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PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1973

GOVERNMENT

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

OF THE

COMMITTEE ON PUBLIC WORKS

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 2246 and related bills

TO AMEND THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965 TO EXTEND THE AUTHORIZATIONS FOR A 1-YEAR PERIOD

FEBRUARY 27, 28, 1973

Printed for the use of the Committee on Public Works



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PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1973

TUESDAY, FEBRUARY 27, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 10:10 a.m. in room 2167, Rayburn House Office Building, Hon. John A. Blatnik, presiding.

The CHAIRMAN. The Subcommittee on Economic Development of the House Committee on Public Works will please come to order.

Today we begin 2 days of hearings on H.R. 2246 and related bills, to extend for 1 year the Public Works and Economic Development Act of 1965.

This bill provides a simple 1-year extension of the existing program. It makes no substantive changes in the legislation.

Without this extension, the work of the Economic Development Administration and the multi-State regional commissions would cease on June 30th of this year.

Both EDA and the regional commissions have proved themselves to be useful and effective methods for stimulating economic growth and developing job opportunities in distressed areas of the Nation.

There can be no question about the fine performance of these agencies in bringing economic growth and opportunity to the people of our Nation who have long been denied adequate jobs and income.

The fact that these agencies have been effective does not mean that they cannot be improved, and it was with the intent of making such improvements that the Congress last year passed H.R. 16071.

The President vetoed this bill. Instead of looking at the obvious merits of H.R. 16071, the President chose to repeat the same tired rhetoric we have heard so many times from the administration regarding programs for people who need help.

In his veto message, for example, the President stated that the accelerated public works program has too long a leadtime to be useful in putting people to work.

In repeating this old argument, which arose a decade ago during our very first experience with this program, the President failed to acknowledge the fine job EDA has done with public works acceleration. For example, projects were selected and the men were on the job less than 4 months after the signing of the last public works acceleration legislation.

It is time we buried this irrelevant old argument about leadtime in the public works acceleration program.

The President also stated that spending for EDA and regional commissions programs is inflationary. In fact, these programs operate in areas of the Nation which have economies which are very far from overheating, and which have large resources of unused labor. Putting a man on a productive job, instead of on welfare or unemployment, is in reality just about the opposite of inflationary spending.

The simple facts are that we have pockets of economic distress in this country, and no amount of double-talk about inflation will make them go away.

What we really need is a carefully thought out set of policies at the Federal, State, and local levels which can influence the direction and extent of our Nation's growth. This committee is currently developing legislation which will be part of this national effort.

But such legislation cannot be developed overnight and, until it is completed, the valuable work of EDA and the regional commissions must continue.

The administration has proposed that EDA and the regional commissions can be replaced after June 30 by programs such as the President's special revenue sharing proposals, the Rural Development Act, and so forth. I am not very much impressed by this proposal.

I can detect little sentiment on the part of the Congress to accept this proposal at all, and certainly not before June 30, 1973, when the legislation under discussion is scheduled to expire.

I have, however, found strong feeling—both in the Congress and among the American people—to continue the good work done by EDA and the regional commissions.

Talk of providing assistance through other programs is at this point largely a mirage. The programs of EDA and the regional commissions, on the other hand, are tested, proved effective, and in operation today.

I therefore believe that the bill we are considering today to extend for 1 year the life of these valuable programs will be passed by an overwhelming majority of both Houses, even over a possible Presidential veto.

This 1-year extension will give us the time we need to make an orderly transition to a meaningful new program of balanced national growth, rather than simply abandoning the distressed areas of our Nation to less effective programs which cannot possibly be in operation by June 30 of this year when the Public Works and Economic Development Act expires.

I will, at this time, order printed in the record the bill H.R. 2246.

(The bill referred to follows:)

93^d CONGRESS
1st SESSION

H. R. 2246

IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 1973

Mr. BLATNIK (for himself, Mr. HARSHA, Mr. JONES of Alabama, Mr. GROVER, Mr. KLUCZYNSKI, Mr. CLEVELAND, Mr. WRIGHT, Mr. DON H. CLAUSEN, Mr. GRAY, Mr. SNYDER, Mr. CLARK, Mr. ZION, Mr. JOHNSON of California, Mr. HAMMERSCHMIDT, Mr. DORN, Mr. MIZELL, Mr. HENDERSON, Mr. BAKER, Mr. ROBERTS, Mr. HOWARD, Mr. ANDERSON of California, Mr. ROE, Mr. RONCALIO of Wyoming, and Mr. MCCORMACK) introduced the following bill; which was 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 a one-year period.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the first sentence of section 105 of the Public Works
- 4 and Economic Development Act of 1965, as amended, is
- 5 amended by striking out "and June 30, 1973." and inserting
- 6 in lieu thereof the following: "June 30, 1973, and June 30,
- 7 1974." and the last sentence of such section 105 is amended
- 8 by striking out "and June 30, 1973," and inserting in

1 lieu thereof the following: "June 30, 1973, and June 30,
2 1974,".

3 SEC. 2. Subsection (c) of section 201 of the Public
4 Works and Economic Development Act of 1965, as amended,
5 is amended by striking out "1973" and inserting in lieu
6 thereof "1974".

7 SEC. 3. Section 302 of the Public Works and Economic
8 Development Act of 1965, as amended, is amended by strik-
9 ing out "and June 30, 1973.", and inserting in lieu thereof:
10 "June 30, 1973, and June 30, 1974."

11 SEC. 4. Subsection (g) of section 403 of the Public
12 Works and Economic Development Act of 1965, as amend-
13 ed, is amended by striking out "1973" and inserting in lieu
14 thereof "1974".

15 SEC. 5. The first sentence of subsection (d) of section
16 509 of the Public Works and Economic Development Act
17 of 1965 is amended by striking out the period at the end
18 thereof and inserting in lieu thereof a comma and the fol-
19 lowing: "and for the fiscal year ending June 30, 1974, to
20 be available until expended, \$152,500,000."

21 SEC. 6. (a) Section 2 of the Act of July 6, 1970, as
22 amended (Public Law 91-304), is amended by striking
23 out "1972" and inserting in lieu thereof "1974".

24 (b) The amendment made by subsection (a) of this
25 section shall take effect May 31, 1972, and any area desig-

1 nated as a redevelopment area for the purposes of the Public
2 Works and Economic Development Act of 1965, as amend-
3 ed, on or before that date and which has had such designa-
4 tion terminated or modified in accordance with section 402
5 of such Act of 1965 on or before the date of enactment
6 of this Act shall, for the purposes of such Act of 1965, be
7 held and considered as a designated redevelopment area
8 during such period and shall continue to be designated as a
9 redevelopment area until otherwise terminated or modified
10 in accordance with the provisions of section 402 of such Act
11 of 1965 and section 2 of the Act of July 6, 1970, as
12 amended by this Act (Public Law 91-304).

The CHAIRMAN. We are privileged to have with us this morning, the recently confirmed Secretary of Commerce, the Honorable Frederick B. Dent.

Mr. Secretary, we welcome you this morning and appreciate your being available.

Please take your seat and make yourself at home.

I see you have some aides with you.

Please introduce them for the record.

We do not have Mr. Bryan Dorn here, as he is presiding now as chairman of the very important Veterans Affairs Committee. Mr. Dorn personally knows the Secretary and he speaks most highly of him.

Mr. Dorn presided almost a year ago over our last hearings on the economic development legislation. Without his handling of those hearings, we would not have had the last bill which passed both the House and Senate by a very substantial margin in the closing days of the last session.

Are there other Members who wish to comment before we hear from the Secretary?

Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Mr. Chairman, because I do have to leave for the other committee of which Mr. Dorn is chairman, and I am ranking Member, I have a severe conflict this morning. I regret very much not being able to hear Secretary Dent's statement, but I have read it carefully. Since I am leaving, I would like to make an opening statement, Mr. Chairman.

The CHAIRMAN. Proceed, please.

Mr. HAMMERSCHMIDT. We begin these hearings today on H.R. 2246, to extend for 1 year the Economic Development Act of 1965, as

amended, amidst the administration position that such an extension is neither necessary nor desirable.

It is, however, in the interest of this committee to continue this act for an additional year, not for continuation's sake, but for time to investigate the need of any legislative changes and to determine if a substitute is in the Nation's interest for community development.

If, in the wisdom of the subcommittee and Congress, changes are necessary, such changes will be proposed and considered during this 1-year extension.

I am in agreement with the administration's desire to hold the line on Federal spending. The long prevailing attitude that "Washington knows best" must be modified. We in Washington must restore confidence in the electorate. We cannot profess to know all of the solutions to our country's economic and social ills.

I will be the first to support efforts to give to the local people the long sought power and authority of spending and of setting priorities. In my estimation, EDA has allowed the greatest flexibility of any Federal program in local decisionmaking. This is why I support EDA; it is the only program that allows local input in all decisions affecting local priorities. This is a Federal-local partnership at work.

My State of Arkansas is a prime example of this Federal-local partnership in action. The entire State has divided into development districts, each representing localized problems, each with priorities and goals set by local boards.

I am proud of the efforts of these development districts, just as I am proud to serve these able and competent citizens of my congressional district. I will make every effort to continue this type of Federal-local partnership.

Because of the scattered and local impact of EDA's program, the overall effect has been obscured. However, EDA has never been geared to tackle national economic ills; its primary function has been local, rifleshoot aid, aimed at alleviating the economic lags of communities.

Our previous hearings have produced constructive support from those affected by EDA. I believe that the dollar figures show that the legislation has achieved the objective of EDA.

I am anxious to hear the comments of Hon. Frederick Dent and those accompanying him, as well as representatives or organizations affected by EDA, Governors, Members of Congress, and interested parties. I am sure all statements will be carefully read and analyzed.

Perhaps Secretary Dent can enlighten the subcommittee on what the administration proposes as an alternative to EDA.

Mr. Secretary, we welcome you to the subcommittee, and it is a pleasure to have you here, sir.

The CHAIRMAN. I now call upon my colleague, Mr. Robert E. Jones, Chairman of the Subcommittee on Economic Development.

Mr. JONES. The subcommittee has scheduled 2 days of hearings for the consideration of H.R. 2246 and related bills which would extend the authorizations of the Public Works and Economic Development Act of 1965 for an additional year through fiscal year 1974. These bills would also reinstate the moratorium on the de-designation of redevelopment areas for the same period of time.

Consideration of this legislation has become necessary because of the veto exercised by the President on H.R. 16071, the legislation passed by the Congress last year extending the life of this act.

The programs authorized by the Public Works and Economic Development Act of 1965 have proven their ability in locating permanent jobs in economically distressed areas throughout the country.

Extensive evaluations to determine the effectiveness of these programs have been conducted over the last several years by outside consultants, the Economic Development Administration, and the Economic Development Subcommittee. The evaluations have demonstrated the legislation's effectiveness in assisting in the economic development of distressed areas. Through technical aid and improved community facilities, these programs have made new job opportunities available where only despair existed.

The economic development programs are widely supported by Members of Congress, by State Governors, by mayors of large and small cities, and by labor, civic, and religious organizations, and by the citizenry at the local level.

The President, however, in his 1974 budget message, has requested that the programs under the Public Works and Economic Development Act of 1965 be phased out. Under the heading "economic development assistance" the budget message proposes:

These lower priority programs are being curtailed in 1973 and terminated in 1974 as part of the Governmentwide effort to reduce nonessential expenditures. Terminating these programs now is to avoid unnecessary inflationary pressures during the next 2 years or more.

The budget suggests, incorrectly, I believe, that other programs such as the Rural Development Act, the Small Business Act, the Housing and Urban Development Act, and his special revenue sharing proposals can do the same job as programs now authorized by the Economic Development Act. Many other Members of Congress also disagree with his suggestion. Nothing thus far recommended will replace the programs under the act. Each of the other programs have other primary objectives. None can as effectively help us realize our goal to maintain the national economy at a high level and avoid wasting invaluable human resources.

The length of our current hearings has been shortened because of the comprehensive hearings held last March and April on bills to extend and amend the act. Testimony was heard at that time from 125 witnesses over a period of 6 weeks. Many written communications were received from local officials of small towns and communities across the country supporting this legislation. Extensive testimony was received from Members of Congress, Governors, mayors, as well as State and local officials supporting the continuation of this legislation.

The existing economic development legislation must be continued until adequate improved legislation can be enacted to fill the vital job now being performed by the Public Works and Economic Development Act of 1965 in assisting communities in improving their economic environment. Because the current legislation is due to expire on June 30 of this year, prompt action by the Congress is needed to continue this proven effective program.

Mr. HARSHA. Mr. Chairman.

The CHAIRMAN. Mr. Harsha, the gentleman from Ohio.

Mr. HARSHA. Thank you, Mr. Chairman.

On behalf of the minority, I welcome Secretary Dent to this subcommittee.

He comes to the Federal Government with a very impressive background, both in personal experience and public service.

We look forward to an equally successful tenure by him in the Government. Mr. Secretary, we are delighted to have you before this committee.

Mr. CLAUSEN. Mr. Chairman.

The CHAIRMAN. Mr. Clausen.

Mr. CLAUSEN. I would like to ask permission to insert a statement at this point in the record.

The CHAIRMAN. Without objection, it is so ordered.

[The statement referred to follows:]

STATEMENT OF HON. DON H. CLAUSEN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

Mr. Chairman, I rise in support of the legislation.

Mr. Chairman, I would like to take this opportunity to offer some comments on the programs of the Economic Development Administration based upon both its activities in my congressional district and my service on the Public Works Committee which has jurisdiction over the EDA.

Historically the First Congressional District of California has lived on a boom or bust economy. An economy in which the "good times" are good but always contain the possibility that they cannot last.

We have a comparatively narrow economic base. This situation has limited our ability to stabilize the economy and tax base for local and all levels of government.

Other factors, such as nearly annual flooding and natural disaster threats, have compounded the problem.

Now we are working on a wide variety of fronts to revitalize and diversify the Redwood Empire's economy to lend it strength and stability. We are trying to do this in a carefully planned and selective way in which economic development is solicited only when it is complementary to existing job-creating enterprises and to our bountiful natural environment.

To say that the Economic Development Administration has assisted us toward this goal would be a gross understatement. EDA has provided us opportunities which simply would not have existed without its support.

Let me describe two recent EDA projects in order to make this point "crystal clear."

Santa Rosa, Calif., is just on the periphery of the San Francisco Bay area. It faces growing population pressures and without foresight it could be the victim of the same urban sprawl which overtook areas to the south of San Francisco.

However, the city has carefully developed a master plan to forestall this possibility and to permit selective, stable economic growth. Last year Santa Rosa obtained a grant of \$672,000—which was matched by local funds—to construct water mains and sewer lines to serve an area planned for very select industrial use.

Simultaneously, while seeking the EDA grant, local officials successfully obtained a commitment from the Hewlett-Packard Co. to locate a branch office in the community just as soon as the public facilities could be completed.

The city and the company worked together very closely on a training program for new employees, on the design of the company's buildings, and on the nature of the facilities provided by the city.

The result of this could be a model for EDA programs. The city gained 700 jobs in 1 year at a facility which was carefully planned from an esthetic and environmental standpoint in which unemployed local residents were trained by the company for full-time jobs. Further, the potential for employment is estimated to be 3,000.

It pays to remember also that these jobs are in the private sector which generates income to the community rather than in the public sector which is subject to budgetary vagaries and absorbs local income from taxes rather than creating it.

The other example of EDA's effective work is in Crescent City, Calif., which faces the same economic problems as in Santa Rosa but which is geographically and commercially in an opposite situation.

Crescent City is isolated by being over 300 miles from a major city so it does not face population pressures but it is practically dependent upon a one industry—forest products—economy.

The people of Crescent City see tourism as a means to bring economic growth to the area. Crescent City is located near the Redwood National Park, it is between the beautiful Smith and Klamath Rivers which offer unequalled recreational opportunities.

When Crescent City applied for an EDA grant for a cultural and convention center under the public works impact program it found that even the 20 percent matching requirement would have strained the local budget. Therefore, a fund-raising campaign was staged in which the local people voluntarily contributed the entire amount of the matching requirement.

Today the cultural and convention center is a reality and 84 jobs were predicted for the construction of the project but they are only the initial return from the investment. Crescent City will now have an additional resource with which to attract tourism. More tourism will mean more jobs.

Equally as important, however, is the fact that the community will also benefit greatly from this new facility for its own enrichment. Like the investment in Santa Rosa, EDA program investment in Crescent City will pay off in something more than jobs. It will help stabilize the economy and improve the quality of life in areas of chronic unemployment.

Five of the six counties in my congressional district are listed as economically depressed by EDA. Each has been effectively helped. I could describe other projects in Mendocino County such as the juvenile hall in Ukiah or a major business loan in Willits. Humboldt County has benefited greatly from a recent downtown redevelopment program partly sponsored by EDA in Eureka. Lake County is constructing an auxiliary county courthouse with EDA assistance.

During my service on the Public Works Committee, I have seen other communities benefit from these programs and it is for that reason that I am a cosponsor of the legislation we have before us today and why I urge its overwhelming support.

While I realize that the Rural Development Act of 1972 will help and that the administration is presenting the community development special revenue sharing as a possible alternative, I do not believe this combination will provide the type of "rifle approach—shot in the arm" the EDA program is designed to handle.

The result of this program experience has been the development in EDA of trained personnel who have the special expertise to assist and motivate local community leaders in advancing their plans for strengthening their economies. Are these specialists to be dispersed to the four winds?

Another question that has not been thoroughly explored is the question of congressional jurisdiction. The House Public Works Committee is uniquely qualified to oversee the administration of economic development legislation. Our staff and our expertise has been honed over the many years we have been considering this subject. We gain additional knowledge through the fact that we have subcommittees specializing in transportation and water resources both of which are integral aspects of economic development. Additionally, the Public Works Committee is uniquely qualified to integrate EDA programs with our other committee jurisdiction responsibilities.

Then, too, there is the issue of a national growth policy. EDA did not pour its resources into already crowded urban areas and thereby create even greater crowding as many Federal agencies do. Quite properly, in my judgment, EDA consistently supported development efforts in areas which both needed and could effectively support quality economic growth. This policy has the beneficial effect of encouraging growth where it should take place rather than where inflationary pressures are so prevalent.

Mr. Chairman, much has been said about the need to phase out EDA to avoid overlap and duplication in Federal programs and to aid in directing the decision-making authority to the people at the local level. It is further stated that EDA is to be replaced by newer programs which are now being generated or which will be proposed.

The budget suggests replacing EDA's predominantly grant programs with predominantly loan programs. The grants that are eventually to surface in the economic development field are those to be offered by proposed revenue sharing plans. The communities of the Nation cannot develop their economies with proposed programs, and many are not financially able to avail themselves of Federal loans for this purpose.

It is suggested that SBA's expanded loan authority will compensate for the proposed phase out of EDA's loan program. How can this be accomplished when SBA has a loan ceiling of \$350,000 to any one firm while EDA averaged \$1.2 million per firm in fiscal year 1971 and \$1 million in fiscal year 1972?

It has also been suggested that the increased funding authority of the EPA will take up the slack of the proposed phase out of EDA's sewer grants. This is not too promising especially when we are already getting reports that economically lagging rural communities have attempted to obtain industrial sewage treatment grants to help produce badly needed jobs only to be told by EPA that currently all sewage treatment grants are being utilized for the correction of existing pollution problems and that sewage treatment grants which will aid in the creation of jobs must have a low priority at this time.

Those who have had experience with the program advise us that one of the strongest incentives to economic development has been the efforts and expertise of the economic development districts and the title V commissions. Planning and administrative money for these districts is being funded at a level of about \$5.5 million in fiscal year 1973. The Commissions have a funding level of about \$44 million for this fiscal year. And yet we are advised that this \$50 million in fiscal year 1973 is to be replaced by \$10 million in fiscal year 1974.

Thus it is difficult to understand how an existing grant and loan program with a proven record of success can be replaced by a loan oriented program with grants proposed to be added at some future date when special revenue sharing proposals are enacted. It would be far easier to understand how this proposed transition would take place if the proposed replacement programs were geared up and implemented.

