and cooperation we have with the Federal government and the citizens of the state of Oklahoma. In the local community they voted a sales tax for this plant. We are kind of appalled that anyone would want to disrupt this successful operation that we have for the benefit and the help of our county. It's true our county has lost population but we are hopeful that this will be the last decade that we will show a loss, and we are confident and we expect that over the next 10 years Pawnee County will grow. But we need every encouragement and every increment of help that we can get to accomplish this. We realize this because other communities are trying to do the same thing.

So we have seen the results of EDA and we certainly want to suggest that you use your influence to change the criteria so that even after the moratorium we will be able to be included in the next year because this has really helped Pawnee County, and to me when the government can help the citizens and the community, well that's what we have government for. We appreciate you spending your time.

STATEMENT OF JACK MANSFIELD, NORTHEASTERN OKLAHOMA COMMUNITY DEVELOPMENT CORP.

I think that it's important that we take a little time to understand the process by which some of the factors are determined in establishing the criteria. The factor of unemployment for a county is, I think, extremely important and is extremely unfair to the rural counties. The procedure which is utilized by the Department of Labor in determining the unemployment rate in areas which are not in the Standard Metropolitan Statistical Areas, which to us is big cities, is that once each month a research survey is done to determine what the unemployment rate is. Outside of those SMSA's, research is done once every twelve months. The procedure that is utilized is to take a sample survey, which means you take a small group which theoretically represents the total population. Normally this 1 percent of the labor force being interviewed in Wagoner County of a total of 4,000 people, 40 people are interviewed to determine whether they are employed or not employed. The determination of employed or not employed means whether you have worked one day. If you have just gotten a job that day, and it is a day job, you are still employed.

The other factor that is considered is whether or not you are in the labor force. The unemployment rate is the percentage of the people working who are part of the labor force. To be in the labor force you have to have actively sought employment within the last 2 weeks. Actively sought means that you would have had to have gone and knocked on a door and talked to an employer and asked if he had a job, or you had to answer a want ad, or you had to go to the employment service. Now we know that many people in this community are well aware that for many months of the year there just aren't any jobs available, so they don't every two weeks go out. They wait for a job that they know will open. If they have not actively sought in the past two weeks, they are not in the labor force.

This is done once a year. They determine the number of people that have drawn unemployment insurance at the same time that the survey is done. In the following 11 months to determine the rate, the number of people who have applied for unemployment insurance as a percentage of the total work force is applied to that one statistic. This all sounds very complicated and it is, but since only $\frac{1}{3}$ of the people who are employed in Wagoner County are covered by unemployment insurance, $\frac{2}{3}$ of the people in the county could lose their jobs and the unemployment rate would not be affected.

The other factor is the per capita income factor, which is, I think, misleading. In this county from 1960 to 1968, per capita income has risen appreciably. The percentage of people who are in poverty has dropped about 2 percent. However, compared to the whole nation, that is, all of the other counties in the nation, the number of people who are poor has increased as a percentage. In 1960, 25% of the counties in the United States had a greater percentage of poor people than Wagoner County. In 1968, only 11% of the counties in the U.S. had a greater percentage of poor people. So that the severity of poverty as compared to the nation as a whole has risen a great deal at the same time that your per capita income has gone up. So that to use the measure of per capita income is unfair to the county. A few people earning a million dollars can change the per capita income of 4,000 people being employed. I think that it is much more important that we look at some of the data about the labor force and the way that some of the people are employed in this county to determine whether or not the county needs the support of the Economic Development Programs which EDA has to offer.

In the latest statistics available, we have a labor force participation rate of only 42%. 42% of the adults in this county are employed. The national norm is 55% of the people in a county should be or are employed. In most of your metropolitan areas, the percentage is running 65%. So that you have many fewer persons employed, going back to the way that this is determined. You have a lot of people giving up trying to find employment, and, therefore, they are not counted in the labor force, but are really unemployed and would love to have jobs and could utilize employment.

We also have to look, I think, at the welfare participation rate. 27% of the families in Wagoner County are receiving some form of public assistance, be it Aid to Families with Dependent Children, Old Age Assistance, Aid to the Permanently Disabled, or General Assistance. 27% against a national norm of 2% of the families in the county receiving welfare.

The other factor which I think should be mentioned is that even among those people who are employed, only 47% are employed full time, 52 weeks a year. And of those who are not employed 52 weeks a year, half of those are employed less than 26 weeks out of the year. So that $\frac{1}{2}$ of your work force, your employed people, are working only half the year. I think that these factors are far more important to the determination of who needs help than the criteria that are currently being utilized.

STATEMENT OF GEORGE HENRY, OKLAHOMA STATE EMPLOYMENT SERVICE

You may think that I'll stand here and present statistics from the Oklahoma State Employment Service, which I represent, and you'd assume that I'd be the first one to try to defend these statistics. But I don't provide the statistics, I just use them, so I'm in the same boat. However, I will say this, that within the bounds of the facilities, the system, or whatever you want to call it, I think that our people in Oklahoma City that make these surveys are doing an excellent job.

The fact is that these (statistics) although they may not be correct, are the best that are available. L. V. (Watkins) called on me to make any observations that I might want to make. I would say that I agree with everything that's been said about Wagoner County and especially the effect of the Arkansas River Navigation Project. Now, as I understand it, this is a project that will benefit the area on a long range scale. If a county that's situated along this navigation project is not in a situation where they can take advantage of it, I think that they need help, and without development I don't know how Wagoner County can take advantage of it. So this to me is a very important thing.

I would like to mention one thing that I think is important. The impending coverage reduction on unemployment compensation might provide better statistics. I'm not in that department; I don't know, but it would appear to me that if every employer that employs one person would report, then we would have especially in the rural or agricultural areas such as this is, with all employers, we would have a better idea of the importance of statistics. Thank you.

Oh, by the way, back in 1969 let me give you statistics provided by the Oklahoma State Employment Service. I would point out one other thing. It might add to what's been said about the project out here. In a 3 month period, this was the 3rd quarter of 1969, the total wages in Wagoner County were \$2,597,141. The third high was in Craig County and that was only \$264,000. So you can see what a dire situation we're in.

STATEMENT OF GEORGE EASLEY, CHAIRMAN INDUSTRIAL COMMITTEE, COWETA, OKLA.

There's not much that I can add to what's been said here but I'd like to point out that we do have an industrial foundation in Coweta, and the Lion's Club has an industrial committee. We have managed to get a little property, but it is doubly difficult to proceed with our program in addition. It seems to me like the farmer when he feeds his cows. That's all well and good but unless he gets a little help along the way he's not going to amount to much and that's the way I feel about it. If they're going to do this, and they state it very eloquently, with the facts, figures, and statistics and all of that, but we still need help and we're going to have to have help if the counties are going to develop like they should.

STATEMENT OF VOL H. ODOM, OKLAHOMA STATE REPRESENTATIVE FROM WAGONER COUNTY

Senator Harris, we want to express our appreciation to you for coming down here and taking your time, and as the Speaker of the House, Rex Privett, said, "bringing the government down to the people."

I'm in a little bit different position than most of the counties that are represented here today. I want to show you why we need change and at the same time we have had a little better than 37% increase in population in the last ten years. Our average per capita income, annual income, is up. But, that isn't true today.

They had to spend some \$60 million in Wagoner County for this navigation. Of course a great deal of it went for contracting and for material and for skilled

labor that they brought into Wagoner County, and that brought the taxes up. Most of that has moved out. The lock is just south of Wagoner, and the work in Wagoner County, well, most of that has been completed. The lock just north of Wagoner and north of Coweta is almost completed, just a little cleaning up job. So all of the skilled labor has moved out and we won't have as great an average per capita income as has been shown in the last 2 or 3 years.

Now, going back to the increase in the population, Tulsa and Broken Arrow and all in the northeast of Wagoner County, most of them can get out of their traffic and other problems that they're having up there and growing pains and move into Wagoner County and the Coweta area. Those people are not employed in Wagoner County.

Some of them are retired, but most of them are employed over in Tulsa County. Therefore, we have no industry to amount to anything in Wagoner County. The rest of the increase in population has moved over to Lakewood—95% of them are retired. So, there is no employment as far as that's concerned. So, we're in a different position as I said than other counties, but the picture is as clear today as it was that first day, and we need this program. I'm not going to go into some of these programs because we have people here from Coweta and Porter and Wagoner that will touch on the same things that would affect them as their city officials and what not.

Another thing, $\frac{1}{3}$ of the area of Wagoner County, when you talk about population, is in joint school districts. That is when they're on the borderline that joins this county or another county over there, so $\frac{1}{3}$ of our area along the south by Muskogee County, on the east by Tulsa, and on the north into Mayes County. One of our biggest areas of growth is in the Rolling Hills. There are about 2,000 people up there and all of those children are going to the joint school districts. So we don't have employment even in the teachers that we ordinarily would if we were out away from Tulsa and Muskogee Counties.

Those people who are moving into Wagoner County most of them are in the rural areas, especially just north of Coweta, and not all of them are paying their taxes. It's \$10 per thousand and the assessed evaluation goes to help run the county. The rest of the taxes are school taxes that go over into Tulsa and Rogers County.

There are quite a few here and have been this morning and some of them have gone home because they had appointments with people and they found out that we were the last county.

WAGONER COUNTY

State Representative Vol Odom.

Mr. L. V. Watkins, Jr., Executive Director, Eastern Oklahoma Development District.

Mr. C. W. Woodward, President, Board of Education, Coweta Public Schools, Coweta, Oklahoma.

Mr. H. E. Berry, Member of Board of Directors, Eastern Oklahoma Development District.

Mayor Bill Lancaster, Wagoner, Oklahoma.

Mr. Gerald Brown, County Commissioner, Wagoner, Oklahoma.

Mr. Jim Jamison, County Commissioner, Wagoner, Oklahoma.

Mr. J. T. Wood, County Commissioner, Wagoner, Oklahoma.

Mayor L. L. Nelms, City of Coweta, Oklahoma.

Mr. Cliff Dorsey, Member of Board of Directors, Eastern Oklahoma Development District, Wagoner, Oklahoma.

Mr. Fred L. Byers, Executive Director, Wa-Ro-Ma Tri-County Community, Action Foundation, Inc., Wagoner, Oklahoma.

STATEMENT BY L. V. WATKINS, JR., EXECUTIVE DIRECTOR, EASTERN OKLAHOMA DEVELOPMENT DISTRICT

Thank you Senator Harris for the opportunity to make our voice heard to the Senate of the United States. We may be wrong, but we feel that if the halls of Congress and the Dining Room of the White House could give the people more chances, like this, to speak on specific individual and related issues the country could move to a new level of understanding and achievement.

The subject you are here to discuss with us today is very close to the heart of many of our present social ills. The noted Economist, Alfred Marshall, made

it clear as early as 1890 that the conditions of poverty intensity as population increases in congested areas and as population decreases in sparsely settled areas. It is simply a fact of resource allocation and income distribution.

Mr. Marshall's analysis has not been refuted to date, so I think it is about time we started addressing ourselves to its importance.

Once Congress addresses itself to the real causes of much of our present situation they will realize that there is an immediate necessity to help effectuate a more optimum allocation of people and economic activity over land space. They must help establish effective decision making capability to accomplish the task through legal and financial machinery.

Major tools for accomplishing this are as follows:

1. Changes in comparative advantages of rural areas to locate industry.

a. Large public expenditures or investments.

The alteration of resources through public expenditures can change the economic base and its attractiveness to industry of an area. Examples of this is the investment in the establishment of port and docking facilities along the Gulf Coast, and the development of the Tennessee, Arkansas, and Ohio River Valleys.

b. Alteration of legal institutions.

Public expenditures of this nature are not the only methods of altering the economic institutions that are effective in influencing industrial investments. The alteration of legal institutions affecting private investment that might be effective include a tax incentive for location or expansion of industry in rural areas. Another possibility is the differentiation of bank discount rates, for those areas not having sufficient industrial base to sustain themselves. Also, the availability of low interest capital loans or special investment tax credits would be an inducement for decentralizing economic activities.

2. Change the social environment.

The necessity for a minimum amount of social services and amenities to attract and hold industry makes necessary the availability of funds not only for the actual location of industry, but also for the providing of satisfactory infrastructure to attract managerial and skilled labor force.

3. District funding.

In order to carry out the comprehensive planning function and provide some professional capabilities for guiding, social, and economic development, funds must be made available to substate districts. Such funds will also enable the District to survive until it evolves into a self-sustaining unit of government.

All are essential and all must be continuous until a more optimum balance is achieved between people, economic activity and land space. The EDA act provides these basic tools but to participate, a County must be eligible. This is where the rub comes in.

Wagoner County has identified a port site and industrial district.

Wagoner County communities have chosen industrial sites.

Wagoner County has identified its target poverty groups.

Wagoner County has identified many of its needs for community improvement.

Wagoner County is now ready to act, but now the Government tells them that the EDA program was just a tease and hide behind some very artificial figures to leave the County in a precarious position.

The people of Wagoner County and the Eastern Oklahoma Economic Development District are ready to do something about their situation and make a contribution to solving our national problems. They can not do it as long as they are victims of a system that pulls offspring, friend and neighbors (symbolically screaming in protest) to the congested poverty sections of cities of California, Illinois, and Missouri. The Congress of the United States must hear the voice of the people who want to help themselves and giving them the tools to do something about it.

COWETA PUBLIC SCHOOLS, *Coweta, Okla.*

To Whom It May Concern:

I feel and I'm sure that the majority of the people of Coweta and Wagoner County are proud of the prosperity and progress our county has shown in the last year. But at this time, I feel that the evaluation is superficial and misleading. Due to the type work that has been in progress in our county the last year such as:

1. The Arkansas River Navigation Project which crosses our county.
2. The Muskogee Turnpike project which crosses Wagoner County.

3. The Coweta Waterworks project.

4. The Coweta Sewer project.

This has been very good for our economy in the County but at this time, several of these projects have been completed and the other remaining are nearing the end. At this time, we have nothing to replace the employment that these projects have stimulated. Therefore, we feel that the evaluation at this time is misleading and to get a true evaluation, it would be necessary to wait at least a year.

Sincerely yours,

C. W. WOODWARD,
President of the Board of Education.

COWETA PUBLIC SCHOOLS, *Coweta, Okla.*

To Whom It May Concern:

The Coweta Public Schools are the sponsor of a Neighborhood Facilities Project now in progress for the youth and senior citizens of our community.

At this phase of the project, the people of the community have invested money, work and many hours of planning to this much needed project.

Any loss in EDA at this time would put the project in a financial crisis that could not be overcome by the people of the Coweta School District.

Sincerely yours,

C. W. WOODWARD,
President of the Board of Education.

To: Senator Fred Harris.

Subject: Designation of Wagoner County as a development county.

Date: June 16, 1970.

The programs now in operation in this area are beginning to build a broad economic base for development. This process is not a short range project, but a long range program which must be continued to generate the benefits desired.

Wagoner County has enjoyed an increase in employment and high wages connected with the navigation system and adjoining roadway network. This has caused a temporary boost in the local economy which the data to dedesignate Wagoner County as a redevelopment county is based upon. Therefore as a member of the Board of Eastern Oklahoma Development District I hereby request E.D.A. to redesignate Wagoner County as a redevelopment area. This is vital to the development of projects now being planned and also to the area.

H. E. BERRY,
*Member of Board of Directors,
Eastern Oklahoma Development District.*

CITY OF WAGONER,
Wagoner, Okla., June 15, 1970.

Senator FRED R. HARRIS,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR HARRIS: The need for the EDA assistance cannot be over-emphasized. The short time Wagoner County has been a redevelopment county and part of the Eastern Oklahoma Development District, it has not allowed for reorganizing and carrying out a full development program to completion. In the event the County is not redesignated, the development process will be greatly hampered. Several projects now in the development and planning stages will be set aside indefinitely.

Therefore, be it resolved that Wagoner County has had problems of unemployment, underemployment, and out-migration; and
Whereas, Wagoner County has commenced to be actively working for industrial and economic development; and

Whereas, Wagoner County does not have an adequate tax basis to finance projects for industrial development; and

Whereas, the Mayor of Wagoner hereby requests that Wagoner County be redesignated as a redevelopment county to receive the EDA funds to assist in the development process.

Yours sincerely,

BILL LANCASTER, *Mayor.*

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF WAGONER COUNTY
REQUESTING REDESIGNATION OF WAGONER COUNTY AS A REDEVELOPMENT COUNTY

The need for federal assistance on the many activities now coming to fruition cannot be overemphasized. The short time the county has been a redevelopment county has not allowed for organizing and carrying out a sound development program to completion. In the event the county is not redesignated the development process will be greatly hampered. Several projects now in the planning stage must be set aside indefinitely. Other activities carried on by the Farmers Home Administration, the CAA program and EDA will be curtailed. Also this will affect business loans, new jobs and the economy in general.

Therefore be it resolved that Wagoner County has had problems of unemployment, underemployment and out migration, and ;

Whereas ; Wagoner County has commenced to actively work for industrial and economical development, and ;

Whereas ; Wagoner County does not have an adequate tax base to finance projects for development, and

Whereas ; the figures used to compute criteria for a redevelopment county in Wagoner County have been affected by the construction of the waterway and roadways which is nearing completion, and the loss of employment will adversely affect the economy of the county, and,

Whereas ; the County Commissioners of Wagoner County hereby request to be redesignated as a redevelopment county to remain eligible for funds to assist in the development process,

Now, therefore, be it resolved by the Board of County Commissioners of Wagoner County that said board request Wagoner County to be redesignated as a redevelopment county.

Approved, this 15th day of June, 1970 by the Board of County Commissioners of Wagoner County.

GERALD BROWN,
JIM JAMISON,
J. T. WOOD.

To Senator Fred Harris.
From City of Coweta, Okla.

Subject termination of Wagoner County designation in the EDA district

The City of Coweta is currently being assisted by the Economic Development Administration in the construction of water treatment, storage and transmission facilities. It would have been very difficult, if not impossible, to complete this program of construction without the participation of the E.D.A.

In addition to the financial help we have received, the increase in the number of jobs in the Coweta Area and convenience offered to our lower income citizens have been a tremendous uplift to the community.

The development process is now beginning to help the people in Coweta, however the current data used as criteria to designate Wagoner County as a redevelopment county is greatly affected by the short term employment on the construction projects now taking place in the area. The growth and development of the county will be hampered should the county not be redesignated as an undeveloped area.

We respectfully request that you do all in your power to bring about a reconsideration of the decision to terminate the EDA designation in our area.

Respectfully,

Dr. L. L. NELMS,
Mayor, City of Coweta.

To Senator Fred Harris

Subject Termination of Wagoner County designation in the EDA district

The data used to compute the criteria for a redevelopment county does not affect the long-run economy because of the additional short term employment on the construction the water-way and roadways in Wagoner County. When this construction is completed it will have an adverse affect on the employment rate and level of per capital income in the county. Therefore, I hereby request that Wagoner County be redesignated as a redevelopment county in order to continue the development process now under way.

Respectfully,

CLIFF DORSEY,
Member of Board of Directors from Wagoner County for Eastern Oklahoma Development District.

CITY OF PORTER,
Porter, Okla., June 15, 1970.

Senator FRED R. HARRIS,
Washington, D.C.

DEAR SENATOR HARRIS: On behalf of the City of Porter and the Mayor, Mr. Bill Kilpatrick, we feel that Wagoner County needs the continuation support of the Economic Development Administration. Anything you can do for us on this will be deeply appreciated.

Sincerely Yours,

HELEN NEWBERRY,
City Clerk.

To Senator FRED HARRIS.

From WA-RO-MA Tri-County Community Action Foundation, Inc.
Subject Termination of Wagoner County designation in the EDA district.

WA-RO-MA Tri-County Community Action Foundation, Inc. serves Wagoner, Rogers and Mayes counties on all OEO programs. We firmly believe that construction work in Wagoner County on such projects as the Arkansas River navigation, the Broken Arrow-Muskogee Turnpike as well as several sewer and water projects have in the past year, given a false profile to the economy in this county. These projects are either now completed or nearing completion and our unemployment is again on the rise. Unless Wagoner County is redesignated as an ERA county, the present stability of the economy in the county will deteriorate and that badly needed new industry could not be attracted. This would also severely affect the services our agency performs in locating and placing underprivileged persons in new jobs. Also several projects now in the planning stage for which loans and grants will be necessary to finalize will be dropped if the EDA designation is terminated. Therefore we urge you to do everything in your power to see that this county is redesignated.

Yours truly,

FRED L. BYERS,
Executive Director WA-RO-MA Tri-County Community Action Foundation,
Inc.

DELAWARE COUNTY

Mr. L. B. Earp, Executive Director, Northeast Oklahoma Economic Development District.
Mr. H. A. Berkey, Chairman of Board of Directors for Northeast Oklahoma Economic Development District.
Mr. Richard Lock, Attorney, Delaware County.
State Senator Clem McSpadden.
Mr. Don Goins, President, Jay Chamber of Commerce.
Mr. Gene A. Davis, Attorney, Jay, Oklahoma.
Mr. Dan Draper, Colcord, Oklahoma.
Mr. Lloyd Osborn.
Mr. Elmer Allen, Jay, Oklahoma.
Mr. Benny Cooper, County Commissioner, Delaware County.
State Representative Wiley Sparkman.
Mr. Fletcher Baker, Mayes County Chairman for Economic Development District.

TESTIMONY BY MR. L. B. EARP

Senator HARRIS: The Northeast Counties of Oklahoma Economic Development Association has been notified by the U.S. Department of Commerce, Economic Development Administration, that Delaware County, Oklahoma a member county of this District will be dedesignated as a redevelopment county as of June 30, 1970. This will make the county ineligible for EDA loans and grants; it will reduce participation by HUD from $\frac{3}{4}$ to $\frac{2}{3}$ eligibility on Neighborhood Facility projects, and will probably cause two such programs be shelved, one submitted and one being prepared for submission at this time. It will greatly effect the county in its industrial efforts, its social and environmental growth.

As you are aware, EDA has various criteria used to qualify counties as redevelopment areas, and the employment rate is a major factor. The Oklahoma Employment Security Division of the Department of Labor's statistics show the 1969 annual average unemployment rate for Delaware County to be 5.5% and 6.0% or more is required to maintain designation.

I, as the Executive Director of the Northeast Counties of Oklahoma Economic Development Association, question the validity of these statistics for the following reasons:

(1) The relationship between total labor force and the total population in Delaware County for 1969 was 21.5% in comparison with 38.3% for Ottawa and 30.0% for Mayes Counties, which adjoin Delaware County and both are Re-development Counties and members of the NECO District (see attached table). We at NECO feel certain there are more employable persons in the country, but for various reasons they are not being counted or shown in the total labor force statistics.

(2) The total unemployment statistics may not be a true count because unemployed persons that have not worked for a covered employer may not show in the data prepared by the Oklahoma Employment Security Division.

(3) The county does not have an employment office, but once a week a representative from the Oklahoma Employment office from Pryor, Oklahoma, Mayes County, some 40 miles from the County Seat of Delaware County, visits the county to register those who have unemployment claims. They also take applications for employment, but these applicants are *not* counted even if they are unemployed unless they come under the Act.

(4) Many people living in Delaware County, Oklahoma have mailing addresses in towns immediately outside the county such as Siloam Springs and Mayesville in Arkansas; Southwest City and Tiff City in Missouri; and Salina in Mayes County, Oklahoma.

(I wonder how many people are lost from Delaware County because of the above. Especially when the projected population for Delaware County has been 14,100 and the preliminary U.S. Census shows 16,198. A difference of 2,098 people.)

Delaware County is one of the poorest and socially deprived counties in the State and we can not believe that it is the purpose or intent of the EDA criteria to *dedesignate* a county at this level of development.

I therefore, Senator Harris, recommend the passage of the Moratorium Amendment to the Public Works and Economic Development Act of 1965 which allows no counties to be designated after June 1, 1970 through June 30, 1971 unless the individual county government request the dedesignation action directly to the U.S. Department of Commerce.