The current answer is simple. We must extend the Public Works and Economic Development Act through fiscal year 1974. The committee needs this time to complete its review of the EDA programs and to make recommendations to the Congress as to future direction. In addition, perhaps at the completion of this time, some of the programs proposed to follow in the economic development field will be enacted and implemented and can then be compared with the role being played by those programs now administered by EDA.

The CHAIRMAN. Without objection, other Members may add statements for the record. These statements will appear at the conclusion of the hearing record.

Mr. Secretary, we will now turn the program over to you. Please introduce the two gentlemen who are with you and proceed with your statement.

STATEMENT OF HON. FREDERICK B. DENT, SECRETARY OF COMMERCE; ACCOMPANIED BY HON. WILLIAM W. BLUNT, JR., ACTING ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT, AND DANIEL GARBERN, COUNSEL, OFFICE OF REGIONAL ECONOMIC COORDINATION

Secretary DENT. Mr. Chairman, thank you.

I understand Mr. Dorn's necessity to be absent, but I would like to mention the fact that we have had two plants in his congressional district for a number of years, and have had a very fine relationship.

We admire the service that he renders to the Nation here. And we are pleased to be before a committee of which he is a member.

Mr. Chairman, I thank you and the members of the subcommittee for the opportunity to present the views of the Department of Commerce on H.R. 2246 and related bills.

I have with me, on my left, Mr. William W. Blunt, Jr., Acting Assistant Secretary for Economic Development, and on my right, Mr. Dan Garbern, Counsel for the Office of Regional Economic Coordination.

H.R. 2246 would extend appropriations authorizations under the Public Works and Economic Development Act of 1965 until June 30, 1974. It would also impose, until June 30, 1974, a moratorium on de-designation of redevelopment areas.

As you know, the President's budget proposes the termination of the programs authorized under the Public Works and Economic

Development Act. Accordingly, we oppose the enactment of H.R. 2246.

I strongly endorse President Nixon's commitment to eliminate wasteful Federal programs, to concentrate on those programs that work, and to hold the line on Government spending.

Spending must be held down if we are to avoid a tax increase and dampen inflation.

The President's 1974 budget will contribute to the long-range fight against inflation and the disproportionate burden it places on the poor and the elderly, reduce wasteful use of taxpayers' dollars and lessen the involvement of the Federal bureaucracy in decisions affecting State and local government.

The President's budget responds to these needs by (1) redirecting ongoing Federal programs in order to avoid duplication and thereby increase efficiency, (2) deferring full implementation or further expansion of some programs until we are sure that they will be effective, and (3) curtailing or eliminating certain programs.

A significant factor in the President's 1974 budget is his desire to direct, wherever possible, decisionmaking authority to the people in the localities, communities, and States to help make Government more responsive to their needs. In this respect, the President's 1974 budget is not simply an effort to limit Federal spending.

It proposes the initiation or expansion of funding for programs which will provide increased authority to States and local governments in meeting their needs, and which will encourage the participation of the private sector in helping to meet our economic and social needs.

The program of the Economic Development Administration (EDA), is an example of a program in which there are unnecessary Federal controls.

The programs authorized since September 1965 under the Public Works and Economic Development Act and administered by EDA have been aimed at the resolution of national economic problems by attempting to stimulate the creation of jobs in economically depressed areas.

However, EDA's programs have not proven successful in accomplishing the objective of overcoming the national problem of imbalances in employment and income. EDA's impact has instead been localized.

We believe that there is no need for the strong Federal decision-making role in localized kinds of projects with which EDA has been involved.

Another difficulty in the EDA program is that EDA is required by law to use a significant portion of its public works funds—25 to 35 percent—to try to create short-term jobs—the so-called public works impact program (PWIP).

The PWIP tool is a difficult one to use in any event. PWIP projects necessarily have relatively long leadtimes—so by the time spending becomes fully effective, the need for stimulation may very well have passed, and the program becomes inflationary. It is a source of funds for concededly local projects, such as municipal buildings, courthouses, and others, which are better suited to local initiatives.

The title V Regional Planning Commissions are planning for local, State, and regional purposes. There is no need for having a Federal veto and bureaucracy involved in these decisions.

Another strong reason for the phaseout of EDA is that its activities add to the confusing plethora of functionally overlapping programs

which result in wasteful, duplicative effort on the local level. This overlap and duplication of the Federal programs is unnecessary and wasteful.

Regarding public works and economic development phaseout, the President's budget provides for termination of the Economic Development Administration in fiscal year 1974 in favor of more promising efforts to stimulate economic development, with less involvement in local decisions by the Federal bureaucracy.

All programs will terminate at the end of the fiscal year 1973. The orderly completion of previously approved projects will be administered by the Office of the Secretary, and \$20 million is requested for this purpose in fiscal year 1974.

There will be no termination or reduction of grants, loans or other awards already made, and most of the 1973 appropriation will be available for funding project proposals which have already been received by EDA and are in an advanced stage of planning.

EDA will not be accepting additional requests for funding this fiscal year, except for completion for its planned Agnes disaster recovery and Indian economic development programs.

Many economic development projects previously approved by EDA will be completed after the close of this fiscal year. At the end of fiscal year 1973, unexpended obligations will total about \$640 million. Approximately \$410 million will remain unexpended at the end of fiscal year 1974.

EDA has a target to reduce its full-time permanent employment to 600 by June 30, 1973. As of January 31, there were 859 people on board. We expect that the reduction will be accomplished through attrition and a reduction-in-force (r.i.f.).

Employment will be further reduced to 390 by June 30, 1974.

The current direct funding for the regional commissions will be continued through the end of fiscal year 1973. The President's budget does not request a separate appropriation for the Title V Regional Commissions in 1974.

Regarding new Federal response for economic development funding, the principal objectives of the EDA programs will be assumed by other departments and agencies.

Regarding rural economic development, the new Rural Development Act gives the Department of Agriculture the primary responsibility for rural development activities, including water and other community facility projects, which have represented over half of the past EDA funding.

The President's 1974 budget provides \$678 million for Agriculture's new activities under the Rural Development Act, an increase of \$348 million over the fiscal year 1973 obligation level.

The bulk of the funds are to go to communities and businesses for community facilities and commercial and industrial development. This program will be implemented to provide State and local officials greater authority in project decisions.

Industrial development loans authorized under the act may be made in communities with a population of 50,000 or less. All other programs under the act are available to communities with populations of 10,000 or less.

Most of EDA's assistance has been placed in communities of similar size.

For fiscal years 1966 through 1972, 81.5 percent of EDA's obligations have been made for projects located in localities of 50,000 or less people. Sixty percent of EDA's obligations went to localities of 10,000 or less.

In addition, communities of all sizes will be assisted in meeting their waste disposal needs in 1973 and 1974 through the additional \$5 billion already made available for grants for waste disposal facilities, as authorized by the Federal Water Pollution Control Act Amendments of 1972.

Regarding economic development to aid small business, the expanded programs of the Small Business Administration allow for loans and guarantees similar in many respects to EDA's business loan authority. The 1974 budget proposes a \$642 million increase for SBA programs of which \$632 million is for loan guarantees under the SBA 7(a) and economic opportunity programs.

Regarding HUD planning and management assistance, in 1974, all planning and management grants under the proposed HUD planning and management assistance (currently "701") program will be made to States, allowing Governors to make suballocations to local governments and other eligible recipients in accordance with State priorities.

The budget request for this program is \$110 million, which is a \$10-million increase over 1973. Because of the increased discretion to be available to the States under the new program, the States will be able, if they wish, to continue the interstate regional commission planning programs and district planning efforts previously funded by EDA.

The \$10 million increase for this program in 1974 is provided specifically to permit the States to support activities of regional commissions, if they wish.

If the States wish to retain the current regional commissions, they will decide the budgets for the commissions and determine how the funds are to be used. Those States which are not in commissions may decide to establish commissions.

There will be no unilateral Federal decision to abolish any current regional commission, except to eliminate the Federal veto, the Federal staff, and direct Federal involvement.

Regarding Indian programs for economic development, legislation will soon be submitted to the Congress to enable the Bureau of Indian Affairs to provide block grants to federally recognized tribes to carry out development projects as provided in tribally prepared plans.

Included in the President's 1974 budget request for the Bureau of Indian Affairs is \$25 million for this purpose.

The proposed BIA program will replace the program for Indians which has been carried out by EDA in the past and will represent approximately the same level of funding.

Regarding special revenue sharing proposals, under the administration's proposed special revenue sharing programs, States and localities will have funds available for economic development projects.

The administration will resubmit legislation to authorize urban community development revenue sharing.

The proposal will involve sharing \$2.3 billion during the first full year beginning July 1, 1974.

All of the activities now eligible for assistance under urban development categorical grant programs would be eligible for assistance from the new special revenue sharing fund.

The kinds of projects which EDA has previously funded in urban areas would be eligible for funding under this program.

Legislation for education revenue sharing will also be proposed to begin July 1, 1973. It will permit funds to be spent on education programs by States and localities to meet their objectives. A total of \$2.8 billion is requested for fiscal year 1974 which would include funds for vocational and adult education, including vocational education facilities construction which have heretofore been funded by EDA and HEW.

Local comprehensive manpower programs under manpower revenue sharing will be phased in beginning July 1, 1973, under existing authorities. For fiscal year 1974, an appropriation of \$1,340 million is requested for such programs as vocational counseling and skill training.

In conclusion, the Economic Development Administration certainly has done some good. But we feel that the achievements of the programs have fallen far short of the expectations.

It also is quite clear that the programs of EDA get the Federal Government involved in many details of local development activities, for which there is no need for Federal involvement and where our intervention can easily lead to a distortion of local priorities.

There also is no doubt that there is a great deal of undesirable overlap and duplication among the several Federal agencies providing assistance for community and area development.

The phaseout of EDA, as well as the other proposals in the President's 1974 budget, will be a big step in reducing this problem.

Even with the consolidations mentioned above, there are still too many agencies needlessly involved in community and area development. In the last session of Congress, the President proposed to consolidate most of these programs in a new Department of Community Development.

Under such a new department, it would be possible to formulate and carry out policies and programs more responsibly and effectively.

I understand that the President will propose similar legislation on departmental reorganization to the 93d Congress.

My involvement with the current maze of community and area development programs leaves no doubt in my mind that such a reorganization is sorely needed.

Attached for the information of the subcommittee is an exhibit describing funds available for rural development in the fiscal year 1974 budget.

(The exhibit referred to follows:)

FUNDS FOR RURAL DEVELOPMENT

[In millions of dollars]

	Program level, fiscal year—		Change
	1973	1974	
EDA programs exclusive of the urban program (\$314,400,000 less \$32,- 300,000)	281.1		-282.1
Title V Regional Action Planning Commissions	44.5		-44.5
Phaseout of public works grants and loans		20.0	+20.0
Appalachian Regional Commission	338.7	308.3	-30.4
Rural Development Act	300.0	678.0	+378.0
USDA rural water and waste disposal program	30.0		-30.0
HUD planning and management assistance program (currently 701)	100.0	110.0	+10.0
BIA		34.0	+34.0
Total	1,095.3	1,150.3	+55.0

NOTES

1. The above list of funds for rural development represent estimates made by the staff of the Department of Commerce.
2. It is proposed that funds for Urban Community Development Revenue Sharing be available beginning in fiscal year 1975. Proposed first full year of funding: \$2,300,000,000.
3. In fiscal year 1974, it is proposed that SBA receive an increase of \$542,000,000 for the following: Guaranteed business loans, \$632,000,000; Purchase of debentures and preferred securities of investment companies, \$10,000,000.
4. Education revenue sharing is proposed for fiscal year 1974 for a total of \$2,800,000,000. These funds can support vocational educational facilities which EDA and HEW has been funding.

FUNDS FOR RURAL DEVELOPMENT—COMPARATIVE AUTHORIZATIONS AND PROGRAM LEVEL,

FISCAL YEARS 1973 AND 1974

[In millions of dollars]

	Fiscal year 1973		Fiscal year 1974	
	Authorization	Program level	Authorization	Program level
EDA programs exclusive of the urban program	1,070.0	282.1		
Title V Regional Action Planning Commissions	¹ 152.5	44.5		
Phaseout of Commerce public works grants and loans				20.0
Appalachian Regional Commission	² 321.0	338.7	³ 327.0	308.3
Rural Development Act and FHA rural water and waste disposal grants	472.0	330.0	482.0	678.0
HUD 701 planning grants	(*)	100.0		110.0
BIA				34.0
Total		1,095.3		1,150.3

¹ One-half of authorization of the 2-fiscal-year periods ending June 30, 1973.² Includes \$180,000,000 for highways and $\frac{1}{2}$ of \$282,000,000 for the 2-fiscal-year periods ending June 30, 1973.³ Includes \$180,000,000 for highways and $\frac{1}{2}$ of \$294,000,000 for the 2-fiscal-year periods ending June 30, 1975.⁴ 40 U.S.C. 461(b) authorized appropriations not to exceed \$420,000,000 prior to July 1, 1972.

Note: Several programs do not have specific dollar authorizations. A literal comparison between total authorizations and total obligations should therefore not be made.

RURAL DEVELOPMENT ACT FUNDING

[In millions of dollars]

Program	Fiscal year 1973	Fiscal year 1974	Increase
Water facility and other community facility loans	300	345.0	+45.0
Industrial development loans		200.0	+200.0
Community facility loans		100.0	+100.0
Grants for community facilities which aid in the development of private business (sec. 118c)		10.0	+10.0
Environmental quality cost-sharing and technical assistance (secs. 201(a) and 605)		10.0	+10.0
Rural development research (sec. 502(b))		2.5	+2.5
Pilot extension education activities (sec. 502(a))		2.5	+2.5
Technical and other assistance for land inventory and monitoring (sec. 302)		8.0	+8.0
Subtotal	300	678.0	+378.0
Less: Farmers Home Administration grants for rural water and waste disposal facilities	30		-30.0
Total	330	678.0	+348.0

NOTES

1. All loans will be insured or guaranteed.
2. Fiscal year 1973 funds for the 1st program shown above are being used for water and waste disposal loans. Fiscal year 1974 funds will be used for water facility and other community facility loans.

RURAL DEVELOPMENT ACT—AUTHORIZED PROGRAMS TO BE FUNDED IN FISCAL YEAR 1974

	Fiscal year 1974 authorization	Funding	Pertinent section of RDA
Water facility and other community facility loan obligations (all insured and guaranteed loans).....		\$345.0	Authorized prior to 1972.
Industrial development loans (all insured and guaranteed loans).....		200.0	118.
Community facility loans (all insured and guaranteed loans).....		100.0	104.
Grants for community facilities which aid in the development of private business.....	\$50.0	10.0	118(c).
Grants and contracts for environmental quality cost-sharing and technical assistance.....		10.0	201(a), 605.
Grants for rural development research.....	10.0	2.5	502(b).
Grants for pilot extension education activities.....	(10.0)	2.5	502(a).
Technical and other assistance for land inventory and monitoring.....		8.0	302.

Secretary DENT. I will be glad to answer any questions from the subcommittee.

Thank you.

The CHAIRMAN. There will be questions and, of course, other points of view to respond to your presentation of the administration's position.

Frankly, we are appalled by the lack of understanding in the part of the Office of Management and Budget, the agency charged with working out the details of the administration's policy.

For instance, in your statement, you strongly endorse President Nixon's commitment to eliminate wasteful Federal programs. That certainly is a justifiable and a laudatory goal.

But, in reality, when you eliminate a program like EDA, you are not reducing total Government spending.

For instance, Federal welfare costs today are approximately \$18 billion per year. Is that about correct?

Secretary DENT. I am afraid that would come under HEW, Mr. Chairman.

The CHAIRMAN. What is it costing our Nation for welfare costs to destitute people, many of whom would be benefited by EDA? I believe it is about \$1.5 billion a month, or \$18 billion a year for welfare costs alone.

In addition to this we have unemployment compensation at about one-half billion dollars a month, or about \$6 billion a year. So welfare and unemployment compensation total \$24 billion a year. And here is EDA, which costs only about one-third of a billion dollars a year, but which helps prevent the need to spend huge sums under the welfare and unemployment compensation programs. What we are trying to do with EDA is not to duplicate national programs, but give a supplement, a stimulus, in a given area, not necessarily a community. To limit a program to community development, to arbitrary local government jurisdiction boundaries, or to a little area or pocket for unemployment where, for some reason or other, the income, the standard of living, the quality of life is far below the national average, does not make any sense.

So by ending these programs you are not going to save anything. They are not duplicating. They are supplementing, backing up, like the Redskins and other football teams. They have three full lines. a tight end, a loose end, and they are not duplicating. Each has specific functions, to play under given circumstances when that function is needed.

We could go into more detail in presenting our case.

For example, our goal is to help the people who need it most. We have a little example, which we did not select. The Congressman from Texas, who comes from there, Mr. de la Garza, gave it to us.

We merely went down there to take a look at one of the poorest counties in the United States, Cameron County, Tex.

Over the last several years, EDA put in about \$8.5 million, with very good results.

At the same time one of the more prosperous counties of the United States, Fairfield County in Connecticut, did not qualify for EDA. Fairfield had one of the highest per capita incomes in the United States and Cameron County, Tex., one of the lowest, with unbelievable poverty. They often do not have the simplest rudiments of sanitation, indoor plumbing or water, and must drink water from irrigation ditches.

EDA gave \$8.5 million to Cameron County, and zero dollars to Fairfield County in Connecticut.

Under the revenue-sharing program now in effect, as launched by this administration, Cameron County will be getting zero EDA, and only \$1.5 million in revenue sharing. Fairfield County in Connecticut, certainly one of the highest, if not the highest per capita income in the United States will get \$4.5 million, three times as much.

In other words, those who already have, they will get more than those who have not.

Talk about economic and population and income imbalance, I submit that this type of imbalance is worsened by revenue sharing, and is completely unjustifiable, with neither rhyme nor reason.

I will not go into further detail.

I will take issue with your statement that in most cases it took too long to get the accelerated public works underway. That was perhaps true in the early days of community facilities, back in 1961 and 1963. Most of these communities were so poor they had no planning departments or engineers.

But, later on, as they got geared up with plans and applications, many of these projects were gotten underway within 4 months. And the projects were not limited, as you state in your statement, to municipal buildings and courthouses, but included those that are essential for health, water supply, pollution, and so forth. We have a law on the Federal books today, the 1972 Clean Water Act, which the President vetoed, and was overridden, to the everlasting credit of the independence and farsightedness of the House of Representatives.

The veto was overridden by one of the highest percentages of veto override in the history of vetoes, if not the highest.

Nevertheless, today in the United States we are spending less for the construction of municipal public works facilities, pollution abatement facilities than we were 2 years ago.

Does that make sense?

I will repeat, today we are spending totally less in this country for municipal water pollution abatement facilities than we were spending 2 years ago. Even 1 year ago.

It flies in the face of the statement the President made in his ecology message about the advances we are making.

But we are not here to criticize. We are here to present our case, and we are not referring critically to the distinguished and respected

Secretary before us, to you, Mr. Dent, but to someone in the Council that has been here much longer than you.

You talk about the Rural Development Act, which gives the Department of Agriculture the primary responsibility for rural development programs, and those are essentially, if not totally, loans.

Am I correct on that?

Those are not grants at all, either for public facilities or private enterprise. And we have found that the loan program—we found out that the loan program never worked satisfactorily in the past. It worked in some areas, but it certainly will not work in the poor areas.

What we are actually doing with a loan program is saying, "Look, you have got enough money, and you are solvent enough. We will help you build a hospital if you have the capability to repay the loan."

But if you go down to Cameron County, the towns are so poor, they cannot even hire an engineer to draw the plans for a hospital.

So, they are too poor. So we will not give them any loan at all. If worked under the 50-50 grant ratio, we could not supply the cost of a grant project unless the town could get 50 percent of the cost. It may not be too good a comparison, but the only one I can think of offhand, is when some gentleman asks for 50 cents for lunch, and you say, "If you have got 50 cents I will loan you another 50 cents."