L. B. EARP,
Executive Director.

TOTAL LABOR FORCE, 1969, PRELIMINARY—COUNTY POPULATION, 1970, PERCENTAGE

County	Preliminary population census, 1970	Total labor force annual average, 1969	Labor force ratio to population (percent)
Craig.....	14,328	15,780	40.3
Delaware.....	16,794	3,620	21.55
Mayes.....	22,552	6,770	30.0
Nowata.....	9,481	2,560	27.0
Ottawa.....	29,561	11,350	38.3
Rogers.....	27,463	5,960	21.7

¹ Annual average not available; June 1969.

TESTIMONY BY H. A. BERKEY

SENATOR HARRIS: I am Harry Berkey, Chairman of the Board of Directors of the Northeast Counties of Oklahoma Economic Development Association and we are vitally interested in retaining the designation of Delaware County. Delaware County is part of our District and as with the other six counties forms an interlocking partnership for the well-being, advancement and progress of this northeastern corner of Oklahoma. In addition this county with two others, border on the Eastern Oklahoma Development District with whom we cooperate and coordinate several of our activities.

The overall program for the seven county NECO area has developed so broadly in so many sectors of the business, social and industrial life of the people and the District that there is continuous activity for staff members, board members

and involved persons ranging from preliminary discussions of potentials and possibilities to either applications for assistance from state and Federal agencies or assistance in self-help programs in some situations.

Efforts in the District have been directed toward and through all Federal and state agencies. Coordination for maximum results of effort has become a byword in all our operations. Our major line of approach for the majority of our projects has been through the EDA Basic Grant. Often we have wished for more availability of EDA assistance where real need has and does exist, but eligibility is lacking for the town, city or county involved. There is a need for a longer time span after an area is started on the road to recovery prior to casting it loose without support. This sudden reduction of support can be a shock similar to reduction of care to a surgery patient. It is fine to stimulate growth, but it must be nurtured longer than is available in many cases.

Our efforts throughout the District also include a cooperative area wide Comprehensive Health Plan with Eastern Oklahoma Economic Development District; a district wide crime control coordination program; A Public Service Careers Program is in the proposal process; and a Farm Products Marketing Assistance Program is being formulated in cooperation with Mid-America, Inc. of Parsons, Kansas.

Stimulation of economy, increase in jobs is a fine goal if it continues through a longer span of time, but more important in some instances is increasing the *potentials* for jobs two to ten years in the future—in many cases for the sons and daughters of today's job seekers. Development on a long range basis will possibly reduce the reoccurrence of a similar need for assistance ten to fifteen years from now.

In view of the foregoing paragraph, we are working desperately to bring our area Vo-Tech Centers into being. We hope to bring skills to the hands and minds of the students of these schools that will encourage industry and business to locate, remain and expand in the local area; thus, restoring the people so desperately needed—our young—energetic, ambitious and progressive.

The effects of NECO, EDA and other Federal agencies are coming to the fore more each day. This has been a period of education, coercion, example and plain everyday hard work. Effort expended over the past four years is showing greater results with the passage of time. Acceptance, support and utilization of NECO and its efforts is increasing throughout the seven county area. Skeptics are now boosters and see the advantages of EDA that were not apparent in the past. We feel that our hard work is paying off and that we are a valuable asset to both the District and EDA. Full utilization of the benefits of EDA and where possible other Federal agencies, to a still greater degree will be more important in the future if progressive, flexible and aggressive effort is maintained, in fact—broadened.

The loss of Delaware County would be a serious blow to the overall progress in the District. While there has been progress, this county has a long way to go before it is moving ahead as steadily as it should be. Growth and development of such rural areas with few centers of population require more tender care and nourishment than the more densely populated areas do. Effects are often not as noticeable and people are more easily lost, overlooked or forgotten. It is vital to both Delaware County and the District that the opportunity to move forward is retained.

I could list the benefits we have received from EDA and related programs, and I could list the jobs created and saved, but this information is not necessary here. I do wish to stress that EDA has offered opportunity and solid assistance. We need more of the same and, if possible, on a broader more flexible scale. We are not satisfied with our accomplishments, simply because there is so much to be done. The need for assistance still exists and will continue to exist. Lessening of assistance or curtailment of effort will be detrimental almost to the state of catastrophe. The patient is improving, but is not yet well enough to stand alone.

We of NECO whole hearted support and recommend the proposed Moratorium that will retain a designated status for Delaware County and reiterate the need for the continuation, broadening and increase of emphasis of the EDA program.

Once again, please accept the thanks of our Board and myself for the opportunity to comment—to say "thanks" to EDA and to plead for continuation of the effort.

H. A. BERKEY,
Chairman,

Northeast Counties of Oklahoma Economic Development Association.

RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS, DELAWARE COUNTY,
STATE OF OKLAHOMA

Whereas, pursuant to the Public Works and Economic Development Act of 1965, the Department of Commerce has heretofore designated Delaware County, State of Oklahoma as a Title IV Redevelopment County.

Whereas, by being so designated, Delaware County, State of Oklahoma is now, and has been eligible, and has received grants for public works and development facilities, which has aided and is aiding in the economic development of said County.

Whereas, pursuant to notice heretofore received, Delaware County, State of Oklahoma will be dedesignated as a Title IV Redevelopment County on or about June 30, 1970.

Whereas, there is now pending in the Congress of the United States an amendment to the Public Works and Economic Development Act of 1965, which will extend the Act for one (1) year, and a further amendment to establish a moratorium on dedesignation, proving that no county shall be dedesignated after June 1, 1970 thru June 30, 1971.

Whereas, in light of the present economic situation facing our Nation of tight money, increased interest rates, rising unemployment, and a sagging economy, all of which factors are prevalent in Delaware County, State of Oklahoma, making it all the more necessary that Delaware County maintain its designation as a Title IV Redevelopment County.

Now therefore, be it resolved that the Congress of the United States of America be urged with utmost speed to enact appropriate legislation that will effectively maintain Delaware County's status as a Title IV Redevelopment County, so that the critical problems of employment, income and out migration may be alleviated through the continued use of those programs administered through EDA of which Delaware County is in such dire need.

Done in open meeting this 15th day of June, 1970.

BOARD OF COUNTY COMMISSIONERS, DELAWARE COUNTY, STATE OF OKLAHOMA,
STIRL L. POTTER, *Chairman.*

Attest:

SAM FIELDS,
County Clerk-Secretary.

TESTIMONY BY THE HONORABLE STATE SENATOR CLEM McSPADDEN

Senator HARRIS: I am fully aware of the conditions, both economically and socially, of Delaware County and I am highly concerned as to the method of statistics gathered by the Department of Labor in a rural county such as Delaware County, where I personally know that you can visit the Kenwood Reserve, a heavily populated Indian reserve in Delaware County, and count more than 250 adults who are unemployed and that the Welfare roll has risen during the past year and I favorably recommend and endorse the Moratorium Amendment and favorable legislation be passed to continue the eligibility of Delaware County as a redevelopment county.

I challenge the statistics of the Department of Labor as to the number of unemployed people in Delaware County and any other rural county of the United States with similar geographic and population characteristics; one whereby there is no permanent employment office, one whereby there are not enough permanent jobs to create this rate of employment; one whereby seasonal jobs and temporary jobs exist to the minimum; one whereby the population has grown from 1960 to 1970 by approximately 3,000; one whereby 300 highschool seniors graduated in May with no new jobs or industries for them to enter and whereby the national trend of unemployment has risen from 3.6% in January of 1970 to 5% in May, 1970. Whereby two years ago in 1968 the unemployment statistics show the average of 5.6% unemployment and with a resurvey of the months of January through June of 1969 the average of unemployment raised to 8.8% for the month of June and for this six months period averaged 7.1% and whereby no appreciative new industries have been established in the county; I therefore, recommend to Senator Harris of the United States Senate from the State of Oklahoma that the methods by which counties are designated or dedesignated be challenged and a revamping or new methods be established that are more realistic in Rural America and if the Public Works and Economic Development Act of 1968 is extended, that the Moratorium Amendment be passed by the

United States Legislative and that Delaware and the other four counties of Oklahoma continue their eligibility on the basis of a redevelopment county as defined by the Public Works and Economic Development Act of 1965.

CLEM McSPADDEN,
Senator Oklahoma State Legislature.

CHELSEA, OKLA.

TESTIMONY BY MR. DON GOINS

SENATOR HARRIS: As President of the Jay Chamber of Commerce, Jay, Oklahoma, I request you to do all in your power to extend the EDA Act for one year and that you use all energies and resources you can muster to retain Delaware County as an EDA designated county and that the Moratorium Amendment co-sponsored by you be passed.

The economic conditions of Jay and Delaware County are sick and deteriorating. I have seen the county from within as a business man in the building trade, and I am speaking with authority as to the conditions of Delaware County. We are steadily working to improve our county, but without the aid of EDA and other Federal agencies, our efforts will be stymied.

I therefore, request and recommend that the Moratorium Amendment be passed and Delaware County remain eligible for the EDA program.

DON GOINS,
President,
Jay Chamber of Commerce.

JAY, OKLA.

TESTIMONY BY GENE DAVIS

SENATOR HARRIS: Delaware County of Oklahoma is prematurely being cast upon its own resources if it is dedesignated as a redevelopment county. There have been gains and some improvement, but no visible evidence that the county can proceed without further assistance.

In checking statistics and forming a comparison utilizing the tables in *Handbook for Labor Force Data Selected Areas of Oklahoma*, Oklahoma Employment Security Commission the attached graph was formulated. Fluctuation indicates while there is some base of permanent employment, it is not sufficient to support the population of the area. The graph indicates seasonal and temporary employment for approximately 30% of those involved in the unemployment statistics. This is of course a fluid and flexible group. There is also other indications of residents communting outside the county area for employment to Ottawa County (Miami area), Joplin, Missouri and several small areas in Arkansas.

The 1970 preliminary census figures indicate exactly 3,000 or 22.8% more population in Delaware County than there was in 1960. For statistical purposes approximately 20% of the population is apparently considered in the county labor force. When making comparisons in one example—1964 and 1965—a loss of 60 to the labor force was indicated. This would indicate that not only was there no average annual labor force gain—it was in fact a loss of 120 to the labor force.

The above argument is not realistic nor sound, but it is included here to indicate that the basis upon which the assistance and welfare for several thousands of people is predicated is also unsound, unrealistic and unwieldy. It indicates that a more reasonable, flexible method of determining need for assistance, and value to the nation as a whole, is necessary.

There is no question that the need exists. There is a definite need for satisfying these people and thereby improving the state and in turn the county. The assistance rendered by EDA and other Federal programs in Delaware County is beginning to show results and is proving its worth. The problem is that the assistance is too narrowly applied and not continued on some basis until there is a firm solid foundation from which the area may continue.

Dedesignation of Delaware County will render any assistance to the county a mortal blow. Not only will EDA programs be nullified, but every federal program will be reduced or killed. There are many sources of effort being applied in the county and in some respect nearly all are dependent on EDA designation or assistance. To remove the designation at this time will be detrimental to every potential or possible gain this county has or can make.

I speak from experience and broad knowledge of the county and its residents. I am a member of the Grand Lake Planning Commission as well as a lawyer with a county-wide practice.

It is possible that the prospect for a new industry we are meeting with later today will not be able to locate in the county due to our inability to offer him the assistance he may need and we have been working for a year to develop a project.

When this program goes—there also goes several years of hard work for many people. Efforts expended to bring the county to a level where it can begin to attract industry and commerce—will all go down the drain because we are not yet self-sufficient nor able to do without assistance.

Mr. Senator, I appeal to you, and to others interested in our well being and progress, to not only make this Moratorium a fact, but to take positive action to bring about a new, broader, more flexible and progressive program for the future for Delaware County and other counties in similar situations. I suggest that the Economic Development District concept should be broadened to include the onestop service that is so vital to all our counties. The umbrella of information and assistance that we need should be available to us through one source if at all possible—if for no other reason than ease of access and reduction of time and cost, but whatever else is contemplated, we must have the assistance offered and promised and now apparently to be terminated before fruition.

GENE DAVIS,
Attorney at Law.

JAY, OKLA.

PITTSBURG COUNTY

Mr. Bill Hill, Executive Director, Kiamichi Economic Development District.

Mr. Ed Long, Assistant City Manager, McAlester, Oklahoma.

Mr. Al Donnell, Division of McAlester Regional Health Center Authority.

Mr. Joe Hauss, Assistant to Director of Model Cities Program, McAlester, Oklahoma.