And so the fellow with 50 cents gets another 50 cents, and has a dollar for lunch. But a poor fellow who has nothing and cannot come up with 50 cents—too bad—he has nothing, so he gets nothing.

You see what I am trying to say?

But these are points that we will go into in much more detail and in a much more orderly fashion. One of the problems of national policy in the United States that is receiving the least attention by any agency of the Federal Government, and has received, frankly, only very little attention by the committees of Congress, is the enormously lopsided distribution of our ever-increasing population.

Just recently, in the decade of the 1960's, while we were racing to the Moon, the census figures showed that about 70 percent of our population was residing on 3 percent of our land.

Easily one-half of the total population was living within 50 miles of the Atlantic Ocean, Pacific Ocean, over the Great Lakes, and north of the Gulf of Mexico. That piling up of people is continuing, and with that piling up, you begin to get degradation in every form you can imagine, from solid waste disposal to water pollution, air pollution, congestion on the streets, and human degradation—crime on the streets, slums, substandard housing, substandard schools, inadequate medical attention.

I read in this morning's paper that one of the big problems in the suburbs right here in Washington, in junior high schools, is the drug abuse problem.

I also read a column this morning about the Arkansas River project, where, with heavy investment, we are trying to encourage people to live where the quality of life is already quite good.

Now, this is a problem that is greater and more challenging than was the water pollution problem which this committee first dealt with back in 1956. What we are in effect doing, or trying to do on a small scale, is to prove out a very limited program of population redistribution.

If we have not done the job, and we probably have not, we have done some good in some areas, and in some areas, relatively a lot of good, for

such a limited program. But I am ready to state here today that the prospect for the next 10 years is that 90 percent of the population growth will continue to be piled up where we are already overly crowded. And the big challenge is for proper land utilization and the proper distribution of economic opportunity, to have better utilization of this face of the country.

I am sorry if I made a long statement, but I hope that we can later fill in even more details about the differences between the administration's position which, I think is a horrendous mistake, and our own.

I think the administration's position is shortsighted, no matter how well intentioned it might be, and I am not referring to you, Mr. Secretary, but to those who are counting dollars and trying to balance the budget, when they should be counting people and try to balance and spread out the economic opportunities and the quality of life.

Mr. Cleveland.

Mr. CLEVELAND. Thank you, Mr. Chairman.

Mr. Dent, I listened to your statement and read it with interest.

At the conclusion of your statement you add a page on which you recite the amount of funds for rural development under the administration's budget, and if I read this correctly it would appear that for the next fiscal year, 1974, your proposals for expenditures for rural development show an increase of \$55 million over fiscal 1973.

Do I correctly read that?

Secretary DENT. That is correct.

Mr. CLEVELAND. And, as I read this chart, you abolish these EDA programs that we are concerned with on this committee, and then you take about the same amount of money, in fact slightly more, and this is turned over to the funding of the Rural Development Act; is that correct?

Secretary DENT. That is correct.

Mr. CLEVELAND. And, of course, one of the problems we have on this committee is that the Rural Development Act is administered by the Department of Agriculture, and is under the jurisdiction of the Committee on Agriculture. So there will be some reluctance, of course, by members of this committee to see a program that we have worked with for 8 years or more turned over to another committee.

This is something I am sure you have read about—the problems between committees of Congress.

I am sure you were delighted to get rid of this program and turn it over to your colleague, Mr. Butz.

Are you familiar with Mr. Butz' plans for this new infusion of money for rural development? Have you been briefed thoroughly on that?

Secretary DENT. No, I haven't.

Mr. CLEVELAND. So we find ourselves now in this position—the game plan seems to be that you are telling this committee, "Don't worry, boys. You are still going to get the same amount of money for rural development but it is going to be handled by the Department of Agriculture."

Is that not really what you are telling us?

Secretary DENT. We are saying that the interest of the administration in this type of work is being maintained at a high level.

The change in emphasis is in the delivery system. We are trying to consolidate and make this more effective.

Mr. CLEVELAND. It comes out of Commerce and goes into Agriculture; is that correct?

Secretary DENT. Yes, sir.

Mr. CLEVELAND. But you are not familiar with Agriculture's plans?

Secretary DENT. As of the movement, that is correct. The Agriculture program is already going on, as you know, and this is a supplement to the program that they presently have under way.

Mr. CLEVELAND. Well, under the Rural Development Act have they issued their guidelines or standards as to how this infusion of money will be handled?

Secretary DENT. On the next page there are breakdowns, the third page over, a breakdown of how the additional funds are to be spent.

I cannot give you the guidelines as to how it will be spent within these categories. This is an outline—

Mr. CLEVELAND. I mean, for example, you cannot tell us now if preference is going to be given to areas that we have been studying in this committee—we call them “disadvantaged areas”—and areas which the chairman has described where there has been an outmigration, and there is an effort by this committee to encourage reversal of that trend.

You cannot tell us today if Mr. Butz and his people are going to give a high or low priority to that type of situation. Is that correct?

Secretary DENT. I do not have their guidelines available, that is correct, but obviously they are going to want to spend it where it is needed the most.

Mr. CLEVELAND. But basically your answer to any criticism is that the administration has not lost any interest in rural America, and that the administration is going to spend \$50 million more for these rural programs in America.

Is that correct?

Secretary DENT. Yes, sir.

Mr. CLEVELAND. But you cannot tell us under the new game plan that puts it in Agriculture how this money is going to be spent. Is that correct?

Secretary DENT. That is correct.

Mr. CLEVELAND. Mr. Chairman, are we going to have Mr. Butz up here to supply the missing information, the missing link? Because, as I understand the situation, the administration's proposal is to transfer this from Commerce to Agriculture. It appears also to shift funding from grants to loans—and we need to know if loans can be repaid by truly disadvantaged communities. So it seems to me that we should have Mr. Butz up here to explain how he proposes to do it.

The CHAIRMAN. We can make an inquiry. My offhand judgment would be that we would be getting into another committee's jurisdiction; the Committee on Agriculture.

Mr. CLEVELAND. Can we call it an information session? I think before we press on to continue our program under EDA, we ought to find out what Mr. Butz' plans are.

For all I know, they might be fine but this witness cannot tell us.

Secretary DENT. If there is a problem in being able to cut across committee lines, we will provide them.

The CHAIRMAN. We will inquire of Mr. Butz, and certainly the Committee on Agriculture. I did not make it clear earlier, Mr. Sec-

retary, but the members have questions. Because of the limits of time and the list of witnesses, any members will be permitted to submit questions to give you and your staff. This will also give you more time to respond to them in greater detail—the point being that we would like to have the record as complete as possible and the pros and cons of the various points raised, and to have explanations, such as the question the gentleman from New Hampshire raised on what exactly will be the role of the Department of Agriculture. How will they handle their program?

We will do everything we can to get that to your office and to the Committee on Agriculture.

Mr. CLEVELAND. Mr. Chairman, I have just two more questions.

This is a question I will not ask you to answer now, unless you choose to do so, but I think for the record I would like your staff to support the allegation that there was too much leadtime in the accelerated public works program, too much time spent before the people were on the project and were at work.

If you do not have that information, will you supply it?

Secretary DENT. Yes, sir. We have an evaluation under way presently and we will be glad to provide you the results of it as soon as it is available.

Mr. CLEVELAND. I am always interested in evaluations that are underway. They are used in support of statements that are made prior to the evaluations.

In view of your rather moving statement as to why you were abolishing EDA with the duplication and the Federal veto—and, believe me, if it is correct to say there is a duplication in these programs, I am very sympathetic to that particular point of view—but why, Mr. Dent, in view of all you said against EDA and duplication, why is it that Appalachia remains apparently relatively untouched?

Secretary DENT. Appalachia has developed an ongoing program involving the construction of a highway network which is at present incomplete. They have developed regional plans involving the broad region, and it is looking toward the fulfillment of these regionally developed plans that are interlocking that the Appalachian Regional Commission is going to be continued.

Mr. CLEVELAND. But the Federal Highway System would certainly be capable of doing that, would it not?

Secretary DENT. This is done within the Appalachian Regional Commission.

Mr. CLEVELAND. Excuse me. I understand that is done, but I am just wondering why, particularly in view of the fact that we have a Federal Highway Administration, why it is not turned over to them, in the name of this reduction of number of agencies, and in the cause of not having a Federal veto. I am just wondering why Appalachia did not join EDA.

Secretary DENT. The highway is only one of the elements in it, and furthermore, the Appalachia Regional Authority does not expire this year.

The CHAIRMAN. The gentleman from Alabama, Mr. Jones.

Mr. JONES. Mr. Secretary, I join my colleagues in welcoming you and your associates here today.

In your statement, under "conclusion"—you state: "But we feel that the achievements of the programs have fallen far short of the expectations."

In your statement you are justifying the investment of this agency in other agencies, bureaus and activities of the Federal Government.

You expect them to succeed in other agencies, why cannot they succeed under your administration, as Secretary of Commerce?

Secretary DENT. Well, basically the problem relates to the objective of correcting a regional problem, and it has been found that the EDA results have been largely of a local nature, and as explained, it is felt that these can best be done without the Federal Government involvement in the process of making—

Mr. JONES. Well, you have that authority under existing law to approve or disapprove projects and to make the determination whether or not it is in the local interest or the national interest. You say you are not abolishing any of the functions that are now contained in the existing law, over and beyond the fact that there is a change of bureaucracy.

When you change a function from one agency to another agency, all it does is provoke a delay in the administration of the program.

Let me give you an example. Your proposal of urban community revenue sharing is not scheduled to go into operation until July of 1974. EDA is to be phased out in June of 1973. You have a year or so of elapsed time before you renew, reprogram, have resubmission, by local communities for those local proposals. There is another year we lose and it seems to me that if we are going to have these interruptions you can come back a year from now, or 2 years from now and claim there is a bureaucracy in the Department of Agriculture, in any other agency, such as HUD, that could take over the functions that you now administer. We have been through this reorganization proposal. We started reorganization under the first Hoover Commission. We spent \$5 million on that reorganization plan and we did not implement 5 percent of it.

We were not satisfied with that and came back with the second Hoover reorganization plan. We were going to eliminate bureaucracy and save the American taxpayer billions of dollars.

You and I know it has not saved one copper. The same functions are sliding from one agency to the other, and certainly it didn't arrest any of the ongoing programs.

It seems to me that if there is bureaucracy, if there is mismanagement, then you are certainly capable, and I am quite sure you can take all the steps necessary to make EDA an on-going successful program, as it has been in the past.

Secretary DENT. As you know, Mr. Jones, the Rural Development Act is already on the books. This is not transferring, but consolidation between EDA and the Rural Development Act.

Mr. JONES. Why do you use the word "consolidation"?

You are going to have to do the same thing when you approve an EDA program under Agriculture that is now done by the Department of Commerce. The merits and capabilities of the project must be reviewed and approved.

Secretary DENT. Well, it is the consolidation of the overhead, the programing, the decisionmaking, all of the functions involved in the process.

Mr. JONES. I do not see how you are going to be relieved of that obligation in the future.

Secretary DENT. If it is consolidated under the rural development program, the independent responsibility that has existed under EDA will no longer exist, so there can be a unified program.

Mr. JONES. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Harsha.

Mr. HARSHA. Mr. Secretary, I do not mean to belabor this point, but I cannot follow the logic of why you would transfer an ongoing program that has met, insofar as I am concerned, with a great deal of success in the areas where it has been implemented.

I realize it did not cover the Nation and was not a national program in that scope or sense of the word. However, it did endeavor to attack a national problem in certain localized areas. This is an ongoing program that has met with a great deal of success. Now you want to transfer it over to the Rural Development Administration, which is on the books, but is not yet functioning. They do not have their guidelines drawn. We do not even know what they are going to do.

Assume they do get their guidelines drawn, and their regulations written. They are going to have a certain number of employees to take care of the Rural Development Act, and if history repeats itself, they are going to have their hands full. You cannot give them the additional burden of implementing the EDA Act without increasing their employment. Therefore, by consolidating the programs into one agency, I fail to see how you are going to cut down on the bureaucracy. You are going to be doing the same thing, yet lose the trained employees under EDA. I do not want to belabor the point, but I would like to hear your response to that.

Secretary DENT. The overhead will not be, in all probability, proportionate to the amount transferred. There will be one direction for the overall program in one area. There will be no overlap, there will be no need to check between two departments as to which is doing what, and furthermore, much of the authority for the movement of other programs is going to be put at the State level where it belongs, in local, and regional community planning.

The Chairman referred to the fact that the Redskins have several tiers in offensive and defensive teams. You might also say that part of this is trying to let the coach manage the team from the field instead of the front office by having a good bit of the authority put down at the Governors' level so they can reach into the local community as they see fit.

Mr. HARSHA. Under this program it has all been local judgment, except from where funds are going to be expended. The local communities have had to form groups and unite their efforts under the project director. They screen their projects, they make the decisions as to which projects should be pushed, and after it gets through the local initiative and the local organization, it goes to the State for the State's approval, and then into the Federal Government to be funded.

You are going to have the same thing under EDA. The Federal Government is going to authorize funding.

This is what we are doing under EDA, is it not?

Secretary DENT. Well, the funding is a go or no-go situation.

Mr. HARSHA. Under EDA?

Secretary DENT. Yes.

Mr. HARSHA. But you are going to have this under RDA, are you not?

Some Government bureau in Washington is going to make the decision whether that is going to be funded.

Secretary DENT. The RDA is more decentralized than the EDA. It is more localized.

Mr. HARSHA. How can you say that when you do not even have the program regulations drawn?

Mr. BLUNT. EDA has had conversations with the Rural Development Act Administrators in the Department of Agriculture and although their regulations have not been finalized, and we will, as the Secretary says, hand to this committee the regulations as soon as they are available to us, but the principles under which they are developing these regulations include a decentralization of decisionmaking, consistent with the President's new federalism concept, with the idea of getting as much of the project decisionmaking out of Washington as much as possible.

Mr. HARSHA. What is this decentralization program going to consist of?

Mr. BLUNT. We cannot answer that at the present time.

Mr. HARSHA. All right.

Let me ask you this. You say you want to eliminate wasteful Federal programs. No one has any argument with that but I do not think the EDA program has been a wasteful program.

In the first place, as far as I am concerned, it has accomplished a lot in my district; in the second place, it has not done as much as it could because you have not funded it at its full, authorized level. We have only had a third of the funding.

Now, you say you want to redirect ongoing Federal programs in order to avoid duplication. You have not duplicated the grants section in this EDA Grants Act.

There are no grants at all in RDA. They are all loans.

What are you going to do about the grants section?

Secretary DENT. The grants section under EDA is being phased out with the transfer to the new setup, and it will have to be handled at the State or local level under the revenue-sharing programs when they come through the Congress.

Mr. HARSHA. Until we get revenue sharing, how is it going to be handled?

Secretary DENT. The recommendation of the President is to fund it through the revenue-sharing procedure.

Mr. HARSHA. But until that revenue-sharing procedure is enacted into law and the distribution of money is made, how is it to be handled?

Secretary DENT. The overall recommendation, as a package, includes the revenue-sharing aspect.

That is part of the overall consolidation of the effort.

Mr. HARSHA. I understand that, but in other words, what you are saying, is that until revenue sharing is enacted there is going to be no grant program?

The CHAIRMAN. Mr. Blunt.

Mr. BLUNT. If you look at the schedule on the back of the testimony there a number of things become evident.

One is that there is a major shift in concept as far as obtaining the objectives of economic development toward the loan guarantee program under the Rural Development Act.

There are limited grant funds available, as you can see, \$10 million in grants for community facilities which aid in the development of private business under section 118(c) of the Rural Development Act, \$10 million environmental quality cost sharing technical assistance.

In addition to that the President has asked for—will be asking for \$2.3 billion for urban community special revenue sharing which, subject to the discretion of the States, of course, could be used for a grant program.

Mr. HARSHA. Of course, we already have \$30 million worth of grants in the FHA this year, and we are cutting that out next year, and replacing it with \$10 million worth of grants for 1974, which is to assume the burden of FHA grants and EDA grants, so what it boils down to in fiscal 1974 is that we are not going to have any grant money, are we?

Mr. BLUNT. Not very much.

Mr. HARSHA. Now regarding EDA-funded industrial water and sewer systems for industrial parks.

HUD does not do that and neither does FHA. Can you tell me, is anyone picking that up?

Mr. BLUNT. The authority under the Rural Development Act is actually quite broad as to what those funds can be used for, in the terms of using those funds for the types of project that EDA has been able to do over the years, the authority of the Rural Development Act is, if anything, broader in the types of projects that the funds can be used for, and so that money would be available for industrial site park development.

Mr. HARSHA. But you have only \$10 million under RDA for grants.

Mr. BLUNT. For grants.

Mr. HARSHA. Yes, as opposed to \$200 million for grant projects.

One of the problems that we have in representing small communities in rural areas is that they cannot repay a loan. There is no possible way they can repay a loan. Unless they can supplement a small loan with a grant, they are not going to have any relief at all, and that is one of the problems confronting us on the committee.

Mr. BLUNT. There are funds and, as I understand it, these funds will be made available in increasing amounts under general revenue sharing to the States to distribute down into the communities to help fund this type of program, as well as the planning, too.

Mr. HARSHA. If history is any judge, those rural areas and small communities are not going to benefit from the revenue sharing. All the political muscle is in the larger urban areas. Those who represent the small communities are at the mercy of State government, without any political clout, therefore, I would not be consoled by the fact that there will be money available under revenue sharing.

Mr. BLUNT. Incidentally, I did not mention all of the grant programs which will be available in fiscal year 1974 for the community-type facilities we have been talking about.

The President is also asking for \$2.8 billion for educational revenue sharing, and although I do not have the figure, the manpower revenue-sharing program is part of the President's budget, as well, and grants, of course, would be available, subject to the State's decisionmaking, under both of those programs.

Mr. HARSHA. Mr. Chairman, I realize we are under the 5-minute rule, but I have a number of questions, and I wonder if I could submit

those questions in writing to the Secretary, and he could submit their answers for the record.

The CHAIRMAN. All members, and the staff, will be permitted to submit questions for the purposes of working out details, giving your staff, and you, Mr. Secretary, more time. But the objective being to get a more complete record.

Mr. HARSHA. Could we have those back in a week's time?

Does that give you enough time to answer the questions?

Secretary DENT. We will get them back as soon as you get them to us as promptly as possible, and if any questions are omitted in the original submission, send them on as well. We want to try to develop as complete a picture as possible.

(Questions submitted to Secretary Dent and replies appear on page 41.)

The CHAIRMAN. Thank you.

The gentleman from California, Mr. Johnson.

Mr. JOHNSON. I want to say, Mr. Secretary, that you certainly give us a very clear picture of what is ahead of us. Being a supporter of economic development programs myself, there are one or two questions I would like to ask.

You talk about the public works impact programs, and you state that the leadtime is too great, that by the time the money becomes effective, the need for stimulation may well have been taken care of. I want you to know that it has been our experience on the public works impact side that we have large backlogs of projects already ready to go in these areas that have come under the jurisdiction and qualified for EDA consideration. The projects that were approved construction began within 30 to 60 days. This was a practice. Now, we have had very little money in that field, but I think those projects that were approved have been built and were very helpful for the purposes that portion of the act was set out to accomplish.

I do not understand your comment there, because we received very little in the way of funding, but I am sure that all of the programs that were funded were put under construction immediately because they were designed with plans on the shelf. All the architectural and engineering work had been completed by the local community, and they were ready to go. That was the experience in my district, and I think throughout California, as far as that portion of the act was concerned.

Mr. BLUNT. We have, as you know, done as much as we have felt we could possibly do to try to speed up our processing time on the public works impact program, to be responsive to the spirit of the congressional mandate, and we know that in many cases we have been successful, but our sense is that overall on this program the time between the time that we have been able to identify approved projects and the beginning of construction has been disappointing.

One example of the type of things that can interfere with the smooth working of this sort of thing is the seasonality of construction and the difficulty of starting construction during the wrong season of the year, no matter when the project is approved, and also, sometimes—in fact, we have found that the labor force has not had the right kinds of skills in the area where the construction project is to occur, and that the contractor, oftentimes, has to find labor in other places, but I

think that it would be more appropriate to respond in detail about providing you with a copy of our evaluation.

I would like to say in response to another question by Congressman Cleveland, that is true that the evaluation has not been completed, but this statement represents our honest beliefs, based on our sense of the program as to some of its drawbacks.

Mr. JOHNSON. Now, another question is based upon your special revenue-sharing proposals.

As I read your statement, you are going to have available approximately \$7 billion with the three programs you have mentioned under special revenue sharing.

When is that going to be available to take over and supplement the program that is being discontinued here?

As we understand it, EDA is to be phased out. You tell us the phase-out period and the amount of money, and then you talk about \$7 billion in special revenue-sharing programs.

Is that authority now given by the Congress? Do you have that authority at this time?

Secretary DENT. The passage of the authority is recommended to the Congress. It is not presently on the books.

Mr. JOHNSON. Well, what would your timetable be, as far as this money being made available? When would you expect to have these funds appropriated and available for the programs you spoke of?

Secretary DENT. Well, it is involved in the 1974 fiscal budget, and it hopefully will be made available as soon as the Congress appropriates this.

Some of the manpower program is already on the books, but the urban revenue sharing has yet to be passed.

Mr. JOHNSON. Well, now, you talked about the inflationary part of EDA here being a program that is not too well administered and one causing concern in the field of inflation.

If we are going to bring in this \$7 billion, that is a sizable amount of money in Federal spending, over and above what is going on now in the programs that you mentioned that this would supplement.

Secretary DENT. It is all within the President's \$268 billion budget which has been recommended for next year based upon a reorientation of priorities and expenditures.

Mr. JOHNSON. Mr. Blunt, you answered the question concerning grants, but I think you are quite familiar with the grant funds that were made available under EDA. Unless the local communities could take advantage of the grant, very few could take advantage of the loans. That has been your experience, has it not?

Mr. BLUNT. We have, as you know, an authority to make public works loans, and it is true that that authority has not been exercised to the total extent that it might, and also, partly in response to the fact that smaller communities have difficulties in matching these funds or in borrowing funds themselves and being able to repay them, but the extent to which these funds are available, there is a question of our influencing their spending priorities because we have the amount of grant funds available, or, in other words, they are possibly being able to do it, but not doing it because we have the money to grant to them, compared to whether or not in fact there is no way they could reorder their priorities to accomplish these projects is something which we really cannot speak to from our own experience.

In other words, given the grant authority we have used it to the maximum extent possible which really does not test whether that grant authority is necessary.

Mr. JOHNSON. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Clausen.

Mr. CLAUSEN. Mr. Chairman, do I understand that we will have—we do have authority to submit questions in writing?

The CHAIRMAN. Yes, sir.

Mr. CLAUSEN. And we can anticipate responses?

The CHAIRMAN. That is right.

Mr. CLAUSEN. Well, then, getting at the direct questioning, if I understand the thrust of your testimony, Mr. Secretary, you are stating that the combination of general and special revenue sharing would, in effect, provide the funds that had normally been provided under categorical grants, and that is to be combined under the dual role of the RDA of 1974. Is this the thrust of your testimony?

Secretary DENT. That is correct.

The programs as presently constituted will be consolidated.

The Rural Development Act will pick up a portion, the HUD program is being expanded \$10 million to help with the regional planning commissions continuation, the Small Business Administration is being given additional funds for business loans in the area, the Bureau of Indian Affairs is being given \$25 million additional for carrying on the EDA type of work in that area, and then the revenue-sharing funds will be in addition to these.

Mr. CLAUSEN. Well, I think that it is fair to state, and I believe that I am speaking for a very substantial number of the members of this committee, when I say that the reason for the introduction of this legislation and the reason for drafting what we thought was a fairly successful program was because of our concern over how our communities and the national growth policy will succeed as far as the future is concerned, and I believe that this committee is uniquely qualified to be able to coordinate some of the economic development programs.

I rather question whether the Agriculture Committee—and I have great respect for my colleagues that serve on that committee—but I question whether or not they have the kinds of hearing testimony and the background of information that this committee has developed over the years because of the number of jurisdictions of our various subcommittees.

We deal with the highways, we deal with the water pollution in this committee. We deal with the rivers and harbors and all of the navigation projects, so there is so many of the areas of jurisdiction of this committee which deal with the interrelationship so far as total economic growth throughout the country, but I would feel much better if the so-called Rural Development Act was under this committee's jurisdiction, because I believe we could weave some of the revenue allocations of the various programs in and out of the total development effort, such as you have alluded to in the Appalachian regional development.

The basic success story behind the Appalachian development has been in highway network, which we recognize, and this is a fact of life throughout the entire United States, and so I saw the problems under the ARA program, and frankly, I voted against it. But when Mr. Podesta and his group under the EDA program—I saw a number of

successes, not only in my own congressional district, but I have chatted with other Members and they have seen where, as was pointed out by Mr. Hammerschmidt, this was a rifle shot to get into those economically depressed areas, and now we find ourselves with that degree of uncertainty here until we see whether that program is going to be successfully implemented, and I believe we have a unique opportunity to do something about establishing a natural growth development policy, and I would like to bring this to your attention and hopefully have you think it through and see whether or not you agree with this.

I think in the Department of Commerce you are more qualified with the people you have to be able to develop something in the way of an economic development program with the people who have an expertise in agriculture. I think this is a basic fact of life.

Now, some of those people who have developed this expertise in the Department of Commerce, and the EDA section, in particular, are going to be involved in the rural development program, then of course I would feel a little bit better. But I am concerned about what is going to happen to these people because they have developed this expertise, but one of the fundamental problems I think we face in this Nation is inflation, and yet you have certain areas of the country where they have anything but an inflationary problem.

They have a genuinely economically depressed situation with the statistics that are available in the Department of Commerce indicating what the level of employment is and where it is substantially higher than the national average, and that is the reason we have this particular program. It was geared to go right to the heart, right to the cancer, if you will, of the national economic problems, and I would suggest as you work in concert with your administrative and other heads of the administration and the Cabinet officers, that you give some very serious thought to this point of view.

Inventory the areas of the country and come up statistically with those areas that are contributing most to inflation.

Inventory the areas that are economically depressed, because I can tell you the multiplier effect in those already heated areas are the areas that I feel you should address yourself to, but in the economically depressed areas, urban or rural, the multiplier effect is not anywhere near as great as that area which already has a healthy economic base, so my suggestion under budget and fiscal policy of the future is that you release the funds into those economically depressed areas, and I have stated in many cases, disaster prone areas and withhold from those areas that are contributing the maximum to inflation.

Would you agree with this as a basic point of view?

Secretary DENT. I would certainly be willing to make the analysis that you have suggested and come up with a considered opinion.

Mr. CLAUSEN. Well, I think it is rather basic, as we try to evaluate where we go, we are looking for the proper solution to some of these problems. And I guess just at the time when we feel we are on the launching pad toward a success story, we find the rug pulled out from under us when we have seen a project of programs that have really gotten on target. And I guess that is why we are a little bit frustrated at this point.

Mr. Chairman, I have spoken too long, but I wanted to take advantage of this opportunity to express myself to a very key man in the administration. And I plan to follow it up with you later on, sir.

The CHAIRMAN. Thank you.

My thanks to the gentleman for yielding his time and for some very pertinent comments from someone who has been in the forefront in the attack on this problem.

Ms. Abzug.

Ms. ABZUG. Mr. Secretary, I am very amused by your testimony. Perhaps it is because I do not have the same passion for football as you do, and do not understand your analogy. It seems to me very difficult to understand how you can on one hand, talk about the need to overcome national problems of imbalances in employment and income and suggest that the EDA has not overcome them and then turn around and suggest that this must be solved on a local basis.

It seems to me that the issue involved in economic development is really the way in which you can create long-range planning and long-range commitment with well targeted, coordinated programs.

In your proposal, as I read it, you would have a person at each location, local in nature, making decisions which in themselves cannot really comprehend the overall nature and problems of economic development.

I think that you, in a sense, have presented a view of the economic development program wholly different from the one we have always had.

What about the net in the decentralization and the programs for revenue sharing which you, of course, have not gotten enacted as of yet, but you propose?

How can long-range planning, integrated programing, and comprehensive analysis be determined strictly on the local level?

Secretary DENT. By local, we are talking about States, and those States which have been banded together in regional groups, and it is felt that those closer to the scene of action can interpret the needs more acutely than those who are further removed from it.

Ms. ABZUG. Well, where will we get the overall view that the economic development program—properly financed and properly developed, as I think it has been, particularly in the last Congress—gives us? Where will that come from?

Secretary DENT. The overall planning within the rural development area comes through the Department of Agriculture and fans out through their regional areas.

Ms. ABZUG. And what about the urban areas that are now involved in their program?

Secretary DENT. The urban revenue sharing is designed for those communities. There are also parts of States that may or may not have elected to join a regional planning commission.

Ms. ABZUG. But there is no overall planning for a whole program envisioned in your urban revenue-sharing proposal. One program may take one view with respect to building health care, another take a different and inconsistent view as to manpower, et cetera. This is, in fact, a common complaint regarding some categorical assistance programs, a complaint which EDA's ability to coordinate efforts obviates.

How do you get an overall view that will in fact allow for overall economic planning?

I think your proposal ignores that need entirely. It is haphazard and has no objective of furnishing economic growth for those people who need jobs and employment.

Secretary DENT. The genius of our system is recognized in diversification and delegation of authority, and there is no centralized group that knows it all.

These programs have been going forward for many years and have made achievements, but it is thought advantageous to try to place the decisionmaking at the lowest level possible.

Ms. ABZUG. And that might very well create a jungle. There is no evidence to support the suggestion that to effect a change in the national economic growth or in problems of employment we must or should rely solely upon decentralization and local decisionmaking.

Secretary DENT. There is plenty of evidence for it.

In the community that I come from, I have had 12 years on the planning commission. The community has moved ahead from an area of very low employment until today it has 22 firms from overseas, representing seven different nations, giving 2,200 jobs. It was done largely through local initiative, and the binding together of people at that level.

Ms. ABZUG. I did not disparage local initiative. I favor local initiative, but in order to succeed in a program in this day and age of complex government, a complex society, and complex economic problems, we cannot make local decisions without regard to an overall picture. If you want to affect the overall picture, both urban and rural, we need the kind of program coordination we have in the EDA. You are attempting here to scuttle that program and that absolutely essential coordination.

Let me ask you another question.

Suppose the revenue sharing is not enacted by the Congress which is a very strong possibility?

I have just spoken to numerous Governors and mayors, all of whom feel that revenue sharing has turned out to be a much more limited thing than they expected, and the cuts in other programs that have come with it have made them very leery. There is at present a genuine community of concern and doubt about revenue sharing, not only in the Congress, but among our mayors and Governors as well.

Suppose this community development revenue sharing is not enacted? What are you going to do then about these programs? How are you going to fund them?

Secretary DENT. This is a question that would have to be addressed when this failure arises. The program that has been developed for fiscal 1974 is reflected in the President's budget.

There are some mayors who have complained. There are, on the other hand, some mayors who are quite happy with the results that have been achieved. You raised the question of managing economic development. There are many institutions that have centralized management, as a matter of philosophy, and there are those that have decentralized their responsibility.

Where you have decentralized, you try to spark the initiative of individuals, and in some cases you run afoul of a weak sister.

In other cases, you have a strong one, but overall you do better than if you have a centralized one that is weak and ineffective.

Ms. ABZUG. Well, I find that generalization a little shocking.

You cannot scuttle a program if you do not have anything to put in its place. Apparently you have no program in the place of an economic development program affecting urban areas, and no provision for it. Apparently, there is no concern about it, and I find that rather shocking.

Secretary DENT. There is provision for it in the recommendations in the budget for the urban——

Ms. ABZUG. They are not enacted as yet, and the program is to be scuttled regardless, and you say you hope we will pass something else, though there is a very strong feeling against it at the moment. It is very upsetting.

I would like to know how you would have us fund these programs in the interim.

Secretary DENT. The program that is recommended in the fiscal 1974 budget will achieve the kind of economic development that concerns the administration as well as the Congress. We hope that this will move forward to the advantage of all those who need it.

Ms. ABZUG. Thank you, Mr. Secretary.

I will be glad to take the opportunity to send some more questions.

The CHAIRMAN. The gentleman from Tennessee, Mr. Baker.

Mr. CLAUSEN. Will the gentleman yield for a moment?

Mr. BAKER. Yes.

Mr. CLAUSEN. I could not have realized when you made your response to the gentlelady from New York on the question of your own initiative, and what you have done in your own community, and with you as Secretary of Commerce, it proves to me one thing. We should never move this program out of Commerce over into Agriculture.

Thank you, Mr. Baker.

The CHAIRMAN. Mr. Baker.

Mr. BAKER. Mr. Secretary, I am with the President in the spending cuts as I think they are absolutely necessary.

I also am deeply concerned about the areas which are serviced by EDA, and I feel like EDA has been a good program because, in the State of Tennessee, after World War II, there was not a single sewer treatment plant in the whole State of Tennessee.

Raw sewage was going into the streams, and we have done a great deal, and we are getting down to small towns where they cannot possibly finance their own projects, and we have to plan for these projects, and I think a great deal of the disaster of many of our Federal programs has been that they have gone up, as I would say, "half-cocked" without really any planning, but here, if you would think with me, HEW is in the health planning business, and Justice is in the law enforcement planning business, and the Department of Transportation is in the Department of Transportation planning business, and HUD is in the housing planning business, and so on, which have single purposes in their planning activity. And we are phasing out EDA, which is broad based and could plan jointly for these overlapping services.

And I am wondering is this good logic?

Secretary DENT. Well, when you talk about the overall planning, HUD is designed for comprehensive planning. The rural development program is to take care of those areas which are classified as rural, where the Agriculture Department already has facilities in operation. And it seems to be logical to try to build on this expertise that already exists in these departments.

Mr. BAKER. So, under the concept, or your concept, as well as the administration's, we would effect our general planning within the agencies, and then we would turn it over to a superstructure to implement the plans which have been developed by the other agencies?

Secretary DENT. No. The HUD planning—the \$10 million is to encourage the States to form into regions, regional planning activities.

Then the HUD 701 grants go also directly to States, and the State government then can decide within the counties, the townships, within its jurisdiction as to how these funds will be applied so that the grants come from the central authority, and the decisionmaking is provided through the State level.

Mr. BAKER. I am deeply concerned, Mr. Secretary, at this time, and I serve on the Agriculture Committee, also, and the reason I asked for the assignment to the Agriculture Committee is because of rural development, because I think the emergency is grave in our small communities. I am deeply concerned that we might stop before we get started, and that is why I have joined with members of this subcommittee in asking for an extension of EDA for 1 year, until we can regroup and be sure of where we are going, else we are going to neglect a great deal of my district, which is composed of small southern towns in Tennessee. This is of deep concern to me.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Breaux, do you have any questions?

Mr. BREAU. Mr. Chairman, I do have some questions, but I would like to pass my turn to Mr. Studds at this time, if I may.

The CHAIRMAN. The gentleman from Massachusetts.

Mr. STUDDS. Thank you, Mr. Chairman.

Mr. Secretary, I am distressed, as the chairman is, and as the lady from New York is, by a good deal of the rhetoric in this statement, and I must apologize to you, perhaps, therefore if my question in turn is somewhat rhetorical.

I am increasingly distressed by the rhetoric from the administration in general.

We are told in here that we want to decrease wasteful Federal programs. Nobody is against that. We are told there is a danger of distorting local priorities.

Well, heaven knows, nobody wants to have local priorities distorted.

We are told we want to slow inflation, and the burdens on the poor and the elderly, and I do not know of anyone who is not concerned about that burden, but I am beginning to take up the philosophy of the Attorney General, to watch what you do, and not what you say.

Heaven only knows, if we were concerned about priorities at the national level, much less the local level, what would have occurred in this budget in terms of recommendations for medicare and social security, and programs that get at the poverty problems in this country.

As you well know, this administration is asking for us to increase the share of elderly and poor people on medicare, on what I find the

breathhtaking assumption that they should be made more cost conscious on those sort of things.

Now, Mr. Blunt has made us aware that he is willing to work for the congressional mandate, but I want to ask you, anyway, sir, if you are indeed anxious to be responsive to the congressional mandate.

I read in here statements like "All programs will terminate at the end of fiscal 1973."

I read that the EDA will not be accepting additional requests for funding this fiscal year.

I read what you are saying unexpended obligations will total at the end of this fiscal year, and the next fiscal year, and I am aware of the rhetorical character of the question, but it is deserved by the nature of what has come our direction.

What authority is left for us in the Congress?

The administration has determined it will not spend the funds appropriated by the Congress and, as I say, it is apparent in here, is telling the Congress what will be done next year.

Secretary DENT. The information submitted in the testimony reflects the planning of the administration with respect to the fiscal 1974 budget, and if we had stated it otherwise it would have been inaccurate.

Mr. STUDDS. I would also like to reflect the concern of the chairman, that we are dealing, in spite of what OMB might think, we are dealing with people, not figures.

You must understand that if a city is razed flat, you enter the city of New Bedford, Mass., and you enter an area that you might think we had been bombing for the last 3 or 4 years, and the effort to put something up that has been torn down is frozen, under moratorium, all sorts of things, all the programs in housing, education, manpower, et cetera, have been stopped, apparently by a unilateral decree of the Executive.

One seriously wonders, and I do not think it is a simply rhetorical question, what role this administration sees for the Congress in the enactment of the laws of the land.

Secretary DENT. My testimony relates to EDA, which will be spending more this year than last year.

Mr. STUDDS. Let me atone for my sins by asking you a reasonably specific question, I think.

You have talked to us about three categories of special revenue sharing.

Is it correct that special revenue sharing, combined in all revenue-sharing areas, will in fact total less than the sum of the existing grant programs in those areas?

Secretary DENT. Total less?

No, sir, there is considerably more involved—

Mr. STUDDS. I am speaking about the administration's budget proposals.

You can point to a program here, and say we are talking about more. You are talking about priorities. When you add up all the special revenue-sharing proposals of this administration, are we in fact dealing with more or less money for the human kinds of programs that we are dealing with currently under the categorical grant programs?

Secretary DENT. We are not prepared to give you the total scattered throughout the budget. Our testimony was to relate to the EDA today.

We will be glad to try to put this together and provide it for the record.

(The information received follows:)

SPECIAL REVENUE SHARING

[In millions of dollars]

Program	Outlays		
	1972	1973	1974
Urban Community Development:			
Programs being supplanted:			
Urban renewal grants.....	1,189	1,000	1,050
Model Cities grants.....	500	583	600
Rehabilitation loans.....	39	38	1
Neighborhood facilities grants.....	23	26	35
Basic water and sewer facilities.....	134	130	123
Open space grants.....	52	57	70
Public facility loans.....	22	20	28
Subtotal.....	1,959	1,854	1,907
Special revenue sharing.....			
Total.....	1,959	1,854	1,907
Law enforcement:			
Program being supplanted: Law enforcement: Assistance grants.....	321	474	480
Subtotal.....	321	474	480
Special revenue sharing.....			221
Total.....	321	474	701
Manpower:			
Program being supplanted: Manpower training services.....	1,665	1,452	
Subtotal.....	1,665	1,452	
Special revenue sharing.....			1,200
Total.....	1,665	1,452	1,200
Education:			
Programs being supplanted:			
Elementary and secondary education grants.....	1,693	1,680	553
Grants to assist schools in federally affected areas.....	179	225	193
Grants to States for education of the handicapped.....	19	37	11
Vocational education grants.....	478	507	259
Library resources.....	75	77	60
School lunch program.....	205	239	
Subtotal.....	2,649	2,765	1,076
Special revenue sharing.....			1,937
Total.....	2,649	2,765	3,013
All special revenue sharing:			
Programs being supplanted.....	6,594	6,545	3,463
Special revenue sharing.....			3,358
Total.....	6,594	6,545	6,821

Mr. STUDDS. I would appreciate that. I would think that was important for this committee and all of us in the Congress who are at least as concerned about priorities as anybody else.