Mr. Ray Curliss, Executive Director, Urban Renewal Authority.

Mr. Champ Modgens, County Commissioner.

Mr. Bob Wright, Chamber of Commerce, McAlester, Oklahoma.

STATISTICAL INFORMATION CONCERNING THE SEVEN-COUNTY SOUTHEASTERN OKLAHOMA KEDDO AREA, PRESENTED BY BILL HILL

MC CURTAIN COUNTY

McCurtain County is a redevelopment area with a very low economic base. This is illustrated by several factors in the history of McCurtain County. The prime reason for the sagging economy is the lack of full utilization of its natural resources, of which water is the most important. Through improved industrial utilization of water throughout the county the economic base can be raised.

The population of McCurtain County in 1960 was 25,851. In 1966 it was 28,300, a gain of 2,499. Population figures from 1950 to 1960 show a decrease in population of 5,737 residents. The average and/or median income of the families in McCurtain County in 1960 was \$2,455, compared to \$3,890 in the State of Oklahoma. In 1965 this county had a 6.9% unemployment figure. In 1967 the unemployment figure dropped to 6.1%. These figures compare to national averages of a 4.6% unemployment rate and average annual family income of \$5,660.

LE FLORE COUNTY

LeFlore County population in 1950 was 35,276; in 1960 the county showed 29,106 residents. These figures represent a loss of 6,170 people in a ten-year duration. The median family income for LeFlore County in 1960 was \$2,648, compared to \$3,890 in the State of Oklahoma.

In 1960 this county had an appalling unemployment rate of 9%. In 1967 the unemployment figure dropped to 7.7%. These statistics compare to national averages of 4.6% unemployment and average annual family income of \$5,660.

CHOCTAW COUNTY

Choctaw County in 1950 had a population count of 20,045. In 1960 this county census showed population of 15,637, representing a loss of 24% of its people in one decade.

The average or median income of families in Choctaw County was \$2,239 in 1960. This is 43% below the average family income for Oklahoma which, in itself, was below the national family income. In 1960 the county encountered a 7.1% unemployment statistic. In 1965 the unemployment increased to 8.9%, with a 4.6% unemployment nationally.

PUSHMATAHA COUNTY

Pushmataha County had 12,001 residents in 1950; 9,088 residents in 1960, representing a decrease in population of 24.3%. The population of Pushmataha County was estimated to be 9,200 in July 1967 by the Oklahoma Employment Security Commission. This represents a gain of 112 persons from the 1960 census.

The 1960 U.S. Census of Population figures indicate that Pushmataha County had 66.1% of its families earning under \$3,000. The U.S. had 21.4% of its families earning under this same figure. The unemployment figure was 7.1% in 1965 according to the Oklahoma Security Commission. The national figure was 4.6% that same year.

LATIMER COUNTY

Latimer County is a redevelopment county which has an extremely low economic base. This is demonstrated by an extremely high unemployment rate of 10.7% in 1966, and an average annual family income of \$2,618 in 1959. These figures compare to national averages of 4.6% unemployment rate and an average annual family income of \$5,660.

Population in this county was estimated at 8,500 by the Oklahoma Security Commission in 1966. This represents an increase of 762 citizens in six years. The labor force in Latimer County is predominantly agriculturally oriented. These are unskilled people who exist on small unproductive acreages.

HASKELL COUNTY

In Haskell County the median family income in 1960 was \$2,247. This county rated 72nd on median family income among the 77 counties in the State of Oklahoma.

In 1960 the population was 9,121; in 1950 it was 13,313, and in 1966 it was 9,500. In 1930 the median age was 19.1 and in 1960 it was 34.7. Unemployment in 1960 was 7.7%, and in 1965 it was estimated by the Oklahoma Security Commission at 15.1%.

SYNOPSIS

This report reveals an unusually high rate of unemployment and low per capita income within the KEDDO District. The overall economy of the District is substantially lower than our nation. This low economic base makes local development ineffective without the efforts and assistance of an overall coordinated local-state-national program.

MCALESTER CHAMBER OF COMMERCE & AGRICULTURE

(For presentation to the Senate Public Works Committee in Washington, D.C.)

Subject: Possible termination of Pittsburg County, Okla., by the Economic Development Administration.

This statement is from the Pittsburg County Commissioners, The City of McAlester, The McAlester Foundation and the McAlester Chamber of Commerce and Agriculture. It has been prepared by Chamber Manager Bob Wright in cooperation with County Commissioners Russell Benton, Jim Lewallen and Champ Hodgens; City Manager Don Grimes; McAlester Foundation President Dick Hefton and others who are directly involved in the economic development of Pittsburg County and the surrounding area.

This statement is for the following purposes:

1. To urge the Senate Public Works Committee to support Pittsburg County, Oklahoma as an E.D.A. County.
2. To urge thorough consideration of all facts contained, herein, which are based upon current surveys.

GENERAL STATEMENT

McAlester, which is the county seat of Pittsburg County, has been designated as the economic growth center of Southeastern Oklahoma, by E.D.A., although it is a community of less than 19,000 population according to the recent census figures. This is because the seven counties which make up the Economic Development District of K.E.D.D.O. are basically rural and economically underdeveloped.

Although much progress has been made in developing the economy of this area during the past several years, we are now at a point where it is definitely declining and the result is being felt throughout Southeastern Oklahoma because area people have depended upon industries of Pittsburg County for job opportunities in order to support their families.

The United States Naval Ammunition Depot, which is located just 8 miles south of McAlester, employed some 3,620 persons in January 1969. However, due to the de-escalation of the Viet Nam War, the Department of Defense has reduced the number of employees to 2,563 as of this date, a loss of 1,057 jobs and according to D.O.D. projections there will only be 2,000 persons employed by March 1, 1971. This represents another loss of 563 jobs during the next 9 months, by one industry, alone.

Now we are faced with the possibility of an even greater cutback at the Naval Ammunition Depot, which could cause employment to drop as low as 1,169 by July of 1971. If this occurs The Depot's annual payroll will have been reduced in just 30 months, from a high of \$22,500,000.00 to a low of \$8,100,000.00 with a total loss of \$14,400,000.00 in salaries and 2,451 jobs.

Both Lockheed and North American Rockwell Corporation have added greatly to the economy of Pittsburg County during the past 7 years, but both have been adversely affected recently by cancellation of contracts and cutbacks in government programs, to the point that both are far below normal employment. Some 140 jobs have been deleted by these companies.

Oklahoma Aerotronics, Inc., another Pittsburg County industry, which is located in Hartshorne, Oklahoma, may close its doors because it, too, has been dependent upon defense oriented contracts. This will cost the county another 225 jobs.

Both the McAlester Foundation and the City's Industrial Trust Authority are nonprofit corporations which dedicate their entire efforts to industrial development. They are working together, at this time, for the development of a nearly 500 acre tract of land, into an industrial park. Purpose of the project is to attract new industry to this area in order to provide job opportunities for our citizens. E.D.A.'s help is much needed and our efforts will be lost without it.

McAlester's Model Cities Program will suffer greatly from lack of E.D.A. Funds and construction of a General Hospital which will be part of a health and social services complex for serving all of Southeastern Oklahoma will be severely delayed and possibly stopped, completely. Proposed E.D.A. participation is \$3,500,000.00. A side effect from failure to construct the hospital would be the loss of a proposed Mental Health Center consisting of a \$1,000,000.00 construction project and a \$900,000.00 annual payroll. (The latter would result from loss of E.D.A. Funds, coupled with efforts to drastically cut the National Institute of Mental Health 1970-71 budget).

These cutbacks could cause loss of 600 direct jobs, numerous support jobs and general economic upgrading of the entire area. This would cost McAlester and Pittsburg County an estimated additional loss of \$4,000,000.00 per year.

Availability of E.D.A. Funds will not only provide a stable source of employment opportunity, but the center will be accessible to all citizens of Southeastern Oklahoma and will have tremendous impact upon the quality of mental health, public health and hospital services throughout KEDDO.

In rural Pittsburg County E.D.A. Funds have been available in the past for construction of water treatment plants and access roads to industrial properties. If this source of funding is eliminated thousands of our county residents will be deprived of a dependable source of clean drinking water, as well as reasonable access to industrial jobs when and if they are available.

Only two weeks ago today, a team of eleven persons from the Office of Economic Adjustment from Washington, D.C. met with citizens of Pittsburg County to make an economic survey of the area. Their purpose was to determine what we could do to help ourselves in overcoming the terrific loss of jobs, which is now occurring and will continue for the next year at least. Although the final report of recommendations is yet to come, reference was constantly made to the possibility of acquiring funds from the Economic Development Administration to bring about the needed developments. We sincerely believe that reference would not have been made to E.D.A. if these gentlemen did not believe we were deserving of its benefits.

CONCLUSION

In behalf of the 36,684 some citizens of Pittsburg County we thank the members of the Senate Public Works Committee for hearing this testimony and urge them to do everything within their power to prolong the benefits of E.D.A. to Pittsburg County, because of the instability of its economy and constantly rising unemployment in the area, which now has reached 7.7 percent.

BOB WRIGHT,

Manager, McAlester Chamber of Commerce and Agriculture.

JUNE 16, 1970.

JEFFERSON COUNTY

Mr. George L. Anderson.

Mr. Richard Chiles, Waurika Chamber of Commerce.

Mr. Donald J. Morrison, Waurika News Democrat.

Colonel Homer Snodgrass, Jr., Executive Director, South Central Oklahoma Economic Development District.

ASSOCIATION SOUTH CENTRAL OKLAHOMA GOVERNMENTS,
Duncan, Okla., June 15, 1970.

HON. FRED R. HARRIS,
*U.S. Senator, U.S. Capitol
Washington, D.C.*

DEAR SENATOR HARRIS: This relates to the recent decision at Departmental level to terminate the designation of Jefferson County, Oklahoma as a Title IV (depressed area) County, effective June 30, 1970.

The governing Board of County Commissioners of Jefferson County, to wit—A. L. Wagner, Ike Roberts, and I. E. Phelps, meeting in emergency session at 10:30 a.m., this date, asks that I speak for and in their behalf on the absolute necessity for retaining Jefferson County as a designated Title IV County.

The Association of South Central Oklahoma Governments was formed after more than two years of hard work on the part of dozens of interested and dedicated volunteer community leaders. The ASCOG district was officially recognized in April 1969 and designated as an EDA district in July 1969. Key to this designation was the fact that Jefferson County is one of two Title IV counties in the eight-county geographical area.

The notification that Jefferson County is losing its Title IV designation comes at a time when the census revealed a population loss of more than 16 percent during the last decade, when the average per capita income in the county is less than 50 percent of the national average, when the average weekly earnings are less than \$56, when median age of the population is 10 years above the national average, and when the labor force participation rate is only 40 percent. This loss of designation decision is apparently based on unemployment data collected during the peak year of an inflation period; not upon evidences that this county has entered the mainstream of the Nation's economy or, for that matter, experienced any stable economic growth.

The picture painted by high out-migration and low incomes combined with a known reluctance to migrate is particularly disturbing. The economic distress is exemplified by the 10 women who commute 90 miles each day from Ringling in Jefferson County to work at minimum wages in a clothing factory in Marietta, Oklahoma. Out-migration comes only after all marginal job opportunities such as this example are exhausted.

The Economic Development District program is one of the most imaginative and innovative programs to be fostered and promoted at the national level. It provides a mechanism for the solution of local problems on a multi-county basis.

But, this organization is also concerned that the fate of the district program is so tenuous as to be endangered by a change in the unemployment rate affecting as few as 35 to 40 people as exemplified by decision to redesignate Jefferson County. The years of hard, dedicated efforts by several hundred people in this district which have gone into the organization, promotion, and stimulation of the program throughout this region and now face the fate of being wasted time and energy comes as a low blow. I submit that economic development is a long-term activity, and that the criteria for determining the need for continued assistance should be evidence of stable economic growth—not short-term fluctuations of the business cycle.

The district concept is new and challenges the local leadership and, consequently, has not always been easy to promote, but local interest has been aroused and favorable strides have been taken toward organizing the program and making it an effective "change agent" in this section of Oklahoma. Our initial successes with the EDA district program have been laudable. One indication has been the interest of local communities to communicate more closely with their neighbors and work together in areas where they have mutual interests or objectives.