Thank you.

The CHAIRMAN. The gentleman from Pennsylvania, Mr. Shuster. Mr. SHUSTER. Thank you, Mr. Chairman.

Mr. Secretary, we are talking here about transferring responsibility from the Commerce Department to the Agriculture Department,

along with substantially less Federal control, if I understand you correctly.

Is it true that the funding will be about the same within the program that we have discussed today?

Indeed, I think you mentioned a \$50 million increase.

Secretary DENT. Those figures are provided at the end of the testimony, yes.

Mr. SHUSTER. Thank you.

If this is the case, sir, is it not then true that the issue confronting us here today is one of management and not one of Federal spending?

Secretary DENT. It is correct to the extent that there is a rebalance between grants and loans as well.

Mr. SHUSTER. Yes. In the long run we will get some back, at least for the short term.

We are not talking about Federal spending. We are talking about management, and management philosophy.

If that is the case, sir, then is it fair to say that those of us who support the present program under EDA are not significantly impacting the Federal spending ceiling which we hear so much about these days?

Secretary DENT. EDA, if it continues, will impact it by the additional funds which are appropriated for it if the appropriations recommended elsewhere in the 1974 budget are approved.

Mr. SHUSTER. If they are not, if EDA continues, and those moneys obviously would not go elsewhere, would they, if they were continued in EDA? I do not think anyone would propose that we spend dollars in both places for the same services.

Secretary DENT. The appropriations have been recommended to the Congress in the budget.

Mr. SHUSTER. Well, they have been recommended, but if EDA should be continued, is it not reasonable to assume that the same dollars would be appropriated elsewhere?

Secretary DENT. The recommendation has gone forward, and whether it would be interrupted and reoriented is a question that would be up to the various committees that the budget is considered by.

Mr. SHUSTER. I do not believe anybody on this committee would suggest that we spend dollars in two different places.

I would believe it would be the sense and the wisdom of the Congress not to spend dollars twice.

Now, if that is the case, then, is that not a reasonable assumption?

Secretary DENT. I say, if they reorient the regulations, then it would be—

Mr. SHUSTER. Fine.

Then I think it is important to stake out the positions that those of us who are favoring EDA are not put in the position of favoring more spending, rather, the issue here is more of management and not high Government spending.

I think that we should clearly state that that is the issue before us today.

Thank you very much.

The CHAIRMAN. Mrs. Burke.

Mrs. BURKE. Thank you.

Mr. Secretary, addressing your attention to your remarks, when you referred to specific projects that have been previously under the jurisdiction of EDA that would now be authorized under urban revenue sharing programs.

Now, specifically which projects are you considering to be transferred to revenue sharing under urban redevelopment?

Secretary DENT. Those which relate to development of communities and the facilities in the communities.

Mrs. BURKE. For instance, the industrial parks, will that be under revenue sharing?

Secretary DENT. That is a decision that would be made at the State level.

Mrs. BURKE. Well, I had a list of projects here, and I wonder if you could make available the projections you have of those programs that would be terminated unless they are picked up by the State.

For instance, you say industrial parks would be one that would be terminated unless there was specific State legislation.

Are there others that you anticipate that might well be terminated unless we have a State legislation to provide for them under revenue sharing?

Secretary DENT. Well, everything EDA does is subject to being funded by the revenue sharing funds that would be made available under this. And if the States themselves see no reason for it, it would seem logical that expenditure of funds for those purposes would not be justified.

Mrs. BURKE. Then, as far as the urban community is concerned, there is no parallel chart to the ones you have provided regarding transferring certain activities to rural development programs under specific legislation.

Am I correct in assuming this?

Secretary DENT. Other than the revenue sharing, that is correct.

Mrs. BURKE. And as far as you are concerned, there would be termination of all those urban programs unless the State decides to take them up?

Secretary DENT. There will be Federal deinvovment in those, correct, but there is no reason that the States cannot pick it up, if they see fit to do so.

Mrs. BURKE. Do you have any projections on that as far as figures and amounts?

Secretary DENT. I do not know how we would even develop figures.

Mrs. BURKE. What is the total amount of the program that you will be phasing out as far as EDA relates to urban communities?

Secretary DENT. It is about 19 percent of the total which goes to communities of over 50,000, and that is about \$30 million.

Mrs. BURKE. How many?

Secretary DENT. \$30 million is involved in those communities over 50,000.

Mrs. BURKE. Thank you very much.

Mr. BLUNT. I would just like to add a footnote to that.

The \$30 million is part of the money expended by EDA in what we call our "urban program," which is not, strictly speaking, all communities above 50,000, but it includes communities designated as urban communities within our budget allocation systems. So we actually have spent considerably more than that in communities over

50,000. And I guess it boils down to what your definition of urban is as against the Office of Management and Budget's definitions of what urban areas are.

We can supply more detail.

(The information received follows:)

EDA funds projects in urban areas not because they are urban but because they meet the same statistical criteria as other areas as required by the Public Works and Economic Development Act, as amended.

EDA classifies as urban those projects which are located within the county in a Standard Metropolitan Statistical Area (SMSA) of over 250,000 in which the city for which the SMSA is named is located. The urban category also includes Special Impact Areas as authorized under Section 401(a) (6) of the Act.

In fiscal 1971, approximately 18.1 percent of EDA program funds went to urban areas; in fiscal 1972 about 14.5 percent.

Mrs. BURKE. Your definition of urban is 50,000 and over, is it not?

Mr. BLUNT. No, not necessarily.

We can designate within growth centers within districts to any town up to 250,000. That would not be considered as part of our urban program, but be considered as part of our district program.

And I think if you could perhaps submit a question which defines what you consider to be urban, then we can supply the corresponding figures.

The CHAIRMAN. Mr. Breaux, you yielded your time to Mr. Studs.

Mr. BREAU. Thank you, Mr. Chairman.

Mr. Secretary, during the last 6 weeks it seems that every time I hear of a program, that program has either been terminated through impoundment or funds for the program have been impounded. And then I hear that the program will be considered as part of the rural development program.

I've heard this concerning the water bank and other programs as well.

My question is simply this: Managerial efficiency seems to be behind many of the program cuts. If rural development is forced to assume jurisdiction of other programs, isn't managerial efficiency then a consideration, especially if the rural development program isn't prepared to administer such additional programs? I don't think the rural development program was passed with the concept in mind of pushing other programs into it, and certainly not with the concept of having to pick up the EDA program.

So, my question is, can the Rural Development Act be administered adequately under such conditions?

Secretary DENT. I think so. The administration is committed to seeing it is properly—

Mr. BREAU. But you have to agree, that when we passed the Rural Development Act, adding such programs as EDA was not in the mind of Congress. Is that not correct?

Secretary DENT. I cannot give you the past history, but I am sure the management of it will be adequate to the task.

Mr. BREAU. The second point I would like to bring out concerns eliminating of functions. By the elimination of EDA, not all the functions of the program are eliminated. And not all of the functions still in effect are going to be picked up by your concept of the Rural Development Act.

Some of the concepts will be picked up by HUD, for instance; but my particular concern is the regional planning and local planning commissions.

We say that the money will be provided through HUD's program 701, and I notice we have asked for an increase of \$10 million.

But, can you tell me approximately how much money was provided by EDA for regional planning grants last year?

And do you have enough money under 701—with their added increase—to pick up the slack by the existing program?

Mr. BLUNT. EDA spent \$5.6 million in administrative support for its districts, which was only about 15 percent or so for the total funding of those districts. And the rest of the funding was provided already by Federal agencies. So, whatever—if funding is actually to be substituted for the EDA support for those districts, we are talking in terms of—I guess it is \$5.6 million.

HUD's 701 funds, in fact, provided about \$4 million of funding support for economic development districts last year, and other programs supplied additional support.

So, in terms of finding money in the HUD program, if you were to contemplate a direct substitution, you would be talking in terms of approximately \$5.6 million, keeping in mind that as far as the sources of financing for those districts are concerned, the State, as a potential source, already contributes money, and the States could supply additional funds through the \$110 million, including the additional \$10 million that is being asked to support those districts if they so choose, or whatever other planning activities they choose to support.

Mr. BREAU. Of course, that is all speculative.

Mr. BLUNT. It is, but included for the total planning budget, \$5.6 million is not an overwhelming portion of it, so those priorities by the States would not be too traumatic as far as their budgets are concerned.

Mr. BREAU. My final question, Mr. Secretary, is simply, what happens if we in the Congress have the audacity not to pass the special revenue sharing programs?

It seems that many EDA programs being transferred are being placed into areas we in the Congress haven't even considered yet—and special revenue sharing is one of them.

What happens to the EDA if we do not pass revenue sharing?

Secretary DENT. There will have to be a review of the situation at the time.

Mr. BREAU. Do you not think, as far as priorities are concerned, it would be better to see what happens to special revenue sharing, and if we did pass it, we could eliminate EDA?

Secretary DENT. The budget is reflecting the recommendations that are put forward, and if the recommendations are modified, the game plan will have to be changed in response.

Mr. BREAU. I am glad to see that we are flexible.

Thank you, Mr. Chairman.

The CHAIRMAN. I think we are running out of time.

I have to apologize, first of all, to the witnesses who are waiting, to Mr. Philip W. Noel, Governor of the State of Rhode Island, and Tom Adams, Lieutenant Governor of the State of Florida.

The record will show that those gentlemen have been here all morning.

I would likewise apologize to the newer members of the committee who have shown great interest in the proceedings and have participated very effectively, and we promise we will rotate on questions.

Next time, we will start from the bottom and work up, but are there any further questions from my left?

Mr. TAYLOR. One question, if I might, Mr. Chairman.

On the Rural Development Act, I notice in your figures that the Farmers Home Administration has been cut out of \$30 million. And, I also notice that there are programs at the level of \$678 million for the Rural Development Act and FHA Rural Water and Disposal Grant.

Is the plan that this would also be administered by the States, that these programs, as now being carried on, on water and waste, of the Farmers Home Administration, will be referred back to States?

Secretary DENT. There is the Federal program for the water resources that has already been funded and that will be involved with this whole area as well.

Mr. TAYLOR. But will it be under State administration and have to go back to the Governor?

Now, there have been many other sewer buildings by the FHA in my district. They have been very helpful. I just wondered what the future of those programs would be under the program of this administration.

Mr. BLUNT. The original \$300 million coming from FHA loans, plus additional funds, that is the program under the Rural Development Act which is presently—the administration of which is presently under review and, therefore, one cannot say right now exactly who is going to be making final decisions on projects, although the review is all in the context of the basic principle of decentralizing as much as possible in the administration of the program.

Mr. TAYLOR. These have been pretty much decentralized inasmuch as you have local county boards that make the decisions under the program. And I can see no benefit in changing that program because it has been under local scrutiny and it is putting the grease where the squeak is. And I think it has been administered that way.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

The gentleman from Georgia, Mr. Ginn.

Mr. GINN. Thank you, Mr. Chairman.

In the interest of time, I will forego any detailed questions.

I do want to make one fast observation, Mr. Secretary, and that is that EDA has worked, and worked extremely well, in the State of Georgia.

My State voted overwhelmingly for President Nixon, but they did so without knowing that he had in the back of his mind to dismantle such workable programs as EDA.

My people have told me that if you want to be a one-time Congressman, go up there to Washington and go along with the dismantling of such programs as EDA, while at the same time it appears we are going to rebuild a Communist nation.

Since I do not want to be a one-time Congressman, I will continue to support the continuation of EDA.

Thank you.

The CHAIRMAN. Thank you.

The gentleman will be able to submit further questions.

Mr. Secretary, thank you, and your assistants, Mr. Blunt and Mr. Garbern.

(Subsequent to the hearing, additional questions were transmitted to Secretary Dent. Questions and replies follow:)

GENERAL COUNCIL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C.

HON. JOHN A. BLATNIK,
Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed are copies of questions, with our responses, raised by committee members in connection with Secretary Dent's testimony on H.R. 2246 and related bills on February 27, 1973, before the House Subcommittee on Economic Development. Our responses include answers to questions raised by Congressman Clausen in his letter of March 1, 1973, to Secretary Dent as well as answers to questions raised in your letter of March 5, 1973, to Secretary Dent.

We will be glad to provide the committee with further information if so desired.

Thank you again for the opportunity to present the views of the Department of Commerce on these bills.

Sincerely,

WILLIAM N. LETSON,
General Counsel.

Question. You indicated that EDA's programs have not succeeded in resolving national economic problems. Do you think that this lack of success might be due in part to the fact that only an average of about \$300 million has been requested and appropriated annually for this program—an average of about 31% of total authorization? In other words, could a few more dollars have made a much larger difference? Why?

Answer. There is no evidence to indicate that a few more dollars could make the difference.

To maximize the efficiency of funds expended by the Agency, its leadership has sought those individual projects which appeared to have the greatest potential for payback. After obligating more than \$1.6 billion through fiscal 1972, many of the projects with greatest impact and immediacy have been funded. Future returns on project opportunities remaining to the program may well be smaller than those which have been realized to date. The "best" opportunities may well have been met, so that future projects available for selection may provide smaller product-per-dollar than those which have been funded in the past.

Question. You mention that EDA's impact has been localized and you go on to state that because of this localized impact there is no need for the Federal decision making role in localized kinds of projects. Aren't you confusing the decision making role with a funding function? I suggest to you that the reason for this Federal intervention is due to a lack of funds and a resultant need to set priorities of funding projects. Demand outweighs supply, and in this case, someone must allocate.

Answer. As with most categorical aid programs, the kinds of project applications to which EDA is authorized to respond are strictly limited. The Agency can set priorities only within very narrow categories of local needs. This limitation is one of the problems which Special Revenue Sharing will help remove.

Development needs from the point of view of the local community do not necessarily match the specifics of categorical grants. Many communities have

complexes of problems and needs, differing from place to place, that can best be understood at the community level.

Presently, a locality may turn to EDA for assistance with one problem, to EPA and HUD for others, and to still other federal agencies for different needs. Too often, time and resources are taken up in this process of making application for assistance only to find that the most central priority for development has no counterpart in any categorical grant agency. With Special Revenue Sharing, those who best know local needs, the community residents, will be afforded the funds with which to attack their problems in accord with local planning and understanding. Demands upon funds may still outweigh supply in some instances, but the efficiency with which scarce funds are allocated and used will be substantially greater and more responsive to local needs.

Question. Please provide a listing of EDA projects approved to date and an assessment of their impacts in terms of job creation.

Answer. Attached is the EDA Directory of Approved Projects which contains specific information about each EDA approved project through June 30, 1972. As an addendum to this publication we are including a computerized printout of all projects approved in FY 1973 through January 31, 1973. This printout provides information comparable with that which appears in the Directory.

Information regarding direct and indirect job impact on a project-by-project basis is not available. Most applications to EDA for public works grants and loans include estimates of anticipated impact with respect to job generation made by the applicant. However, it has been found that these estimates often are not accurate when compared to actual results obtained subsequent to project approval, construction and operation.

Question. You speak of the implementation of the Rural Development Act. Is it not true that guidelines or regulations have yet to be prepared for such implementation? Is it not also true that this Act requires no criteria based on need or any other factor as a prerequisite for receiving funds? If this is the case, then what will be the fate of these less advantaged areas and how is it considered that the Rural Development Act replaces the Economic Development Act?

Answer: A. *Guidelines.*—Appropriate agencies of the Department of Agriculture are now preparing guidelines and procedures for implementing various provisions of the Rural Development Act. In some cases, these have required relatively small changes in existing regulations, such changes have been made, and the program is being implemented. In other cases, such as business and industrial loans and the expansion of the Department's community facilities loan program, the guidelines will require more intensive preparation and the normal review process within Agriculture and other departments. In addition, procedures are being developed under which, as the President stated in the budget, there will be state and local involvement and control of investment decisions to be made.

B. *Criteria of Need.*—As of January 31, 1973, there were 1,628 areas qualified under the Public Works and Economic Development Act. This figure represents approximately 53 percent of the 3,100 county or county equivalents in the United States. The Rural Development Act does not contain the so-called depressed areas criteria in the Public Works and Economic Development Act. Nevertheless certain sections do call for special attention to low income individuals and smaller rural communities. For example, Section 112 requires that high priority be given to rural communities with a population of 5500 or less with an emergency need for water supply construction due to the deterioration of the existing source of water. In addition there is a prerequisite for receiving community facilities loan funding, i.e., that the project to be funded be in conformance with an areawide plan and be subjected to an A-95 agency review.

C. *Disadvantaged Areas.*—It is not claimed that the Rural Development Act replaces the Economic Development Act. The President's budget for fiscal year 1974 states that the public works and related programs of EDA are being terminated in favor of more focused and consolidated economic development efforts, particularly in rural areas, and the rural development objectives of

these programs will be assumed by the Department of Agriculture as part of its activities under the Rural Development Act. Other programs of the Department of Agriculture, as well as under other agencies, such as SBA, EPA and HUD, and the general and special revenue sharing proposals must also be considered in evaluating the elimination of existing EDA assistance and the transition to what the President termed more focused and consolidated economic development efforts.

The President's budget message stated that the 1974 Budget is a consolidation and reorientation of our Rural Development programs. It further stated that the Rural Development Act of 1972 provided a basis for beginning efforts consistent with the revenue sharing concept; namely, state and local officials will have greater control in project decisions. This all means basically that determinations about the degree to which disadvantaged areas will be served under the new Rural Development Act authorities will largely be made by state and local officials. Governors will play a key role in making this determination based on their assessment of the most cost effective investment opportunities within their respective states.

Based on 1970 data the unemployment rate for EDA qualified areas (excluding Indian Reservations) was 7.8 percent (average). This is 1.8 percent higher than the 6 percent threshold for qualification under the Public and Economic Development Act.

Question. As I look over your remarks and the attachments it appears to me that what you are suggesting is replacing the EDA program whose appropriations have been about 70% grants, with basically a loan program. Is that correct? Under these circumstances the poorer communities would surely get poorer, would they not.

Answer: EDA and Proposed Rural Development Funding Compared:

In total the program levels under the Rural Development Act on an annualized basis are approximately \$700 million in insured and guaranteed loans for rural electrification, \$345 million in insured and guaranteed loans for community facilities, \$200 million in insured and guaranteed loans for business and industrial investments, \$100 million in additional loans for community facilities related to the business and industrial development program, \$10 million in community facilities grants for the same purpose, \$5 million for rural development research and extension work. In addition, the President called for an approximate increase of 30% in the SBA loan program to assist private investment in economic development. The EPA will administer a program of grant assistance for waste treatment systems, and the environmental financing authority will provide loan funds for the same purpose. Special revenue sharing funds under programs proposed by the President should also be considered in the total picture of new loan and grant funds that would be available for all communities. Enactment of these proposals would provide substantially increased resources for all communities. As the individual states adopt an effective statewide plan of development which gives equitable attention to the needs of all communities in the state—rich and poor, rural and urban—under a planning and development approach, this total funding should increase and improve the management of development programs, and in the language of the President's budget, favor more focused and consolidated efforts to stimulate economic development.

Question. Much has been said about EDA's involvement in water sewer projects. Perhaps the record should be clarified a bit. Is it not true that a portion of such involvement is in supplemental grants to the basic water and sewer grants of other Federal agencies? Is it not also true that the water and sewer projects of HUD, Farmers Home Administration and EPA are basically not directed at industrial water and sewer while under EDA such is their principal involvement? If so, how then are EDA's water and sewer programs being replaced?

Answer. It is true that a portion of EDA's involvement in water/sewer projects is in supplemental grants to other Federal grant programs.

It is true that the water and sewer projects of the agencies you cite are not presently directed at industrial water and sewer such as those under the EDA program.