The EDA program benefits have been of considerable assistance in designing an economic growth and development strategy and implementation program for the district—particularly the public works, business development, and technical assistance programs. However, the ease and flexibility of the district program in allowing and providing assistance to local communities for whatever development objectives they may undertake has been one of the greatest benefits to this section of rural Oklahoma.

Provision of a mechanism and organization through which local communities can function and cooperate on a regional basis is perhaps the greatest single benefit which has been acquired through EDA assistance. Conversely, these recent developments now threaten the organization's continued existence and this is of major concern to local leaders who have contributed to the development of this program.

The decision made to discontinue the designation of Jefferson County as a Title IV County, if permitted to stand, literally kills the ASCOG EDA district and in effect flushes more than two years of preparation for progress down the drain.

Insofar as Jefferson County's being a depressed area is concerned—a brief analysis of the attached fact sheet supports a conclusion that the county is resplendent with factors leading to decline and conversely, one sorely in need of seed money in the form of federal assistance to spark progress.

Sincerely,

HOMER G. SNODGRASS, Jr.,
Executive Director.

FACTS ABOUT JEFFERSON COUNTY

1. Between 1960 and 1970 the population of Jefferson County dropped from 8,192 to 6,887; this represents a 16% population loss.
2. Between 1960 and 1970 there were 900 births and 1,100 deaths in Jefferson County. It is truly extraordinary for deaths to exceed births in a county.
3. The median age of the Jefferson County population (40.3) is 10 years above the national average (29.5).
4. In 1962 the per capita income of Jefferson County was \$1,112, which was \$1,256 below the national average. In 1968, it was \$1,568 or \$1,853 below that average.
5. The 1960 Census of Housing showed that 41% of the Jefferson County housing units were not in sound condition. The national rate was 19%.
6. Per 100,000 live births in Jefferson County, there were 2,127 infant deaths in 1964, compared to a national norm of 1,700.
7. The average income cutoff distinguishing poor from non-poor stood at \$2,529 in Jefferson County in 1966. Out of a total of 2,084 families in the county, 800 or 38.4% were poor by the above criterion. The national poverty rate was 15.1%.

ADDITIONAL THOUGHTS ON EDA DISTRICT PROGRAM

The Economic Development District program has provided a remarkable new mechanism for economic growth and progress in South Central Oklahoma, but serious inequities and shortcomings of the legislation and administrative guide-

lines endanger the program and hamstring, to some degree, a progressive ongoing development effort.

As has been exemplified by the impending loss of designation for Jefferson County, the longevity of the program and its potential impact on the area is tenuous by the simple fact that the redevelopment counties hang on a year-to-year existence. Even more amazing is the fact that this loss of designation, from our observations, is based upon 32 people, changing from an annual estimated unemployment of 130 (6.1 percent) in 1968 to an annual estimated unemployment of 100 (4.7) percent in 1969.

The procedure for determination of unemployment rates as prescribed by the U. S. Department of Labor are not reflective of the conditions as they exist in a rural area. Employees of the Oklahoma State Employment Service have advised that Jefferson County has always presented a problem due to the scarcity of jobs in the labor force covered by the Employment Security Act. As well, the filing of unemployment claims appears to be the only tangible guide on which unemployment numbers and rates are evaluated. All other aspects of the determination are estimated based upon guidelines prescribed by the Department of Labor and these procedures are definitely designed more for an urban metropolitan area than for a rural agricultural economic base.

The Oklahoma State Employment Service has advised the U.S. Department of Labor that this procedure is inequitable when evaluating economic conditions in rural Oklahoma and can act in a very negative sense.

The instability of the county designations seriously endangers the Economic Development District for this area since two Title IV Redevelopment Areas are required for the formation and continuation of a District and these annual county designation changes place the existence of the ASCOG organization on a year-to-year basis.

A dynamic and progressive program of economic growth and development cannot be pursued on a year-to-year basis. The organization and the program must have some degree of longevity and credibility if it is to have significant effect upon the economic growth and development of the District.

It is therefore recommended that:

(1) No termination of eligibility be made for a county which is participating signatory of a formally designated Economic Development District or until such time that the per capita income of the District equates to that of the national average and/or

(2) Make the entire area of a formally designated Economic Development District eligible for total EDA program eligibility with project approval and financing based upon need and impact.

CITY OF WAURIKA, *Waurika, Okla., June 15, 1970.*

Senator FRED R. HARRIS,
Washington, D.C.

DEAR MR. HARRIS: The information that we have received concerning our county's de-designation as a Title 4 eligible county has come to us as quite a surprise. The situation in Jefferson County, by almost any yard stick that you may desire to use, falls far short of the mainstream of either the state or National economy.

We have appreciated the economic assistance that has been available through EDA programs in the past and have been looking forward to its assistance in the future. We feel certain that if Waurika and Jefferson County is to lay a sound economic base and provide the jobs that our economy demands we must have EDA's continued support. Because of this we would like to ask that you support our efforts to maintain our present Title 4 status.

Very truly yours,

GEORGE S. ANDERSON, *Mayor.*

WAURIKA DEVELOPMENT TRUST,
Waurika, Okla., June 15, 1970.

Senator FRED R. HARRIS,
Washington, D.C.

DEAR SENATOR HARRIS: The Waurika Development Trust was shocked to learn that the title four designation of Jefferson County was about to be lost. Our organization working with the assistance of EDA and other agencies have made

some very important gains during the last two years. Without the assistance that EDA gave it could not have been accomplished.

We now have two industries which we would not have had and even though the picture looks brighter we are still a long way from the mainstream of the nations economy. The job opportunity that this county must have for economic stability must have a much larger base.

The economic situation has been 20 years coming and it is hard to believe that anyone could believe that in two years it could possibly be turned around. There are all kinds of facts that we can give to prove our point but at this time we ask that you take every step possible to save our designation.

Sincerely,

PRYOR WAID, *Chairman.*

WAURIKA NEWS-DEMOCRAT
Waurika, Okla., June 15, 1970.

To: The Honorable Fred R. Harris, U.S. Senate.
From: Donald J. Morrison.

I regret very much that it will be impossible for me to be present for the hearing in Wagoner on June 16. It is extremely important that Jefferson county be continued on the Title IV eligibility list for Economic Development Administration loans and grants, and I trust that this written statement will carry just as much weight as an oral statement.

The people of Waurika are grateful for EDA loans and grants which, through a partnership approach made possible by local bond issues, have given this community and county a start toward diversification of our economy. The people of this community have voted for numerous bond issues in order to share in the cost of industrial spadework. But our financial resources are limited, and we must continue to rely heavily on federal programs designed to create job opportunities in rural America.

We know that over 100 jobs have been added locally, which would indicate that the 1970 census will show Waurika with a gain in population. But now we wonder if this will be the case, because the Census Bureau estimate for Jefferson county's population shows a loss from 8,192 in 1960 to 6,887 in 1970. We of course cannot continue to lose people without suffering economic distress. And the saddest fact of all is the one which tells us that to keep our own young people at home, we have a long way to go in providing the necessary job opportunities.

I remember writing in an economic impact report, several years ago, that rural America must be revitalized in order to shore up the weaknesses brought about by population shifts. This continues to be a need—for the sake of many aspects of our national life. The problems of metropolitan areas are being compounded by a rapidly mounting surplus of people, while the problems of rural areas are being compounded by the loss of people.

We have begun to benefit from the creation of some new jobs. But it is only a start. Economic stagnation did not happen overnight. Neither will it be quickly cured. Time will be required, also financial resources beyond our capability. That is why I earnestly seek the continuation of Jefferson county's eligibility for EDA loans and grants.

Thank you.

DONALD J. MORRISON.

WAURIKA CHAMBER OF COMMERCE,
Waurika, Okla., June 15, 1970.

Senator FRED R. HARRIS,
Washington, D.C.

DEAR SENATOR HARRIS: It is mild, to say the least, the surprise that we have with the recent efforts to do away with the eligibility of Jefferson County as a title four county. With the efforts that this county has made, the beginning signs of progress, and the long way that we still must go to change the direction our county is headed it is hard to believe that such a decision could be made.

Our county has only made a start and the assistance that we have received because of this designation has been of great importance in the two industries that we have obtained during the last couple of years. The direction of our economy has not yet been turned around and it is almost unbelievable that at this time our designation would be changed.

The decade that has just ended with our 16 percent decrease in population should prove my point. As people migrate from Jefferson county because of a

lack of job opportunity they only increase the problems in the urban area they move to. We ask that you do everything that you can to assist us in retaining this designation.

Sincerely :

RICHARD CHILES, *President.*

PAWNEE COUNTY

Mr. Earl Price, Executive Director, Central Oklahoma Economic Development District.

Representative Rex Privett.

Senator Raymond Horn.

Mayor Glen Wood, Pawnee, Oklahoma.

Mr. Orville Hicks, Businessman, Cleveland.

Mr. Glen Campbell, Businessman, Cleveland.

Mr. C. B. Giddens, Businessman, Cleveland.

Mr. Orville Smith.

TESTIMONY BY EARL PRICE, WAGONER, OKLA., JUNE 16, 1970

Concerning Pawnee County: Senator Harris, let me say that it is a pleasure on behalf of myself and the delegation from Pawnee County to be invited to appear before you today to give you our "grass roots" opinion concerning the proposed legislation on delaying the designation of qualified areas under the Economic Development and Public Works Act as introduced by the Honorable Ed Edmondson before the Public Works Committee of the House of Representatives.

It is our opinion that this piece of legislation is very timely, particularly in the light of the 1970 census data having just been completed but not yet tabulated. It was my pleasure two years ago to present testimony as President of the National Association of Development Organizations to the Senate Public Works Committee concerning this very subject. One of the two recommendations we made at that time which are a matter of record is as follows and I quote . . .

"To encourage change in the legislation concerning the criteria for determining a county's eligibility to be changed from unemployment to a system based upon family income, which more nearly reflects underemployment. This new statistical family income would be determined annually by the Federal Government on a county-by-county assessment of Internal Revenue Reports of income and social security payments."

I herewith submit for the record a complete transcript of that policy statement given to the Senate Public Works Committee two years ago, marked Exhibit "A".

Concerning the above recommendation, it is our opinion that Pawnee County is a good example of what is true throughout this country in the rural areas. The real problem in a designated area is per capita income and *underemployment* rather than *unemployment*. The method of computing unemployment in a rural area is not valid in determining the amount of the target population that has lagged the national average in sharing in the prosperity of this nation; and assuredly, it is not a valid method in determining the degree of poverty or pinpointing those people needing assistance in order that they may raise their per capita income.

Since the population of Pawnee County is relatively small and the *insured* work force is smaller yet, a very slight increase in the employment in the county can change the unemployment figures from slightly above six per cent to below six per cent, thereby disqualifying the area for EDA assistance. This slight employment, however, does not materially alter the average per capita income and, therefore, the economic base nor alleviate in any measurable way the degree of poverty.

As an example, take Pawnee County with a total population of 10,725 people with a total labor force of 2,930 people, an unemployment rate of 6.6, an estimate of unemployed in the amount of 193 people, and you can readily see that the employment of a mere 18 insured persons in this county would change the unemployment level to below six per cent and thereby de-designate an otherwise designated area.

This example was taken from the actual county figures called to me yesterday by the Employment Security Office and exemplifies a typical case where a county is only .6 of 1% above six percent unemployment. If it had been a full 1% above 6%, the employment of 30 insured people would still have de-designated the county and supposedly indicate a healthy economic condition as far as the EDA legislation is concerned. We think it is obvious from this example that neither the employment of 18 people nor the employment of 30 people would materially change the per capita income of 10,725 people, yet the present legislation assumes they are on an equal basis with the state or the nation as a whole.

To substantiate some of the figures given in our testimony today we are presenting to you (marked Exhibit "B") a few pages of excerpts from the Pawnee County Economic Base Report dated October, 1967 as prepared by the Oklahoma Employment Security Commission. The balance of the statistics reported in our testimony were called to my office yesterday afternoon by representatives of the Oklahoma Employment Security Commission, Department of Labor, from which the statistics for designating and de-designating Pawnee County were originated.

A great deal has been said in recent months in national publications, radio, and television by such public figures as Mayor Lindsay of New York, that *under-employment*, rather than unemployment, is the major factor in the poor ghetto areas of the major metropolitan cities. It, therefore, behooves the Congress to begin to develop a criterion to measure the degree of poverty by a method other than unemployment and, therefore, we endorse the above recommendation.

Senator Harris, it has been our pleasure to appear before this committee today to give our viewpoints and I would like to introduce for the purpose of making a statement, the following citizens of Pawnee County.

LABOR FORCE SUMMARIES

Item	1969	1966	1965
Labor force civilian.....	2,930	2,860	2,807
Unemployment.....	111	190	109
Percent of labor force.....	3.8	6.6	6.3
Employment.....	2,819	2,670	2,640

PAWNEE COUNTY ECONOMIC BASE REPORT, OCTOBER 1967

(By Clyde R. Hamm, chief, community employment development)

PREFACE

A Manpower Survey was conducted in Pawnee County by the Oklahoma Employment Security Commission in cooperation with the Pawnee County leaders. Initial contact was made by the Chief of the Community Employment Development and the Rural Area Representative with the Pawnee and Cleveland Chambers of Commerce, The Community Action Foundation, and the Pawnee Indian Agency. Later, the Rural Area Representative met with various groups of community leaders to explain the objectives and the procedures of the program. Additional information was carried by local newspapers. The cooperative attitude and interest of the community leaders in the promotion of economic progress led to the selection of Pawnee County for this survey.

This Economic Base Report contains the results of the Manpower Survey. The report was prepared for the use of the civic leaders of Pawnee County in utilizing natural and manpower resources in order to increase employment opportunities with the County.

Various civic groups, committees, agencies, and organizations were contacted for assistance and their help was greatly appreciated. The following is a list of those assisting in the formulation of the information in the Pawnee County Economic Base Report.

Pawnee

Chamber of Commerce—Mr. Don Johnson, Manager.
Mr. Glenn Wood, Mayor.
Pawnee Chief, Mr. Jo. O. Ferguson, Editor.
Rotary Club, Dr. P. R. Riemer, President.
Lions Club, Mr. Ernest C. Kelly, President.
Mr. John Lawrence and Mr. Glenn Lyon.

Cleveland

Chamber of Commerce: Mr. Tom Lunsford, President; Miss Emma Allison, Secretary.

Tiger's Tale High School Newspaper.

The Cleveland American—Larry Ferguson.

Cleveland Industrial Corporation—Mr. Glenn N. Cook, Secretary.

Indian Electric Cooperative—Mr. C. H. Culbertson.

Paul Bachman, Merchant.

Blackburn

Mrs. Fred Upshaw, Newspaper Correspondent.

Jennings

Mrs. F. C. Chapman, Newspaper Correspondent.

Hallett

Mrs. John Bejeck, Newspaper Correspondent.

Terlton

Mrs. Rosie Dietz, Newspaper Correspondent.

County

County Agent—Mr. Jack Pinkerton.

County Superintendent.

School Superintendents and Principals.

Pawnee-Noble Community Action Foundation, Inc.

Mr. Fred Staff, Director—Mrs. Pat Goff, Secretary.

Area

Central Oklahoma Economic District.

Oklahoma

State Board For Vocational Education.

Historical Society.

United States

Bureau Of Indian Affairs—Pawnee Indian Agency—Mr. Robert Grover, Superintendent.

Soil Conservation Service—Mr. Russell A. Lewallen.

Weather Bureau—Mr. Stan Holbrook.

Bureau of Census.

The Manpower Survey was conducted during the period July 17 to September 22, 1967, in Pawnee County as the first step toward the promotion of the area's economic development and the effective occupational adjustment of the area's residents. The four specific objectives of the Community Development Program are:

1. Determine potential manpower resources of an area.
2. Help in evaluation of overall economic resources of an area.
3. Assist in formulation of a program of economic development.
4. Provide employment assistance to individuals of the area.

A mobile team of employment specialists, headquartered in both Pawnee and Cleveland, traveled throughout all Pawnee County covering each city and town as well as the rural area. During the approximately two months the mobile team was in the County, persons were interviewed as a representative sample of manpower potential and firms were surveyed concerning employment and wages.

All the persons interviewed were classified according to their work experience interest, training, leisure time activity, and or their aptitude test results. All Employment Service techniques were applied to ascertain the potential manpower resources of Latimer County. The applicants' survey was made on work application forms, which were filed in the Ponca City office of the Oklahoma State Employment Service.

The Manpower Program was under the direction of Mr. Clyde R. Hamm, Chief of Community Employment Development. The mobile team was under the direct supervision of Mr. Edwin G. O'Day, Rural Area Representative. The preparation of Pawnee County's Economic Base Report was primarily the responsibility of Harry H. Revelle Jr.

EXHIBIT B

TABLE IV.—LABOR FORCE SUMMARIES

Item	1966	1965
Labor force civilian.....	2,860	2,830
Unemployment.....	190	190
Percent of labor force.....	6.6	6.7
Employment.....	2,670	2,640
Nonagricultural.....	1,760	1,710
Wholesale and retail trade.....	400	440
Government and schools.....	460	460
Manufacturing-mining-construction-finance-insurance-real estate-services-public utility.....	620	530
Domestics.....	280	280
Agricultural.....	910	930

Source: Oklahoma State Employment Service.

TAXES

Oklahoma tax structure is characterized by low-rate, broad-based taxes and there is no state ad valorem tax. Oklahoma does have a 2 percent state sales tax, 6.58 cent gasoline tax, and reasonable rates on other taxes. The Oklahoma Industrial and Park Department publication, "Oklahoma: Profile of people and Profits", describes the low Oklahoma State income tax:

"Corporations: The measure for corporate income taxes is the net income derived from Oklahoma property and business, applicable to business corporations Rate: Flat 4%, federal taxes deductible.

STATEMENT OF SENATOR RAYMOND L. HORN

Senator Harris, Speaker Privett, Gentlemen:

The recently announced decision by the Economic Development Administration to terminate Pawnee County has caused great concern on the part of many dedicated citizens.

Like most rural counties, Pawnee County has suffered declining population and economy during past years. However, great effort has been expended by many people to attempt to turn this cycle around. A start has been made, but it is only a start.

Many more jobs are needed for the unemployed and the underemployed in the County. Our population continued its decline in the recent census, although at a slower rate than in the 1950's and 1960's. We are in need of assistance from every possible source in this fight to improve our economy. Now is definitely not the time to cut off the valuable assistance provided by the Economic Development Administration in their programs.

Economic indicators in the County today show that we have a long way to go. People seeking employment remain at a high level. Those seeking commodities have increased, and the caseload in our welfare office has prompted them to ask for additional space. Many people, who have moved away, are returning to the County from jobs lost in metropolitan areas.

For these reasons, I strenuously urge that the bill to rescind the termination order, be passed through the Senate in this session of Congress.

CLEVELAND CHAMBER OF COMMERCE,
Cleveland, Okla., June 15, 1970.

Senator FRED HARRIS.

It has come to our attention that Pawnee County has been designated as one of five counties in this area which will not be qualified to receive

further benefits through the Economic Development Administration any longer, unless a bill recently passed by the House (and approved) is also approved by the Senate in forthcoming legislation.

Because of this situation, the Government of the City of Cleveland, of Pawnee County, Oklahoma, the Cleveland Chamber of Commerce, the local school administration, and other business leaders of our community, give the following reason why we feel that there is an urgent need and necessity for Pawnee County to be re-instated as one of the counties which will be qualified for benefits.

Comparing figures with one year ago, our unemployment is on the increase, definitely, according to the increased number of applicants for unemployment compensation. We have many Pipe line construction workers and welders who make Cleveland their home, and who are normally gone away at this time of year on construction jobs. They say that there are no immediate prospects for work either.

Cleveland is a "bed-room" town for many industries over this part of the country—Hominy, Pawhuska, Sand Springs, Tulsa, and even Wichita where some of our people work in Aviation Industries, and because of "cut-backs" in production, or complet shut downs have occurred, they have been laid off and are idle. Hominy's muffler plant closed down, Emery Mills at Pawhuska is not in production, the building market is hampered by tight money and high interest rates. Cut backs in Aviation related industries in Tulsa and Wichita are affecting our economy here, as we have many who maintain homes here, and commute on week-ends. According to our County Commissioners, the demand for commodities has increased about 67% in recent months, and as a result of a decline in business volume in some of our retail stores, there have been several retail clerks laid-off and others on a part time basis.

We respectfully urge you to use your influence to assure passage of this important and vital legislation.

STATEMENT OF MAYOR GLENN WOOD, CITY OF PAWNEE

Senator Harris, Gentlemen: As Mayor of the City of Pawnee, I am here today to testify concerning our need for continued designation under the Economic Development Administration programs.

We urgently feel that the bill under discussion today should be passed in this session of Congress.

We have not been told just what criteria were used in the determination to drop Pawnee County from the program, but the facts, as they exist today, are as follows:

1. The effects of the current recession are now beginning to affect our economy.
2. A check with our three-county CAP office shows an unchanging demand for more job opportunities. This demand is equal if not higher than that of previous years.
3. We have established one plant in the Pawnee area in recent years, and this has helped some, but we are still in need of many more job opportunities. Many of the people employed at this plant drive into the County from surrounding Counties.
4. A survey by the Pawnee County Commissioner of District 2 showed that 67 more people were receiving commodities today than in past years, and this represents only one-third of our County. Many of these new recipients are people who have been forced to move back home after losing their jobs in various metropolitan areas. Certainly, it would be to everyones advantage to create local job opportunities for these individuals.
5. The 1970 census figures have not been released for cities the size of Pawnee and Cleveland, but the Pawnee County figure shows a decline of over 900. This is a smaller loss than that of the previous decade. However, the loss in population is still a matter of serious concern, clearly demonstrating the need for more job opportunities for our unemployed and our large number of under-employed.

For these reasons, we urge that every effort be made to continue the designation of Pawnee County under the Economic Development Administration programs.

Senator MONTOLA. Thank you, Senator Harris.
Senator Mondale?

STATEMENT OF HON. WALTER F. MONDALE, A U.S. SENATOR FROM
THE STATE OF MINNESOTA

Senator MONDALE. I would ask unanimous consent that my statement in full be included in the record.

Senator MONTYA. Without objection.
(The statement referred to follows:)

PREPARED STATEMENT OF SENATOR WALTER F. MONDALE

I am very pleased to have this opportunity to present a statement to the Economic Development Subcommittee of the Senate Public Works Committee.

I am deeply concerned about the plight of 96 counties in 31 States that are about to lose their EDA designation and thus become ineligible to receive assistance from the Economic Development Administration. Nine of those counties are located in Minnesota and I know from first hand experience that they can ill afford to lose their EDA designation at this time. In talking with other Senators I find that the same situation exists in their states.

In order to prevent this de-designation I introduced a joint resolution on June 11, 1970, which would provide a one year moratorium on the termination or modification of any EDA designated area. This joint resolution is very similar to an amendment to H.R. 15712, which was approved along with that bill by the House on June 8, 1970.

The action to de-designate these 96 counties was taken on the basis of the eligibility formula established by the act, and this formula must be applied annually to every designated county. As the members of this committee know, the current formula is far from perfect and that is why the Economic Development Administration and the Congressional Committees involved are studying the possibility of revising the present formula or establishing a new method of determining eligibility.

In the meantime, however, the use of the old formula threatens to exclude many counties from economic assistance when their needs have never been greater.

The major problem is that much of the necessary data is out of date. The most important factor for determining a county's eligibility is its unemployment rate. Yet EDA is determining this year's eligibility on the basis of last year's unemployment data at a time when unemployment is increasing at its fastest rate in ten years. This problem is compounded because little consideration is given to out-migration, and because the methods used to collect the data are often unreliable for small rural labor areas.

For these reasons I think it is imperative that this joint resolution be passed in order to give the EDA time to correct an imperfect formula.

A second problem that deeply disturbs me is the proposed move of the EDA area office from Duluth to Chicago. Such a move seems ill advised for many reasons.