Communities of all sizes will be assisted in meeting their waste disposal needs in 1973 and 1974 through grants for waste disposal facilities authorized by the Federal Water Pollution Control Act amendments of 1972. Of the \$5 billion it is estimated that as much as \$2 billion will be provided for interceptor sewers.

The Department of Agriculture will provide \$345 million in 1974 for water facility and other community facility loans. The above programs will involve significant State and local control so that funds under them may be used for various industrial project purposes.

The HUD program for basic water and sewer facilities was terminated on January 5, 1973, and no new commitments will be made.

The proposed Community Betterment Special Revenue Sharing will also be a source of funds for communities of all sizes to use for water and sewer projects, if so desired.

Question. What kind of lead times do you expect for RDA project initiation? Do you see RDA as a job producing activity? Aren't the depressed areas of this country going to be the ultimate loser in this program, since depressed areas can't afford loans and therefore will not attempt to apply for RDA community loans?

Answer: A. Lead Times.—The Department of Agriculture has already approved a number of loans for electric and telephone service under the Rural Development Act. In addition, as indicated previously, features of the Act that do not require the preparation of new rules and regulations and new programmatic approaches have also been put into operation. It is expected that loan programs for community facilities and business and industrial enterprises will be initiated following the necessary clearance and administrative preliminaries. Grant programs to be funded under the Act will of course await Congressional appropriations.

B. Job Production.—The Rural Development Act authorizations should result in important public works construction, rural electrification expansion and business and industrial enterprises, all of which will generate a substantial amount of new employment in rural communities.

C. Position of Depressed Areas.—Community facilities insured loans to be made under the Rural Development Act bear a 5% interest rate, which is considerably less than the current market rate and will provide a substantial subsidy for necessary public works in smaller rural communities. In addition, as stated before, the law specifically gives priority in the financing of water systems to smaller rural communities with an emergency need. The industrial and business loans will bear a higher interest rate which is closer to the market rate. However since industrial and business enterprises are more likely to locate in areas where other factors such as transportation, nearness to market, raw materials and labor force are more important than financing considerations, this should not be a serious deterrent in those states and substate areas where an effective development program has been mobilized and, needs necessary public works investments to support industrialization going forward.

Question. Since the funding level is rather low for community facilities' loans, should you expect a large backlog of loan applications and long waiting period for receipt of a loan? If you don't know, then how can you say this program is superior to any development program currently in existence? Aren't you comparing the hypothetical with the actual?

Answer: A. Level of Community Facilities Loans.—We do not agree that the funded level is low for community facilities loans. The President's budget calls for a level in FY of \$445 million, plus substantial sums for rural electrification as previously indicated. The program will be administered through the Farmers Home Administration facilities, which include 1700 county offices serving every rural area in the country and attuned by experience and location to process loan applications.

B. Superior Program.—As indicated before, the President's budget for Fiscal Year 1974 stated that EDA programs are being terminated in favor of more focused and consolidated efforts to stimulate economic development. The total program recommendation of the President (insured and guaranteed loans and grants of Agriculture, EPA, SBA, etc. and special revenue sharing) if utilized

by state and local authorizations under a sound areawide development plan can build on the experience of past programs in this field, will increase the amount of funding effectively in rural areas, and should improve state and local management and decisionmaking flexibility.

Question. If you say that RDA programs replace EDA programs, isn't that a net increase of zero of development activities?

Answer. A major reason for terminating EDA is that the Rural Development Act passed by Congress last year duplicates many of the activities provided for under the Public Works and Economic Act. The President's budget requests a program level for the RDA programs of \$348 million above FY 1973 levels. This compares to a \$282.1 million EDA program level for rural development in FY 1973. There are also a number of other programs which duplicate EDA activities. Therefore, it is difficult to make year-to-year comparisons of the program levels for all of the types of programs permitted to be carried out under the Public Works and Economic Development Act. However, we believe the budget submitted by the President for FY 1974 provides a level of program activity available for economic development in excess of that available in FY 1973, and within sound budget principles. If the Public Works and Economic Development Act were to continue at a program level equal to FY 1973, the result would contribute to excessive spending.

Question. Your tabulation indicates a \$44.5 million program level for this planning and development of Regional Commissions. We understand that the planning for districts has been budgeted at a little more than \$5 million for FY 1973. This total of approximately \$50 million is, according to your testimony to be replaced by a \$10 million increased appropriation to HUD. From this 80% cut in funding, are we to assume that these planning programs are being phased out? If not, how are they to be administered at that level of funding?

Answer. The 80% cut in funding mentioned assumes that the referenced \$50 million level is solely for planning support for FY 1973. This is not the case. The \$44.5 million program level for the regional commissions is not entirely for planning programs. Only \$9.4 million of this amount is for planning and administrative expense assistance. With respect to EDA, about \$7.9 million for district planning will be expended through FY 1973 for a grand total of \$17.3 million for regional commission and substate district planning in fiscal year 1973.

Currently, EDA assistance amounts to only 16 percent of total support for district planning activities while other federal agencies provide approximately 69 percent. The Administration has stated that EDA funds will be provided to district planning organizations to ensure EDA support through all of fiscal year 1974. Additionally, the Administration will provide the federal share of administrative expense funds to operate Title V Regional Commissions. This will guarantee a smooth transition for these districts and for the existing regional commissions.

Question. You discuss special revenue sharing being proposed with one such proposal suggested to begin with FY 1975. With all this yet to be enacted legislation suggested to succeed the Economic Development Act, would it not be wiser to continue the existing program until a proper transition can take place. If not, why?

Answer. The Administration considered this question when it made the decision to phase out the Economic Development Act.

There are a number of programs presently functional and operating or will be expanded in FY 1974 which will provide funds for rural development.

Under the Rural Development Act, the Department of Agriculture will be able to provide \$678 million for the following programs in FY 1974.

	<i>Millions</i>
Water facility and other community facility loans-----	\$345.0
Industrial development loans-----	200.0
Community facility loans-----	100.0
Grants for community facilities which aid in the development of private business -----	10.0
Environmental quality cost-sharing and technical assistance-----	10.0
Rural development research and extension work-----	5.0
Technical and other assistance for land inventory and monitoring-----	8.0
	678.0

In addition a number of other programs will be available:

1. The FY 1974 budget asks for a 30% increase in SBA loan activity which will allow for loans and guarantees similar in many respects to EDA's business loan authority.
2. Grants for waste disposal facilities will be available from the Environmental Protection Agency.
3. The Administration has proposed an expanded comprehensive planning and management assistance program to become effective July 1, 1973. This will provide \$10 million to the States to continue Regional Commissions and Districts.
4. Education revenue sharing is proposed for FY 1974 for a total of \$2.8 billion. These funds can support vocational educational activities which EDA and HEW have been funding.
5. Manpower revenue sharing will be phased in beginning July 1, 1973 under existing authorities. The President has asked for an appropriation of \$1.3 billion for such programs as vocational counseling and skill training.
6. Included in the President's Budget is an amount of \$25 million to enable the Bureau of Indian Affairs (BIA) to provide block grants to Indian tribes for development projects.

Question. You conclude that the phase out of EDA would be a big step in reducing the overlap and duplication among several Federal agencies providing assistance for community and area development. I would like you to reflect for just a moment, Mr. Secretary, on the agencies involved in area planning and not proposed for phase out. HEW is in the health planning business; Justice is in the law enforcement business; DOT has been in the transportation planning business; HUD is in the housing and land use planning business; and there are other single and dual purpose agencies who may be involved. And yet, the first phase out is of EDA who has no single purpose program but rather has the broadest area development scope of all. Can you explain the logic in this?

Answer. We do not propose that a termination of EDA will remove all duplicative functions carried out by the federal government nor that it will remove all instances in which decision making is unnecessarily made in Washington. Clearly, each program must be evaluated on its own and in relation to other programs. However, we believe that termination of EDA is a meaningful step in this direction.

Rural development activities will be consolidated in the Department of Agriculture. Comprehensive planning and management will be consolidated into HUD and Indian programs will be consolidated in the Department of the Interior. Even with these consolidations, there are still too many agencies needlessly involved in community and area development. In the last session of Congress the President proposed to consolidate most of these programs in a new Department of Community Development. Under such a new department, it would be possible to formulate and carry out policies and programs more responsibly and effectively. The Administration will continue to work with the Congress for the prompt creation of the Department of Community Development.

The proposed HUD program to provide planning and management assistance to states is another major step in the right direction. Not only is it most comprehensive, but it also puts the scope and direction of planning efforts in the hands of the states.

Question. Please supply a breakdown of funds allocated under the EDA grant program and under the EDA loan program for the last two fiscal years.

Answer. The following table shows obligations by major program areas for fiscal 1971 and 1972 (dollars in thousands) :

	Fiscal year—	
	1971	1972
Public works grants.....	\$149,240	\$187,977
Public works loans.....	10,758	1,993
Industrial development loans.....	49,567	45,552
Working capital loan guarantees.....	56	2,626
Collateral protection.....	360	1,741
Planning grants.....	6,175	6,573
Technical assistance.....	12,407	12,463
Research grants and contracts.....	2,196	1,965
Total.....	230,759	260,890

Question. How will funds from these existing EDA programs be replaced with other program funds as well as the proposed revenue sharing programs?

Answer. Because there are several overlapping programs which are similar to but not the same as those carried on by EDA, one cannot match program funds from year to year on an exact basis. In fact, the existence of a number of overlapping programs is one of the most compelling reasons for a new method of funding development programs.

The President's decision to phase-out and terminate EDA was not made on the basis that other Federal categorical grant programs would exactly match EDA activities. Rather, the decision was made in the interest of providing a more effective Federal response to local economic development needs. For example, the President has pointed out in his 1974 budget that the Department of Agriculture will administer the Rural Development Act programs in a manner consistent with the revenue sharing concept, and will involve greater state and local control over investment decisions. Moreover, as pointed out in my testimony, we believe that federal support for the objectives previously pursued by EDA will increase in FY 1974.

In addition a number of other programs will be available to rural areas:

1. The FY 1974 budget asks for a 30% increase in SBA loan activity which will allow for loans and guarantees similar in many respects to EDA's business loan authority.

2. Grants for waste disposal facilities will be available from the Environmental Protection Agency.

3. The Administration has proposed an expanded comprehensive planning and management assistance program to become effective July 1, 1973. This will provide \$10 million to the States to continue Regional Commissions and Districts.

4. Education revenue sharing is proposed for FY 1974 for a total of \$2.8 billion. These funds can support vocational educational activities which EDA and HEW have been funding.

5. Manpower revenue sharing will be phased in beginning July 1, 1973 under existing authorities. The President has asked for an appropriation of \$1.3 billion for such programs as vocational counseling and skill training.

6. Included in the President's Budget is an amount of \$25 million to enable the Bureau of Indian Affairs (BIA) to provide block grants to Indian tribes for development projects.

Question. Would you supply an example of what a community might expect from any replacement programs and proposed funding as compared to the present EDA programs.

Answer. Approximately 60 percent of EDA's activities are in communities of 10,000 population and under. Using such communities as an example, if EDA

assistance were no longer available to a community of under 10,000 population that community could find its assistance available under the following Federal programs:

1. The Rural Development Act (RDA) is administered by the Department of Agriculture. Assistance would be available for guaranteeing or insuring loans to businesses and governments for commercial and industrial development, guaranteed loans to communities for community facilities, grants for community facilities which aid in the development of private business, insuring loans or guaranteeing loans for water and other community facilities, grants for environmental quality cost-sharing and technical assistance, grants for rural development research, assistance for pilot extension education activities, and technical and other assistance for land inventory and monitoring.

2. Communities may obtain assistance in the form of grants for waste disposal facilities under the Federal Water Pollution Control Act Amendments of 1972 which is administered by the Environmental Protection Agency (EPA).

3. Planning and management grants will be available in 1974 under the proposed Responsive Governments Act (currently HUD 701 program) to states, allowing Governors to make suballocations to local governments and other eligible recipients in accordance with state priorities.

4. Small Business Administration (SBA) loans and guarantees are available. The 1974 Budget proposes a \$642 million increase for SBA programs.

In addition, the Administration will submit legislation to authorize a Better Communities Act for special revenue sharing. This proposal will involve sharing \$2.3 billion during the first full year beginning July 1, 1974 and will be a source of funds for smaller communities as well as urban areas.

The Administration will also propose a program of Special Revenue Sharing for Education to begin in fiscal year 1974. \$2.8 billion in funds will be requested and will include funds for purposes of vocational and adult education.

Also, local comprehensive manpower programs under Manpower Revenue Sharing will be phased in beginning July 1, 1973 under existing authorities and will assist in meeting vocational counseling and skill training needs.

Question. What assurances do we have that replacement programs will be forthcoming under the Rural Development Act?

Answer. Programs proposed under the Rural Development Act are to become operational and functional beginning July 1, 1973. These programs are in the President's 1974 Budget and will be initiated following the necessary clearance and administrative preliminaries. Grant programs to be funded under the Act will, of course, await Congressional appropriations.

Question. Why has the department obligated more than the required 25% of appropriated funds for the PWIP program?

Answer. EDA has obligated more than the minimum amount required because of the demand. For example, we have approved many PWIP projects from communities devastated by Tropical Storm Agnes.

Question. Why do you consider the actual experience of the PWIP program of approximately three months for the obligation of projects from the time funds are appropriated a long lead time?

Answer. The purpose of the PWIP program has been to provide immediate short term jobs. Unfortunately, actual experience has shown that the time between application and the start of construction has averaged six months. For fiscal year 1972 PWIP projects, it took us an average of 68 calendar days to process an application from the time of receipt to the time of approval. As of February 23, 1973, the average time between project approval and the start of construction for the 203 FY 1972 projects was 104.5 calendar days.

Therefore, by the time construction can begin on these projects the community's need may be past and we are really helping only the construction industry. Although appropriations were available for FY 1972 PWIP projects by August 1971, less than one percent of the funds had been disbursed by February 1972. For details, please see the following table:

PWIP OUTLAYS BY MONTH

	Fiscal year 1972 appropriation (\$47,775,000)	
	Cumulative total	Cumulative percent of total appropriation
January 1972.....	\$17,200	0.03
February 1972.....	39,500	.08
March 1972.....	196,600	.41
April 1972.....	861,300	1.80
May 1972.....	2,240,250	4.68
June 1972.....	5,225,070	10.93
July 1972.....	7,163,344	14.99
August 1972.....	11,153,198	23.34
September 1972.....	14,063,523	29.43
October 1972.....	18,365,723	38.44
November 1972.....	22,122,844	46.30
December 1972.....	24,623,839	51.54
January 1973.....	26,996,832	56.60
February 1973.....	28,446,218	59.54

Question. Does the Department of Commerce or the Administration plan to propose to the Congress legislative changes to the existing Small Business Act? If so, what?

Answer. No legislative changes are anticipated at this time which would affect SBA assistance in EDA-type projects. However, the expanded programs of SBA allow for loans and guarantees similar in many respects to EDA's business loan authority.

Question. Does the Department of Commerce or the Administration plan to propose to the Congress legislative changes to the Rural Development Act? If so, what?

Answer. No changes are anticipated at this time. As the President noted in his Budget message, he intends to watch closely the experience under the Rural Development Act and then consider whether additional legislation may be needed to make it more effective.

Question. Does the Department of Commerce or the Administration intend to propose to the Congress legislative changes to the HUD Act? If so, what?

Answer. Yes, the Administration will soon submit a proposed Responsive Governments Act to strengthen state, regional, and local planning and management capacities. This new legislation will build upon the present comprehensive planning assistance program (701) in the Department of Housing and Urban Development and will permit the Governors to continue the planning and management functions of the regional commissions.

Question. With the elimination of the Federal bureaucracy, how can this Federal-state partnership continue? If the Regional Commissions are to be abolished to eliminate Federal bureaucracy, will there also be a recommendation concerning the Federal Regional Councils?

Answer. It is not the intention of the Administration to continue the present Federal-state partnership but rather to move decision-making to local and state levels. Funds will be provided to the states to enable them to continue supporting interstate commissions if they wish.

State governments may want to supplement their normal relationships with the principal Federal agencies providing grant assistance to States and local governments in a collaborative interstate regional commission. This can be accomplished easily through the Federal Regional Councils, whose members are the Regional Directors of principal Federal agencies. There is no plan to change the Federal Regional Councils.

The CHAIRMAN. Our next witness is the Honorable Philip W. Noel, Governor of the State of Rhode Island.

Will you please take the witness chair, and we notice that you have a prepared statement.

STATEMENT OF HON. PHILIP W. NOEL, GOVERNOR OF THE STATE OF RHODE ISLAND

Governor NOEL. Mr. Chairman, and members of this subcommittee, I would like to thank you for this opportunity to testify.

I know and appreciate the problems that you are having with time, and in the interest of brevity, since we have submitted copies of my formal statement, I am going to forgo reading it.

The CHAIRMAN. I appreciate that, Governor.

The statement will appear in its entirety at this point in the record. (The statement referred to follows:)

Mr. Chairman, I appear before your subcommittee in support of H.R. 2246 to extend the Public Works Economic Development Act of 1965. It is my central position that title V of that legislation and the regional action planning commissions which it creates should be granted an extension for another year. Mr. Chairman, I support this legislation for a number of reasons. They may be summarized as follows:

1—THE NEED FOR REGIONAL COMMISSIONS

Regional commissions and, in our case, the New England Regional Commission of which I am the alternate state co-chairman, provide the *one* vehicle for national and regional cooperation for economic development, strategy, and programs.

I need not speak extensively about the principle of shared responsibility between national policy and programs and the individual states. There is, however, the intervening framework, the logical geographic combination of states which to my mind is increasingly of great importance. The New England Regional Commission offers a vehicle for cooperation and action on a regional economic basis for our area. In turn, it provides the Federal government with a means of recognizing regional priorities in the administration of national programs and policies.

There is no question in my mind that for each State to assume that it can control its economic destiny is totally unrealistic.

As Governor of the State of Rhode Island, I recognize very clearly that the future of economic development in my State is directly related to regional development programs. The New England economy during 1972 had an unemployment rate averaging 7.4%, more than $\frac{1}{4}$ higher than the national average. We believe that it is important that regional economic development strategy be formed.

During the last five years, the six States of the New England Regional Commission have worked together to define their economic problems, formulate plans and act on these problems. For example, an action program recently adopted by the commission provides an excellent programmatic chart for joint action by the New England States.

2—THE PERFORMANCE OF THE COMMISSION

In the last year the New England Regional Commission has corrected some internal problems that we became aware of. The fact that we recognize and acknowledge some of the difficulties we have experienced in no way diminishes the function and role of regional commissions.

The six State Governors of the New England Regional Commission are now determined to make regionalism and regional strategy an effective means of regional development.

The Federal co-chairman, Mr. Russell F. Merriman, has cooperated fully to meet these internal problems. We share the same notion that the extension of

the title V commission is necessary to make an impact on the redirection of our commission. While we recognize some of the difficulties, it is also a fact that the commission has functioned well. Among the many programs undertaken by the commission in fiscal year 1972 were:

The initiation of the Industrial Resource Development Program to provide one-to-one assistance and counseling to entrepreneurs who seek to establish or expand business activities in the region.

Expansion and acceleration of the commission's growth center program. In addition to efforts in Bangor, increased funding in the St. Albans growth center initiated action on major public works needs, industrial parks, and an industrial development corporation. During fiscal year 1972 the commission designated an additional growth center site in Pittsfield, Massachusetts, and launched a complementary center cities program in Woonsocket, Rhode Island and Lowell, Massachusetts.

Incorporation of the New England Municipal Center which, in its first year, has attracted extensive outside support for its efforts to modernize and improve the efficiency of city and town government operations.

Establishment of the New England energy policy staff to assist the Governors and their regulation officials in the regional planning and coordination necessary to help assure an adequate supply of low-cost power to meet commercial and residential needs without unacceptable environmental damage.

Formation of the New England Non-Profit Housing Development Corporation in cooperation with the Office of Economic Opportunity to facilitate production of housing units for low and moderate income families by furnishing start-up funding and technical assistance to non-profit sponsors in communities with populations under 30,000.