The major reason is that Duluth is centrally located for serving the EDA designated counties in this region. There are twice as many EDA designated counties and eleven times as many Indian Reservations within a 200 mile radius of Duluth as opposed to the same radius from Chicago. Furthermore, the number and percent of unemployed, as well as the total population for designated counties, is much higher within the Duluth radius than the Chicago radius. (Appendix "A")

The result is that both local people and EDA personnel will have to travel much longer distances if the office is moved. One example of this is the 27 EDA loans within a 200 mile radius of Duluth that must be regularly serviced by EDA personnel whereas there are only 5 such loans within a 200 mile radius of Chicago. To service the Northern Wisconsin and Minnesota loans from Chicago would require airline fare costs as well as overnight travel and per diem. The cost to service these same loans from Duluth would be .06 cents per mile plus $\frac{1}{2}$ of per diem which is \$5.00 (Appendix "B").

We also have to consider the cost of moving the office to Chicago. There is moving expenses or severance pay for 58 employees that are now located in Duluth as well as the disruption in service while the move is in progress and while new employees are trained.

It also seems strange that at a time when the large urban areas are becoming dangerously congested, the federal government adopts a policy to aggravate

this problem. This aggravation is the result of the Administration's plans to concentrate the administrative headquarters of federal programs in 10 large metropolitan areas, and to relocate many federal employees from smaller communities to these large cities. This seems contrary to what should be a national policy of trying to maintain and increase the size of many of our small and medium size cities in an effort to relieve the pressure on our large cities.

Duluth was a sensible location not only because it is in an economically depressed region and could thus serve that region better, but also because Duluth itself is an example of a medium-size city suffering from certain behavior ailments. Where a government installation can be located in such small and medium size cities, we help to maintain their economic viability and counter the suffocating movement of population into the largest cities.

To deprive Duluth of a \$1,100,000 annual payroll plus all the other economic and social benefits which a government office can give to such a city hardly seems wise—especially since the location of the installation will not really bring any commensurate return to Chicago and will, if anything, simply contribute to the congestion which Chicago already has in great abundance. One argument that has been made favoring the move is that many other federal agencies are located in Chicago and thus the interrelated functions of these agencies can be coordinated. The counter to this argument is that most of the EDA projects are not related or tied to other government projects. None of the business loan applicants and only 20% of the public works applicants are seeking related aid from agencies other than EDA.

A final reason for not moving the Duluth office is that the Economic Development Act is only being extended for one year. During this one year extension the Administration is going to decide what it wants the future role of EDA to be. It seems unfair to ask the employees of any agency to give up their homes and move their families to work for an agency that has a very uncertain future.

In other words, moving the EDA office from Duluth to Chicago appears to be administratively and economically unwise, as well as unfair to the city of Duluth and to the EDA employees located there.

Although I have discussed only the problems related to the proposed movement of the Duluth office to Chicago, I think that very similar objections could and should be raised regarding many of the offices in smaller cities which are being phased out or transferred to the very large metropolitan centers.

Because of these problems, because the very future of EDA is now in such doubt, and because there are studies underway which should directly bear upon these issues, I have introduced an amendment to H.R. 15712. This would place a one year moratorium on the termination of operations or change in location of any regional or area office of the Economic Development Administration which was in existence on June 1, 1970.

This one year moratorium will give the Congress ample time to study the effect on EDA of the Administration's reorganization plan. Furthermore, by this time next year the Administration will have concluded its own study of EDA and will be able to tell us what they would like the future role of EDA to be.

This study may also provide us with the answers to some of the following questions:

1. Do EDA applicants often have dealings with other government agencies during the same period that they are dealing with EDA so as to make it convenient for them if most federal offices are located in one community?
2. Do EDA activities interrelate with activities of other federal agencies so as to make it desirable to locate EDA offices in the vicinity of other federal offices?
3. Do the advantages of locating EDA offices in large cities near other federal offices outweigh the advantages of promoting growth in economically depressed areas and assisting small and medium sized cities?
4. Is it more important for EDA offices to be located near other federal offices as opposed to being centrally located for the EDA designated areas that it serves?

I hope that this Subcommittee will react favorably on Joint Resolution 210 to prevent the de-designation of 96 counties in 31 states. I further urge this Subcommittee to give serious consideration to my amendment which would place a one year moratorium on the termination of any EDA office in order to give Congress and the Administration time to study the effects of such a policy. I also hope that this Committee will consider other ways to urge a reconsideration of this matter.

APPENDIX A—TABULATION

	Present, Duluth	Proposed, Chicago
Counties served within commuting distance.....	39	19
Reservations within commuting distance.....	11	1
Reservations 1-day travel beyond radius.....	14	15
Average unemployment rate within radius (percent).....	12.9	9.2
Number of unemployed within radius.....	61,994	36,985
Designated area population within radius.....	814,300	669,500
Travel loans within radius.....	² 27	5

¹ Approximate.

Duluth office, within a 200 mile radius of the area office: Serves 7 counties in Michigan, total unemployed 10,091 out of a population of 143,100, a percentage of unemployed averaging 7.0%, ranging from a high of 10.3% to a low of 5.9%. The average county in Michigan has a median income of \$3,836 p/a, average unemployment 7.0%, average population 20,442 and an average of 1,442 unemployed people.

12 counties and 5 Indian Reservations in Wisconsin, total unemployed 12,483 of a population of 506,600, an average unemployment rate of 16.1%, ranging from a high of 56% on the reservation to a low of 6%. The average Wisconsin county has a median income of \$3,472 per annum, average unemployment of 14.8%, average population of 9,683 and an average number of unemployed of 735 people.

20 counties and 6 Indian Reservations in Minnesota, total unemployed 39,420 of a population of 506,600, an average unemployment rate of 16.1%, ranging from a high of 65% on the reservation to a low of 6%. The average Minnesota county has a median income of \$2,079 per annum, average unemployment 16.1%, average population of 19,485 and an average of 1,516 unemployed people.

Within the 200 mile radius, therefore, we now serve 39 designated and/or qualified counties and 11 Indian Reservations.

Beyond our 200 mile (one day travel and return) by one extra day of travel are an additional 14 reservations, along with the much more distant counties of southern Missouri, southern Illinois and southern Indiana, with the great majority of counties in Michigan slightly beyond the given radius but still within a one-day trip.

Duluth area office	Income median	1968 unemployment (percent)	Population, 1960	Total unemployment
Michigan Counties:				
Iron.....	5,043	10.3	17.2	1,772
Marquette.....	5,022	5.9	56.2	3,316
Baraga.....	4,287	8.8	7.2	64
Houghton.....	4,260	7.9	35.7	2,821
Keweenaw.....	3,952	7.9	2.4	190
Cogebic.....	4,287	7.9	24.4	1,928
Total.....	26,851	48.7	143,100	10,901
7 counties—Average.....	3,386	7.0	20,442	1,442
Wisconsin:				
Florence.....	4,544	11.4	3.4	388
Forest.....	3,965	6.2	7.5	465
Menominee.....	4,323	24.3	2.6	632
Jackson.....	3,709	6.4	15.1	967
Taylor.....	3,462	6.0	17.8	1,068
Iron.....	4,367	7.1	7.8	554
Ashland.....	4,478	6.0	17.4	1,044
Rusk.....	4,039	6.0	14.8	888
Sawyer.....	3,535	7.1	9.5	675
Bayfield.....	3,712	8.4	11.9	1,000
Douglas.....	5,461	7.8	45.0	3,510
Burnette.....	3,120	6.3	92.0	580
St. Croix Reservation.....	3,000	43.0(65)	.3	129
Bad River Reservation.....	2,100	56.0(66)	.3	168
Lac Courte Reservation.....	890	32.0(66)	.8	256
Lac du Flambeau Reservation.....	2,059	12.0(66)	.9	108
Red Cliff Reservation.....	2,250	17.0	.3	51
Total.....	59,015	252.0	164.6	12,483
12 counties plus 5 reservations—Average.....	3,472	14.8	9,683	7,343

	Income median	1968 unem- ployment (percent)	Population, 1960	Total unem- ployment
Minnesota:				
Pine.....	3,555	6.2	17.4	1,079
Kanabec.....	3,739	7.7	9.0	693
Mille Lacs.....	3,698	7.2	14.6	1,052
Aitkin.....	3,064	10.1	12.2	1,233
Crow Wing.....	4,720	6.9	32.1	2,215
Wadena.....	3,266	6.1	12.2	745
Becker.....	3,707	7.6	24.0	1,824
Hubbard.....	3,320	7.9	10.0	790
Cass.....	3,020	6.5	16.7	1,086
Itasca.....	4,545	11.0	38.0	4,180
St. Louis.....	5,455	6.2	124.4	7,713
Cook.....	5,188	6.0	3.3	198
Mahnomen.....	3,138	12.8	6.3	807
Norman.....	3,682	6.2	11.3	701
Red Lake.....	4,045	10.0	5.8	580
Marshall.....	3,869	9.5	14.3	1,359
Roseau.....	3,573	11.4	12.2	1,391
Lake of the Woods.....	3,715	6.0	4.3	258
Duluth (city of).....	5,877	-----	106.9	6,414
Fondu Lac Reservation.....	2,000	43.0(66)	.7	301
Leech Lake Reservation.....	2,039	31.0(66)	2.9	899
Mille Lac Reservation.....	-----	65.0(67)	.8	520
Nett Lake Reservation.....	1,600	60.0(66)	.6	360
Red Lake Reservation.....	1,550	38.8(66)	2.3	874
White Earth Reservation.....	1,580	36.0(66)	2.3	828
St. Paul.....	-----	-----	22.0	1,320
Total.....	54,046	418.3	506.6	39,420
20 counties plus 6 reservations—Average.....	2,079	16.1	19,485	1,516

Chicago office—With the Area Office in Chicago, the center of the same 200 mile radius, EDA would be serving:

4 counties in Indiana, total unemployed 6,698 of a population of 86,100, an average unemployment rate of 7.7%, ranging from a high of 8.6% to a low of 7.0%. The average Indiana county has a median income of \$4,433 per annum, average unemployment rate of 7.7%, average population of 21,525 and an average of 1,675 unemployed.

10 counties in Michigan, total unemployed 25,060 out of a population of 317,500, an average unemployment rate of 9.2%, ranging from a high of 14.2% to a low of 6.3%. The average Michigan county has a median income of \$4,756 per annum, average unemployment 9.2%, average population of 31,750 and average unemployed 2,506.

3 counties and 1 Indian Reservation, total unemployed of 3,840 out of a population of 51,000, an average unemployment rate of 13.4%, ranging from a high of 31% on the one reservation to a low of 6%. The average Wisconsin county has a median income of \$3,740 per annum, average unemployment of 13.4%, average population of 12,750 and average unemployed of 960 people.

1 county in Iowa, total unemployed 1,287 out of a population of 20,700, an unemployment rate of 6.7%. That county has a median income of \$5,225 per annum.

Within the 200 mile radius from Chicago, therefore, EDA would be serving only 19 counties and one reservation.

	Income median	1968 unemployment	Population 1960	Total unemployment
Indian Counties:				
Greene.....	4,052	8.6	26.3	2,262
Clay.....	4,637	7.9	24.2	1,694
Vermillion.....	4,524	7.5	17.7	1,328
Starke.....	4,518	7.9	17.9	1,414
Total.....	17,731	31.0	86.1	6,698
Average, 4 counties.....	4,433	7.7	21,525	1,675
Michigan:				
Muskegon.....	6,048	6.7	149.9	10,043
Oceana.....	4,841	14.2	16.5	2,343
Newaygo.....	4,583	8.0	24.2	1,936
Clare.....	4,400	9.4	11.6	1,091
Oseola.....	4,350	7.8	13.6	1,061
Lake.....	3,158	13.6	5.3	721
Mason.....	4,991	6.3	21.9	1,380
Manistee.....	5,112	9.4	19.0	1,786
Wexford.....	4,865	7.8	18.5	1,443
Gratiot.....	5,218	8.8	37.0	3,256
Total.....	47,566	92.0	317.5	25,060
Average, 10 counties.....	4,756	9.2	31,750	2,506
Illinois: Cook (Chicago)				
			194.2	
Wisconsin:				
Adams.....	3,446	10.3	7.6	783
Vernon.....	3,577	6.4	25.7	1,645
Crawford.....	3,855	16.0	16.3	978
Onrfs Reservation.....	3,000	1 31.0	1.4	434
Total.....	13,878	53.7	51.0	3,840
3 counties plus 1 reservation.....	3,470	13.4	12,750	960
Iowa: Jackson				
	5,225	6.7	20.7	1,387

¹ Oneida Reservation, 66 unemployed in 1948.

APPENDIX B

(A) Cost of an average field trip to a loan account situated within 200 miles from Duluth and serviced from Duluth:

Maximum travel mileage, 400 miles at \$.06 p/m.....	\$24
Maximum per diem at 1/2 of \$10 p/d, no overnight.....	\$5
Average travel cost: per loan within 200-mile radius.....	\$29
No. of visits required within radius per year:	
Seasoned loans.....	—16
Non-seasoned.....	—24
Spec. attention.....	—84 *X124

Cost of travel in 1 year within 200-mile radius from Duluth..... \$3,596

(B) Cost of an average field trip to a loan account situated in 200-mile Duluth radius but serviced from Chicago:

Ground fare from downtown Chicago to airport and return.....	\$5.00
Air fare from downtown Chicago to Duluth and return.....	\$76.00
Per Diem, overnight, 1 1/2 days at \$25.....	\$37.50
Mileage from Duluth to borrower and return.....	\$24.00
Total.....	\$142.50
Required visits.....	*X124

Cost of travel in 1 year within 200-mile radius, from Chicago..... \$17,670.00

*For practical and economic purposes, one trip should accommodate not less than 6 separate visits. With this assumption, the cost reduction can be accomplished as follows:

For Duluth: $124 \div 6 = 21$, $21 \times \$29 = \600 .

For Chicago: $124 \div 6 = 21$, $21 \times \$142.50 = \$2,992.50$.

In any case, the proportionate additional expense to service Duluth based loans from Chicago remains appropriately 5 times greater than when serviced from Duluth.

In short, Duluth can service its own loans within the 200-mile radius (21 accounts) plus the 5 loans within a 200 mile radius of Chicago for \$3,596+1 trip at approximately \$200 or a total of \$3,796. The Chicago location would require \$17,670 to service the Duluth oriented loans plus its own 5 loans at approximately \$200 or a total of \$17,870 per annum. The proportioned expense remains unchanged so far as the 1 to 5 ratio advantage which the Duluth—based operation maintains over a Chicago-based operation.

This same or closely approximate ratio also holds true for all other traveling activities including government costs incurred in pre-application conferences, on-the-spot processing activities and the like. Similarly since the majority of conferences held in the Duluth area office originate from within a 200 mile radius of Duluth (due to majority of designated areas therein), the increase cost of the travel to the taxpayers making the trip is also proportionately higher if conferences must be held in a Chicago area office.

COMPARATIVE

	Public works		Business loans		Total	
	Projects	Amount	Projects	Amount	Projects	Amount
Duluth.....	106	\$28,860,000	21	\$9,163,000	127	\$38,023,000
Chicago.....	21	16,471,000	5	7,517,000	26	23,988,000
Net difference.....	85	12,389,000	16	1,646,000	101	14,035,000

Senator MONDALE. Mr. Chairman, I am deeply concerned about the plight of 96 counties in 32 States, nine of which are in Minnesota, which will be affected by this de-designation order the first of next month unless this year's moratorium legislation is adopted.

I was encouraged by the wide support which this measure received in the Senate and I think its quick adoption in the House is also indicative of the need for this prompt action.

For at least three reasons, this moratorium is obviously needed. First of all, it is based on last year's unemployment figures. At a time when the economy is expanding and the employment is decreasing, that may make sense. But in a time when we are obviously in the middle of a period of growing unemployment, where the figures that these de-designations are based upon are clearly probably underestimating the extent of unemployment, this is surely no time to be bound by such statistics.

The unemployment is now increasing at its fastest rate in 10 years. This has always bothered me about EDA criteria. It does not measure out migration. Every administration, including this one, has urged a national policy of encouraging a better urban-rural balance and in terms of population, and yet this de-designation action cuts off attractive economic incentives to retain population and to encourage new population to move into rural areas, where we should want it, and rather than the other way around.

I think this moratorium will give us a year in which to come up with the better formula than the one now found in the law.

Finally, I have never been sure, and still am not sure, that the methods used for collecting the data in small rural communities are accurate.

I think this inflexible, BLS statistic rule that they have got, is based upon a highly speculative and doubtful basis and for that reason, as well, a year's extension would give us time and opportunity for this

distinguished subcommittee to develop more intelligent and better based statistics and criteria for de-designation.

Mr. Chairman, the other point is the removal of the office from Duluth to Chicago. I have never heard anybody in this region complain about the Duluth office. I am told that it is one of the best, if not the best, by every standard in the country today. It is located in the middle of the EDA districts, EDA counties, 11 Indian reservations are within 200 miles of that community.

More than 70 percent of the projects, public works projects, more than 70 percent of the business loan projects are located within 200 miles of Duluth.

If these agencies are supposed to serve the public rather than some other purpose, there is utterly no redeeming reason for moving from Duluth.

Senator MONTROYA. May I interrupt the Senator at this point? So that the record will clearly reflect this situation, as I understand the action that is contemplated, it is intended that the regional office which is now located in Duluth be moved to Chicago, which is the seat of the other regional commission.

Senator MONDALE. No; that is another bizarre aspect of this. The Upper Great Lakes Regional Commission office is in Duluth and, indeed, we are told the Upper Great Lakes is going to expand its office in Duluth. So that the cooperative regional commission, the only one that is affected, is in Duluth.

Second, the order is out to immediately move to Chicago before they have a permanent office. They are going to abandon the lease in Duluth, I assume at great cost, which yet has a year to run and go to temporary headquarters in Chicago and then move again and at a time when we are supposed to be saving money, rack up a bill of several hundred thousand dollars, close down one of the best offices they have in the country, terminate the employment of those who are unable to follow to Chicago, and locate the office in the area where the least activity exists.

If there is any justification for this known by others, including Senators who know more about this area than I do, I would like to hear it.

Senator MONTROYA. You cited some statistics awhile ago with respect to Indian tribes and how many would be closer to Duluth and how inaccessible they would be to Chicago.

Senator MONDALE. I have an appendix on this. There are 32 Indian reservations in this region. Eleven of them are within 200 miles of Duluth, one of them is within 200 miles of Chicago.

Senator MONTROYA. I know that in New Mexico we had an area agency, and the Indians couldn't afford to travel 60 miles to Albuquerque. So, we had to establish a subagency closer to the reservations because the Indians couldn't afford \$5, even the members of the tribal council, for bus fare.

I presume that that same thing is true with respect to many of these Indians.

Senator MONDALE. These are the poorest people in America. It involves an overnight trip to Chicago. All of the costs, into the airport, at the hotel, and everything else, are two and three times as great.

As a matter of fact, we have calculated figures that the cost of the service of a loan account in these accounts within 200 miles of Duluth costs about \$3,500 a year. The same accounts serviced from Chicago will cost \$17,070 a year. But, that apparently hasn't made any difference to this decision.

Mr. Chairman, I would like to show you some charts. I would just ask you to look at this. Here is the business activity in the region. Here is Duluth. Here is Chicago. They are going to need an Apollo 12 missile to service most of the communities here, once they move to Chicago.

Senator MONTROYA. Do you have anything else, Senator?

Senator MONDALE. No. Mr. Chairman, as you know, I introduced legislation on this matter. This is occurring, I guess elsewhere. If such legislation is not deemed advisable by this committee, I would hope that at least the committee report language to express that some reasonable concern be given to these offices in the areas being served. I find it incredible when the Director of the National EDA says he has not even looked at a map of the EDA-designated communities and counties, as he said today.

Senator MONTROYA. Senator Baker, do you have any questions?

Senator BAKER. Yes; I have a couple of questions, Mr. Chairman, and a couple of comments. Of course, there is a distinction, as the distinguished Senator knows, between the so-called title V commissions and these regional EDA offices that were provided for, 10 of them, in an early action of President Nixon. I believe that the statute controlling the location of offices for the title V commissions, as the distinguished chairman of the subcommittee knows, provides they will be located within the areas they serve.

The title V commission office is still located in Duluth, isn't it?

Senator MONDALE. They have an office both in Washington and in Duluth.

Senator BAKER. They have an office here in connection with the Commerce Department if my memory serves me that the statute does require and there is still compliance with the requirement that the regional commission office be in the area that it serves and I believe it is still in Duluth.

Senator MONTROYA. I placed that in the statute last year, because with respect to the Four Corners Commission, the chairman wanted to move the office to Denver, which was outside of the region.

Senator BAKER. As a matter of fact, that is why I mentioned it. I recall very distinctly that it was the distinguished chairman of our subcommittee that had that included in the statutory language and required the moving of the headquarters from Denver.

Senator MONTROYA. To Denver.

Senator BAKER. We want to be careful that we are not comparing apples and oranges, that we are talking about two different functions. One is the title V regional commission office which does the day-to-day servicing of title V applications and grants, which is still in Duluth, and the other is the location of one of 10 regional EDA offices designated by the President, I believe in March of 1969, and that the location of this office in Chicago is responsive to that effort to consolidate Federal regional offices.

Is that in accord with the Senator's understanding?

Senator MONTROYA. May I interject that these offices are located wherever the regional commissions and the Federal cochairmen designate them.

Senator BAKER. Within the area. That is so in the case of this regional commission in Minnesota. Isn't that correct, sir?

Senator MONTROYA. Yes.

Senator MONDALE. Permit me to say that one of the programs that I had most hope for was the EDA program. The first bill I introduced when I came to the Senate was the equivalent of title V, which you make reference to in regional development. I have been closely involved in all of these EDA programs. I see it not yet as an adequate program, but one with great promise.

To just have this office merely moved when, No. 1, it is right in the middle of the greatest business activity, and areas to be served, and the people that most need it, and, No. 2, it is, I think, the finest, most effective office in the country—I have heard this from many sources—and just say to those employees, "We are moving to Chicago."

With all of the data and facts I have supplied, I think it doesn't make any sense at all. It is going to cost more by far than the present structure. I just don't think you should deal with people that way or with regional economies that way.

Senator BAKER. If I may make this observation for the record, Mr. Chairman. I am confident that no one here, certainly not the distinguished subcommittee chairman, and I trust he doesn't feel that it is true of the junior Senator from Tennessee, has any insensitivity of the location of the people working in the various offices. From that standpoint, it creates a hardship undeniably on those who move to Chicago.

But the point I made a moment ago, I will reiterate now. I want to make sure we fully understand there are two different functions involved here and two different offices. Title V regional offices must be located within the area and are located within the area that they serve; this corresponds to the analogy that the subcommittee chairman gave us of the facility in New Mexico, which was moved out of Denver into the region.

Then there is the effort to, in effect, create 10 regions for EDA around the country for the sake of efficiency to serve on the average of five States each and that Chicago was chosen as one of those 10 regional offices. That is the function that was moved out of the Duluth rather than the regional commission function.

It seems to me that even though we recognize that there are domestic and real inconveniences to people who are employed in this regional office, that when there is an effort to consolidate and regionalize and centralize Federal services, responsive to the President's plan, that the requirements of the economy and efficiency take account of the fact that there will be some inevitable dislocation.

But that has been so in the entire history of our efforts to try to make this system efficient. I understand and sympathize with your position. I do want the record clearly to show that we are talking about two entirely different functions and we are not separating the location of the office from the title V function.

Senator MONDALE. I fully understand the difference between regional development organizations and the regular FDA functions. It doesn't seem to me that any policy has a life of its own. It has to be justified on what it does to the lives of Americans.

That is why we are here. This decision, from the standpoint of cost, from the standpoint of efficiency, and from the standpoint of carrying on an efficient function which is closest to the people being served, is an outrageous one. That is all I am saying. I have said it several times.

Senator BAKER. I deeply and respectfully disagree that it is either outrageous or erroneous. I think in response to the requirements of the President's plan for consolidation, which I think is appropriate and in order, that it is an appropriate way to try to re-regionalize these functions.

Senator MONDALE. Let me say that I have always admired the Senator from Tennessee, but I cannot admire his grasp of the problems of my area.

Senator BAKER. The Senator of Tennessee accepts that at face value, and instead of inferring any alternative implication, I thank you very much.

Senator MONTOYA. Thank you very much, Senator Mondale.

That concludes the hearing this afternoon.

(Whereupon, at 3:33 p.m., the subcommittee was adjourned.)

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