Other commission efforts undertaken during fiscal year 1972 that can be cited in this context include: studies of the potential economic impact of oil deposits off the New England coast; assistance to the Governors through State management grants to strengthen economic development activities; a second reverse trade mission to Western Europe to attract capital investment to the New England States, and a series of demonstration projects to test new ways to solve the problem of solid waste disposal.

While all of the action programs undertaken by the commission may be cited in great detail, it is the *process* which I believe is equally important. Each of these programs provided a means of communication and interchange among the States. These interchanges have been not only between the offices of the Governors, but also between agencies of the States. They involved participation of non-governmental sectors and brought a dynamic process of reality to our regional framework.

3—RELATIONSHIP TO OTHER PROGRAMS

Much of the legislation now awaiting your action deals with such areas as land use planning, coastal zone management and transportation. It does not make sense to handle these areas solely at State levels. They are truly regional concerns and they are part and parcel of an economic development strategy. We believe these programs should be coordinated, and we believe the regional commission can provide the mechanism for that coordination. It is for these reasons, Mr. Chairman, that I appear before you in support of H.R. 2246, to urge passage of the extension of the authority for one year.

The CHAIRMAN. Please feel free to proceed as you wish.

Governor NOEL. Thank you, Mr. Chairman.

Basically the statement deals with the support of the State of Rhode Island for the extension of the Public Works and Economic Development Act of 1965. In the statement I deal specifically with the need for continuation of the regional commissions.

Rather than highlight and discuss my written statement I would like to just share some thoughts with the subcommittee concerning the testimony that I have listened to for the past hour.

As I understand the thrust of special revenue sharing, as it is proposed by the administration, it seems to indicate that there is great

validity to transferring substantially more of the decisionmaking process to State and local government.

Now, I have had 14 years of experience in local government. I was the Mayor of a city of 90,000 people for 6 years, and I have dealt with the Economic Development Administration and many other Federal agencies.

There may be some validity in some areas of Federal programing to substitute special revenue sharing for categorical grant programs, but that philosophy makes no sense at all when you are speaking of regional planning.

My experience in government, without question, has proven to me that if we are going to encourage regional planning and regional programing in areas such as the economic development of this Nation, then there must always be a catalyst, or there must always be leadership from some higher level of government.

As I understand Secretary Dent's testimony, the \$44.5 million that now goes to support the regional commissions is going to be replaced by some \$10 million that will be funded under the 701 planning grant program. It will then be discretionary upon the States as to whether or not they will use this sum of money, or some of this money to support the regional approach to planning and programing in the economic development area. And that just will not happen.

That philosophy fails to recognize the pressures upon State government to fund other programs. And if we are going to have regional planning, and I submit that we must have it, then there has to be that leadership, that catalyst at the top, and that is basically why I have dealt so much in this written statement, with the need to continue our regional commissions.

That is really all I have to say, Mr. Chairman. I will let the statement speak for itself. If there are any questions, I would be glad to attempt to answer them.

The CHAIRMAN. We certainly appreciate your appearance, and your clear-cut expression of support. Governor, I am correct, am I not, when I state that you are an alternate State Cochairman of the New England Regional Commission. Is that not true?

Governor NOEL. Yes, Mr. Chairman, I am here in that capacity.

The CHAIRMAN. I feel if you do have these problems they can best be and ought to be handled on a regional basis. We provide for regional planning in the water pollution program, and water resources development, and atomic development, and so we concur very strongly with the validity and justification for your case.

Are there any questions on my right?

[No response.]

The CHAIRMAN. Any questions on my left?

Mr. CLAUSEN. I wish we had time to engage in further dialog, sir. Thank you.

The CHAIRMAN. Governor, we do appreciate your coming here and your testimony will be given a thorough examination, and we will find it very interesting and helpful, I am certain.

Thank you very much.

Our next witness is the Honorable Tom Adams, Lieutenant Governor of the State of Florida.

Mr. Adams, we thank you for responding to our invitation and for appearing here personally, and for your patience in waiting all this long for these few minutes.

STATEMENT OF HON. TOM ADAMS, LIEUTENANT GOVERNOR OF THE STATE OF FLORIDA

Lieutenant Governor ADAMS. Thank you very much, Mr. Chairman.

Let me express my gratitude for the opportunity to be here with such a distinguished group of Congressmen, and I am appearing in a dual role here myself, as Lieutenant Governor and secretary of commerce for the State of Florida, and to express our opinions concerning what is here before us today.

Suffice it to say that in the interest of time, the statement is complete, and I realize you are pressed, and I will not repeat the entire statement which you have in your hand.

The CHAIRMAN. The statement will appear at this point in the record in its entirety.

(The statement referred to follows:)

STATEMENT OF HON. TOM ADAMS, LIEUTENANT GOVERNOR OF THE STATE OF FLORIDA

It is a privilege to be here today, to discuss what we in Florida feel is a vitally important program and agency, and one which we believe will play an essential role in helping us to better balance the prosperity of our state.

The Economic Development Administration is not the most famous federal agency, perhaps because it has concentrated more on doing its job than at blowing its horn.

Perhaps that is why it is now a bit besieged, and its future a bit cloudy.

We all understand that in recent years it too often has been the wheels that squeek the loudest which have been most pampered in the budgeting and appropriations processes . . . but it would be most tragic, indeed, if we should permit the E.D.A. to fall victim to such passing political expediency.

There are a number of reasons why we, in Florida, are anxious for the E.D.A. to be perpetuated, and while these reasons are not unique to Florida, our growth rate and other factors make them more urgent to us than to most.

Like most of the Nation, it has been only recently that we have begun to gain a real awareness of the more penetrating economic needs of our state.

Especially in the past couple of years, our leaders have adopted a rather introspective attitude.

We are not here to cry on your shoulders and plead poverty, for on the whole, overlooking the hills and valleys of our economic landscape, the Florida economy is one of the healthiest around: We have a surplus in our state budget this year, our job market is growing steadily, unemployment is minimal, and our economy, in general, is expanding at a rapid and healthy rate.

Those things are true, and we are proud and pleased with them, overlooking the hills and valleys, as economic statistics are prone to do.

But to overlook those hills and valleys is to overlook the fundamental reality.

As we have paused, become a bit introspective and analytical, looked around us in a careful and critical fashion, it has become all too apparent to us that the extent of our prosperity in Florida is more apparent than real.

The most famous profile of Florida, the one portrayed around the world by the glamour and glitter of comfortable seaside resorts, does not begin to reflect the full face of our state and our economy.

The reality remains that vast segments of Florida have been passed by, by our fantastic expansion—forgotten and left economically forlorn.

There continues to be in Florida what amounts to a sprawling rural ghetto, a place of tremendous potential, a place that is anything but crowded and congested, but a place, nonetheless, where individual economic hardships and empty opportunities are just as real, and as much a part of the daily fare as in any big-city slum.

We have sixty-seven counties in our state, and they represent every extreme.

Our latest studies show that fully ninety percent of our seven million residents are packed into only twenty-six of those sixty-seven counties.

Those studies show that while we had the second highest in-migration of residents of any state in the decade between nineteen-sixty and nineteen-seventy—more than one-point-three million people—still, twenty Florida counties, nearly one third of the total, experienced a net exodus of population in those same years.

Those same studies show that the average per capita income is on the rise in Florida, but only twelve of our sixty-seven counties are gaining on the national average for individual income, while the remainder are dropping further behind the national norm, and in eighteen counties, we experienced an actual decline in the number of dollars at the disposal of the average citizen.

In addition, in twenty-six of our counties, more than fifty percent of the people are forced to live on what we consider poverty-level incomes.

We will continue to put our best foot forward, of course, and turn our most favorable profile to the cameras, but we can not afford to further overlook the very real and pressing needs of the remainder of Florida.

To do so would be a terrible disservice to every section and segment of our state, to stand idly by while a lack of economic expansion further impoverishes our rural areas and small towns, while unbridled growth continues to compound the problems of our already crowded and congested cities, would be nothing less than an open invitation to the destruction of the environment and the values we hold dearest. And upon which our future most depends.

To somehow reverse those trends would launch us toward lasting solutions in every area.

This is where the Economic Development Administration comes into play in Florida, and where we hope it will continue to function in the year, and years yet to come.

We understand and appreciate, of course, that the E.D.A. is a great deal more than a rural development program. And it has functioned as much more than that in the State of Florida, but this is the role where we have found it of greatest potential.

It is fairly well understood, at this point in our economic history, that perhaps the biggest obstacle to stimulating economic activity and employment opportunities in our small towns and rural areas has been the failure to devise an effective means, to provide the necessary resource of knowhow to make these areas competitive with the sophisticated agencies, promoters and promotions of metropolitan America.

Through its various programs, the Economic Development Administration embodies a great deal of potential for actually accomplishing this.

This has been demonstrated, to an as yet limited degree, by our experience in Florida, where we have made this a prime ambition and objective of our own programs in the Florida Department of Commerce—and where we have looked to the E.D.A. for all of the aid, advice and assistance which it has been equipped to provide.

We are not going to tell you that we have gotten everything we wanted from the E.D.A., but we will say, quite emphatically, that this is one of the most flexible, responsive and cooperative Federal agencies with which we regularly deal.

Our working relationship with the E.D.A. goes back to its very beginning.

That was in November, 1965, when the E.D.A. granted a business loan in the City of Wildwood, in one of our more rural counties, to assist a firm manufacturing fabric sneakers, and providing some important employment opportunities to the residents there.

From that modest beginning, we have progressed in Florida into at least sixty-seven different projects involving the important participation of the E.D.A.

In most cases, E.D.A. involvement meant an otherwise unattainable economic development boost.

In terms of dollars and cents, E.D.A. involvement in Florida has been primarily in the area of public works, consuming approximately seventy percent of the E.D.A. investment in the State, in programs which run the gambit, from that sneaker factory in Wildwood to mundane but vitally important water and sewer projects in such communities as Apalachicola, located in one of our several redevelopment areas.

At this point, however, the most exciting area of E.D.A. involvement in public works, as far as we are concerned, is through loans and grants for the development and operation of industrial parks.

So far in Florida, these industrial park developments have been principally in the Seminole Indian tribe areas and are still in their early development stages.

While we have not yet realized the dramatic results in Florida, which have been accomplished in some other States through these industrial park investments by the E.D.A., we have the greatest expectations for them.

With enlightened programs of this nature in the redevelopment area counties suffering from low per capita income, an exodus of population, and other economic drawbacks, particularly those of a rural nature, we are supremely confident that we can accomplish major alternations of the negative economic complexion in so many parts of our State.

While public works assistance has represented the biggest area of E.D.A. involvement in Florida in the past, we are looking forward now to a somewhat different project that we hope will be our most fruitful joint venture to date.

Our Department of Commerce, through its Division of Commercial Development, has recently made application to the E.D.A. for a grant of \$125,000—which we would, in turn, match—to help us with a statewide project of economic development planning and field technical assistance.

Briefly stated, this project is designed to create a plan for the orderly economic growth of the entire State, as well as to launch a pilot program of professional, technical assistance to local development organizations and interested industries. We also plan to determine the needs and priorities for certain types of business investments in order to accelerate economic development in those areas which have so far been passed by by the growth which has infected our metropolitan sections.

Another important objective of this project, is education—our plan to assist local development agencies in understanding their functions and responsibilities if they are to prepare their communities to attract and support the business development they so sorely need.

We have great expectations that this statewide program will prove its worth, with E.D.A. assistance, and provide an important model for other States which are seeking to accomplish similar goals.

Our reasons for wanting the E.D.A. to be perpetuated should be obvious by now.

We are most anxious to enhance, enrich and further build upon what already has been a substantial investment by the Economic Development Administration in Florida, particularly in the areas of technical assistance and public works—and we are most eager to get on with our new, statewide development planning project, which should lay the way for Florida's future economic growth, and show the way for other States.

The time when rural economic assistance consisted of crop subsidies and acreage allotments, no less and very little more, that time is behind us.

To begin returning to it, through abolition of programs such as the E.D.A., would be total folly.

We in Florida strongly support and endorse the measures which you are considering now, by Chairman Blatnik, Congressman Pepper and others, to extend the life of the Economic Development Administration and the regional development commissions through the next fiscal year. And we urge you to begin consideration now of whatever measures are necessary to give the E.D.A. an effective lease of life, well beyond just one more year.

If we can be of any further assistance to the committee, or if you have any questions, we are most anxious to cooperate in every way.

The CHAIRMAN. I think I recall earlier, you said you are also the secretary?

Lieutenant Governor ADAMS. Secretary of commerce for the State of Florida.

The CHAIRMAN. That is interesting. As well as Lieutenant Governor?

Lieutenant Governor ADAMS. That is correct.

The CHAIRMAN. Is that by State law or State constitution?

Lieutenant Governor ADAMS. I, of course, am elected with the Governor statewide as Lieutenant Governor.

The department of commerce is one of those departments in Florida that falls under the Governor of Florida, and at his discretion he may appoint the Lieutenant Governor as the secretary of commerce.

The CHAIRMAN. Very interesting.

Lieutenant Governor ADAMS. The responsibilities which on the national level would embody both the Departments of Labor and Commerce are combined in the Florida Department of Commerce, and we found it to be a very compatible way of doing things. By stimulating economic development we can positively solve many of the difficulties that are posed through unemployment compensation and others.

Let me say, in summary, and be very brief, that while there is a glamorous and glittering side to Florida, that some 90 percent of our people reside in 26 of our 67 counties; that we have what amounts to a rural ghetto in much of Florida and this is what we are now addressing ourselves toward, and in which our close working relationship with the EDA has been an extreme benefit and a great help.

There are many programs that are now underway in Florida, and I share the concern of Governor Noel that under the proposals now for revenue sharing, we wound up with deficit dollars rather than an increased amount to do many of the things which were purportedly to be accomplished through revenue sharing.

We feel in our efforts to keep people at home in rural Florida and to bring those back home who have migrated to urban areas, and contributed to the urban glut * * * to solve the urban problems in our State, as well as other States, we must have a helping hand in accomplishing the benefits in rural areas that they cannot generate for themselves.

Where planning is impossible for a small town in Florida it is easily accomplished in one of our metropolitan areas, where all the sources are available to do the job of selling what needs to be done, so to us there is no alternative to providing special assistance to our rural areas.

We feel that the Economic Development Administration is a self-help program. It has proven its worth in Florida.

It is certainly one of the Federal programs that we desire to continue a partnership relationship in, and to see the great benefits that have accrued to our State and continue to develop.

So, let me summarize, Mr. Chairman, by saying that we in Florida strongly support and endorse the measures which you are considering now, sponsored by you, Mr. Chairman, and members of the committee, our Congressman Pepper and others, to extend the life of the EDA and the Regional Development Administrations through the next year. And we urge you to begin consideration now of whatever measures are necessary to give the EDA an effective lease on life well beyond just 1 more year.

If we can be of any further assistance to this committee, or if you have any questions, I would, of course, be most anxious to attempt to answer them.

The CHAIRMAN. Thank you very much for your excellent statement. It is clearcut and strongly supportive of the program and the need for it in your State, and I appreciate your cooperation, and apologize again for the undue pressure we placed you under by the severe limitation of time.

Mr. Clausen.

Mr. CLAUSEN. Yes; because of the fact that we have to catch a quorum, we only have a few minutes.

Much of what you have said has been stated by myself and many other members of the committee, so it is bipartisan in nature, that we have to come up to population disbursal, and I am wondering, sir, if

we submitted questions directly to you that you could respond to at your leisure.

Lieutenant Governor ADAMS. Mr. Clausen, I would be very happy to do that. And let me reaffirm the fact that this is bipartisan in Florida as well.

Mr. CLAUSEN. May I have permission to submit these questions to Lieutenant Governor Adams?

The CHAIRMAN. Yes, without objection, it is so ordered.

We are very happy to have you here, Lieutenant Governor Adams, and we are expecting other Governors this afternoon. There are eight who stated an intention to be here, and we hope to get at least five or six. They will be here about 2:30 following a meeting at the White House. They will represent various States.

We have heard from the Coastal Plains, the Four Corners, the Old West, the Pacific Northwest, so we will get a complete body of testimony.

Lieutenant Governor ADAMS. Thank you, Mr. Chairman.

Let me say how happy I am for this opportunity, and the people of Florida, Republicans and Democrats alike, are much encouraged by the posture of this committee on this particular program.

We feel it is a must in our State.

Thank you.

(Questions posed to Lieutenant Governor Adams and replies, follow:)

FOLLOWING ARE THE RESPONSES OF LT. GOV. TOM ADAMS OF FLORIDA TO QUESTIONS POSED BY THE REPUBLICAN MEMBERS OF THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, U.S. HOUSE OF REPRESENTATIVES, FEBRUARY 27, 1973

Question. You indicate from your testimony that large scale, broad based planning is possible through EDA grants. Would you agree that this type of planning is essential for a state as diverse as Florida? Would it not be a blow to economic planning to eliminate a program offering assistance of this nature?

Answer. Large scale, broad based planning is not only possible through EDA grants; but in the State of Florida, it is a major portion of the program the Department of Commerce has requested. When one deals with a state as diversified as Florida, and combines this diversity with what is necessary for a higher quality of life for Floridians in the future, logic demands that planning comes first. Economic growth without planning runs an extremely high risk of inducing chaotic failure. Planning in Florida under the EDA grant which I mentioned in my testimony will provide for guidance in the formulation of an overall strategy of economic development activities in the State of Florida. This planning element will be responsible for establishing research techniques to obtain the required data for planned or needed capital improvements. This planning will be in such a manner as to enable the preparation of a detailed action schedule for job investment intended to act as "seed money" to promote economic development. In particular, this program of planning will focus on developing a priority rank of public oriented investments including such categories as:

- A. Vocational, technical education
- B. Industrial sites and/or districts
- C. Regional airports

Eliminating of this type of reasonable, result oriented planning by EDA would not be fatal to Florida's economic planning. Such a move, however, would be extremely detrimental to a well utilized method of marrying state and federal finances and talents. This, we feel, would be illogical and a step backwards.

Question. Can you point to any shortcomings of the Economic Development Act?

Answer. We feel there is one serious shortcoming of the Economic Development Act. EDA has in many states placed an inordinate emphasis on phases of

the act that are hard to prove as far as results and job generations are concerned. We in Florida feel more emphasis should be placed on public works and technical assistance to achieve the best results for the needs of Floridians in the future. All of the projects of EDA are worthwhile, but we would encourage most strongly the continuation of the portion of the program that has in the past encompassed 70 percent of the total dollar programs within Florida. Said in a very simple way, "seed money" is "good money".

Question. Will the small rural towns be able to support loan repayments of community development loans proposed by the Rural Development Act?

Answer. Most small rural towns do not at the present time have the financial resources to enhance their development grants and loans, provides the only logical means of obtaining the necessary community development monies in Florida. Any program that would require loans only to serve this same purpose would be of definitely limited potential for Florida.

Question. Some government officials say that citizens are often confused with the variety of programs available for development. Do you find that this is the case, or have you found cooperation from government agencies? Might not the confusion be with the high level Washington officials?

Answer. The almost inexhaustible variety of programs for many facets of development are staggering for many people—particularly those in small communities who have historical and almost inbred distrust for anything new and different. We feel that EDA with its staff of state coordinators, actively working through other development agencies, brings to the small communities a clarity of presentation that would otherwise be unattainable. Washington cannot serve the town of Two Egg! It is difficult for the field coordinator to know when to serve Two Egg. However, the rapport between the Division of Commercial Development in our State Department of Commerce and the citizens of Two Egg along with the field coordinators of EDA provides a sharp, needed tool with which to cut through the morass of program confusion at the small town level of understanding.

The CHAIRMAN. Thank you very much.

If there are no further witnesses, the hearings will be recessed until 2 p.m. this afternoon when we will continue with our witnesses.

(Whereupon, at 12:30 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

(Whereupon, at 2:03 p.m., the subcommittee reconvened, Hon. Robert E. Jones, chairman, presiding.)

Mr. JONES. The subcommittee will come to order. We will continue to receive testimony on the bill to extend the Economic Development Act which was introduced by a host of Members, including the first witness we received this afternoon, a former member of this committee that contributed so much to the work of our committee.

He is now our majority whip, the distinguished member from California, John McFall.

Mr. McFALL. Thank you very much, Mr. Chairman.

Mr. JONES. Mr. McFall, we are pleased to have you. We are well acquainted with your interest in this subject. We look forward to having your observations and your thoughts.

STATEMENT OF HON. JOHN J. McFALL, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Mr. McFALL. Mr. Chairman, it is always an honor to come back to the Public Works Committee where I served with you and many of the other members on this committee for 7 years, where I felt great pride in the accomplishments of the committee and the members in building our country.

And when I come back to testify before the committee, I do with great pride in the committee and, in this particular instance, in this legislation that your committee has before it today.

I am discussing the merits of H.R. 2246 and other identical bills. And I might say, Mr. Chairman, these bills which extend the life of the Economic Development Administration for 1 year now have approximately 150 cosponsors. I have 97 cosponsors in addition to those that were sponsors on the two bills introduced by the committee.

It is my considered opinion, Mr. Chairman, that terminating the program will compound problems already lurking in the immediate future which will increase substantially the number of persons on the unemployment and welfare rolls.

As you know, we are presently spending over \$2 billion for these programs every 30 days.

Administration plans already include an end to the PEP program authorized by the Emergency Employment Act of 1971, which will add approximately 200,000 employees to the unemployment rolls and will also result in an increase in the already overburdened welfare program. This, coupled with planned massive cutbacks in Federal agency employment, will cause a real need to stimulate employment in economically depressed areas.

The Economic Development Administration is an arm of the Department of Commerce that was specifically created to accomplish this purpose.

Much of the EDA assistance is not found anywhere else in Federal or State agencies. It has a long history of success that has been limited only by a modest amount of funds made available to the agency.

During the past several years, the administration has requested and the Congress has appropriated only 20 to 25 percent of the funds authorized for EDA by this committee.

In my home District in California, I can point with some pride in our Government to successful projects which were made possible by the act that created the EDA, projects not authorized for Federal assistance by any other law on the books.

A fine example is the highly successful project in Modesto, designed to enlarge the municipal sewage system to save jobs in the food processing industry.

In 1966, eight major food processing firms in Modesto were threatened by a cease-and-desist order from the California Regional Water Pollution Control Board due to the large volume of waste from their plants and other industries that were polluting the Tuolumne River that runs through the city.

The EDA provided 50 percent of the \$12.4 million project, with the result that instead of laying off over 1,000 people, industry added 3,000 year-round jobs and 5,000 seasonal jobs.

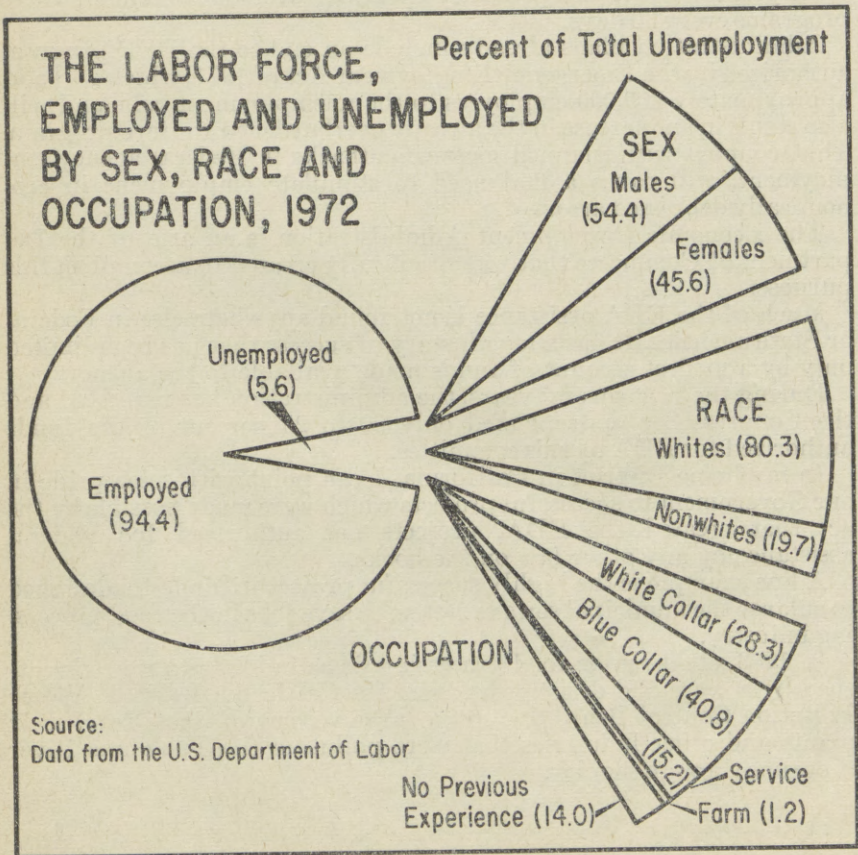
It is, indeed, I believe, untimely to consider terminating this highly successful program at this time and I would urge the committee to report this bill to the floor without delay and prevail upon the administration to reconsider its present position which would end the functions of EDA so abruptly.

I have a chart over there, Mr. Chairman, which I have included in my statement, which the committee may also wish to include in the printed testimony. It shows the composition of the unemployment for the year 1972.

I also have a chart in my testimony before you showing the amount of unemployment insurance which has been paid out in the first 6 months from January 1972, and the monthly public assistance payment, April to September 1972, in thousands of dollars.

Mr. JONES. Without objection, the chart and tables containing the enumerations, will be included in the record.

(Documents referred to follow:)



UNEMPLOYMENT INSURANCE (JANUARY 1972-JULY 1972)

Month	Number of workers	Percent of covered employment	Benefits paid (in thousands)
January (1972).....	2,524,498	4.8	\$550,902
February.....	2,491,664	4.7	589,509
March.....	2,279,251	4.3	628,936
April.....	2,004,900	3.8	472,916
May.....	1,740,112	3.3	429,206
June.....	1,636,241	3.1	382,064
July.....	1,822,513	3.4	364,274

¹ Excludes States for which data is not available. Compiled from Social Security Bulletin, December 1972.

Monthly public assistance payments (April 1972-September 1972)

	<i>Thousands</i>
April	\$1,615,571
May	1,593,243
June	1,602,589
July	1,602,853
August	1,671,955
September	1,641,617

From Public Assistance Statistics, National Center for Social Statistics (April-September 1972).

(By Jean Yavis, Education and Public Welfare Division, Feb. 23, 1973)

Mr. McFALL. Mr. Chairman, that is the end of my short statement. I know you have other witnesses that you desire to hear.

I would urge the committee to take the kind of action that you did earlier in presenting this bill to the House and to the President for his action.

Hopefully, if he has both this bill and the extension of the PEP program before him, he will take one or the other—or perhaps both of them—so that we may have a substantial gainful effect on employment in this country.

Mr. JONES. Thank you very much, Mr. McFall. Any questions?

Mr. Shuster?

Mr. SHUSTER. I have a question. I certainly want to compliment the gentleman from California. That is a very exciting report, showing that jobs have increased in California as a result of EDA.

Are we going to be able to get this kind of information on an overall basis? I would be very much interested in seeing this kind of a story nationally as it pertains to EDA.

I support EDA, and my support would be strengthened, I think, even further if we had this kind of a picture on a national basis.

Mr. McFALL. I certainly agree with the gentleman. It so happens that I have this shining example in my own district, of which I am very proud.

I don't have the statistics that should be available to the committee from some other source about other districts.

Mr. SHUSTER. I am such a rookie, I don't even know where to turn to get this information. It seems to me that it is appropriate information.

Mr. McFALL. Yes; it is.

Mr. SHUSTER. To whom would I turn, Mr. Chairman?

Mr. JONES. Mr. Shuster, I would suggest that you propound those interrogatories to the Secretary, as we agreed this morning.

Mr. SHUSTER. Thank you very much.

Mr. JONES. And all the information would be contained in a similar composition of survey estimates.

Mr. Studds?

Mr. STUDDS. Mr. Chairman, I would also like to congratulate Congressman McFall on his presentation. There is a key point you make here, Mr. McFall, that was not made—in fact, the contrary was made in his testimony this morning by the Secretary of Commerce.

You point out that much of the assistance available under the EDA is not available in other Federal or State programs and will presumably no longer be available if the administration's proposal to abolish this program is accepted.

Of course, the administration counters that by giving us a long list of general and special revenue sharing programs. They are either unable or unwilling to answer our question as to whether the sum total of those revenue sharing programs will amount to more or less than the current type of programs that we have.

I think that is a key point.

I also wish you well in your position of leadership in this body as we attempt to, in the course of the year, establish the constitutional authority once again of this body.

Mr. McFALL. Thank you very much.

Mr. JONES. I can assure Mr. Studds that Mr. McFall will keep us on a good and steady course.

Thank you very much, Mr. McFall.

We next have our colleague who has been most interested in this program from its very inception.

We had pointed out to us this morning by the Chairman about a visit made to one of his counties where they have probably the lowest per capita income of any county of the United States.

What he has done in the form of rehabilitation, given the new courage, new hope and new aspiration of the people that he represents.

We are pleased to have our colleague, Mr. de la Garza.

STATEMENT OF HON. E. DE LA GARZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. DE LA GARZA. Thank you very much, Mr. Chairman, and my colleagues on this committee.

I appreciate very much the opportunity to appear before you.

It is not the usual procedure for a Member to appear before a committee on which he does not serve.

But this matter is of such importance to our area, that I would feel derelict in not appearing before you.

Listening to our colleague, Mr. McFall, perhaps some of what I have would be somewhat repetitious.

But the story which he told, tenfold appears to be in my area.

Mr. Chairman and members of the committee, fortunately I represent one of the most excellent areas of the United States to live in, but unfortunately, we have many poor people.

In fact, the counties in South Texas have perhaps the lowest per capita income in the United States.

Also, we have a problem, because of the economy of our area, which is farming and ranching and very small industry, it is very difficult to secure jobs for the migrant workers who come home to our area, for the farmworkers who do not migrate.

Perhaps about 70 percent of the population is Mexican-American, of which a greater part is either farmworkers or migrant farm laborers.

It is not unusual for measured unemployment in my district to be above 10 percent and for the real unemployment to run substantially higher than this.

Now, it is not nice to be saying these things about the area where you live, but it is a fact that we cannot disregard. We have many great health problems.

As a matter of fact, I could mention to you that in many parts of our area we have no water supply. And people must either bring water in by truck or drink from the irrigation canals, having no money with which to buy clean water.

Many of the people must use whatever water is available.

The Economic Development Administration has given tremendous help to the people of my district.

And I might add here, Mr. Chairman, that this was done so under a Democratic administration and it continues to be done under the Republican administration.

We have had in that region, which encompasses five States I understand, one of the most able teams of leadership that EDA has possibly in the United States.

Under both administrations they have been most helpful and most cooperative. And you know of my record in the Congress—I am not one to spend a dollar foolishly.

But the EDA certainly, in my estimation, was money well invested, because it has done a tremendous amount of good by allowing people to help themselves.

It has granted funds to enlarge our port, for example, in Brownsville. It has loaned money to businesses to create literally thousands of jobs for people who have never had jobs before.

The situation, for example, in Brownsville, Tex., we have a quite sizable fishing industry. We had several fish houses who were ready, willing and able to open up their businesses if they could have water.

So when EDA granted funds to the city of Brownsville, the minute that the EDA granted this assistance, something like 700 jobs were immediately available.

We have another operation that the minute they opened their doors, there were some 300 jobs immediately available, jobs that we did not have before—people who were on welfare.

And this is the kind of program I think the American people, and certainly I, recommend. And this is why this would be such a blow to our area, Mr. Chairman.

I mention the county of Jim Hogg, for example—no industry whatsoever, mostly ranching. Most of the community had no water available, no potable water. And there was an industry that was willing to come if they had the water.

The EDA came to their assistance and immediately several hundred jobs were open.

Now, this can be true also in an urban area. But what will we do without EDA type assistance?

I am afraid that what all this boils down to is that we are being asked to trade EDA, a program which we know can meet our needs and which was not a giveaway program—it didn't do anything but provide either the community, the county or private enterprise the incentive to provide jobs for the community.

Now, if I had more faith in the President's proposals—had we been dealt with more candidly in the past. But with our experience with general revenue sharing fresh in mind, it is hard to be confident.

And I was not one of those that supported revenue sharing.

We accepted that program on the basis that revenue sharing funds were to be in addition to all other Federal funds already going to States and municipalities—we did that.

But since publication of the President's budget, it has been painfully obvious that what we were told was not true. There have been wholesale terminations and cuts in programs that help poor people help themselves.

So that revenue sharing funds can be sent to more well-off areas of our Nation.

Now, digressing, this is not your major problem, but let me give you an example of what revenue sharing has done. Cameron County, Tex., is one of the poorest counties in the Nation. It has a per capita income of about \$1,500.

Fairfield County, Conn.—and I have no grudge with Connecticut—on the other hand, is one of the wealthiest counties in America with a per capita income of close to \$5,000 or more than three times that of Cameron County.

Under EDA Cameron County has gotten \$8.5 million in assistance and Fairfield has gotten nothing.

Now, every penny that EDA made available to Cameron County resulted in jobs. None of the programs have faltered. None of the repayment features are now in default. And the jobs are still there.

Now, under general revenue sharing, Cameron County gets about \$1.5 million per year. And Fairfield County, Conn., gets about \$4.5 million annually, or about three times more than the poorest county gets.

This occurs that despite the fact that by virtually any measure of need—income, unemployment, infant mortality, education level, or whatever you name—Cameron County's needs simply dwarf Fairfield County's.

I could give you more examples, Mr. Chairman, of the specifics in our area, but certainly this is one of the programs that we talk about, Mr. Chairman. This is one of the programs that the American people talk about. This is one of the programs that my taxpayer talks about—that we get a dollar's worth for every taxpayer's dollar that we invest.

And I assure you that the EDA has fulfilled this amply in my area. It has brought tremendous benefit to the people of my area. And there are no loans in default and every grant has accrued to the benefit of the people—most of them that had no jobs and there were no jobs available. Some of them have enhanced their jobs, but the greater part have been employed at an employment that affords them a weekly salary for a year—and talking about cutting the needs of the migrant to

migrate, this is the program. Talking about enhancing the income ability of the poor, this is the program. Talking about getting a dollar's worth for your taxpayer's dollar, this is the program.

And that is why I so strongly urge you and the members of this committee, Mr. Chairman, to continue this and perhaps we might convince the administration that we agree with them in their desire to economize, we agree with them in their desire to get a dollar's worth—a dollar's service for the dollar we spend of the taxpayer's money.

And this is one of the programs that does that. I thank you very much, Mr. Chairman.

MR. JONES. Thank you, Mr. de la Garza. Did you have an experience that EDA was ill with bureaucracy?

MR. DE LA GARZA. Not in my area, Mr. Chairman.

MR. JONES. Did you find that there was a lack of local control of the EDA program in the community?

MR. DE LA GARZA. All of the control has been purely local either by the public agency or by the private enterprise.

MR. JONES. Do you think that the projects that were submitted to EDA met with the general consensus of the needs of the people there?

MR. DE LA GARZA. Mr. Chairman, the program was scrutinized first by the local development agency. They were formulated by the local people through their respective representatives. And they were scrutinized exhaustively by the EDA.

MR. JONES. Did you observe that there was any trespass by the Federal Government, the EDA, against local sovereignty?

MR. DE LA GARZA. None whatsoever. I don't know if anyone testified to this fact which you are interrogating me on, but I would like to meet the person face-to-face.

MR. JONES. We had testimony this morning from the Secretary that by closing down EDA, we would be relieved of bureaucracy. We would have better expressions of priorities in the local communities.

That was the general gist of his testimony. And that if we disperse all of the responsibilities contained in the Economic Development Act of 1965 and its amendments to other agencies, then we would have a better coordinated operation of the various programs now vested in the EDA.

MR. DE LA GARZA. Well, I can really tell, with all due respect to the Secretary, that he has not been to south Texas to scrutinize the actions of the EDA in that area.

MR. JONES. You feel that if we continue EDA, no great harm is going to come to our republican form of government?

MR. DE LA GARZA. If you continue EDA the way it is operated in my area, Mr. Chairman, it can't do anything but enhance our republican form of government and possibly our Republican colleagues, with all due respect as a Democrat. [Laughter.]

This is a program that they have been talking about, Mr. Chairman. This is a program that all of us like to see. There is no waste, there is no duplication. It is just a good program that makes you feel good that you are paying tax dollars and they are being used in the way they have used them.

MR. JONES. I want to read you just a portion of a letter that I have received from a mayor in the district that I represent, if I can locate it.

Papers are easy to lose up here. Anyway, the gist of the letter was that—here is a community that started a water supply system. They invested \$100,000 in capital improvements to drills wells—they issued bonds for that purpose. And it later on became inadequate. The community of 300 or 400 people was totally distressed. And so they almost reached the brink of insolvency.

And we came along with the FDA. They were able to obtain a grant and loan. As a result of that, he says:

Now, the western section of our large county has obtained a loan and grant to build a water system in the rural section and will be able to furnish a source of water for them. I have gone into details with this to let you know the tremendous good and the marvelous developments we have due entirely to these grants from the Economic Development Administration. We have over 1,000 jobs that we would not possibly have been able to obtain without this help.

Now, that shows you a community in the district that I represent that is remote, rural. By virtue of that grant and loan of about \$200,000 employment became available to over 1,000 people.

These figures are not miscalculated. It seems to me we are making an investment in capital improvements that is necessary in this country to give not only employment, but opportunities to people to help themselves in a common cause of industrial development, to the improved quality of their community, and do the things that are necessary if we are going to have a sustained, healthy, prosperous Nation.

Mr. DE LA GARZA. This has personally been my experience, Mr. Chairman. Jim Hogg County, Tex., is the exact duplication of the occurrences you cited to me in your district.

Also, Mr. Chairman—and I say this with all due respect to whoever might have testified before—but concerning the bureaucracy or the duplication, we have an area in my district which runs down the Rio Grande River, of which some 60 miles are sparsely settled rural communities. They have no water supply and all the terrific problems that come from not having the water supply.

The Farmers Home Administration, they tried but the economy is such that they could not go on alone. I then got all of the agencies together, the Federal agencies that are in Texas, Mr. Chairman, to come to a meeting and to meet with the local people.

And all of us got together. And they now have a system which I agree with, they have a board made up of the heads of all of the Federal agencies in the area. A regional council.

I don't know what they call the board, but whoever heads the Department of Transportation, the EDA, the Farmers Home and what have you.

We presented our problems to them. And perhaps as an indication and somewhat in rebuttal of whoever testifies about bureaucracy and duplication and so on, when the group got together, the agency that was selected from amongst themselves to coordinate with the local people, coordinate with the Federal agencies, to be the manager for the program, was the EDA region.

And the director, Mr. Neptune there, who has done a terrific job in our area—and we are very satisfied with it.

Mr. JONES. Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Thank you, Mr. de la Garza, for a very fine statement and for being a helpful witness for the committee.

Have the EDA programs encouraged participation from the private sector and resulted in capital investment and in new taxpaying businesses and/or jobs in your area?

Mr. DE LA GARZA. Yes, sir; they have. I will cite you one example. A couple of young men invested, oh, something like 50 percent. I think, some \$500,000, in starting a ship-dismantling operation. They buy these Liberty ships—and we are having some trouble with the administration in that respect—but at any rate they now have an ongoing operation of hiring some, this one, 300 people, which is a cooperative venture between private enterprise and between the EDA.

And is paying people way above the minimum wage really, because it entails welding and technical jobs, some of which were trained through a Labor Department grant to the business, others which were trained in what we call our technical institute, partly with EDA funds also.

Mr. HAMMERSCHMIDT. We had a prior witness that stated that overlap and duplication of Federal programs is inherent in this program, unnecessary and wasteful.

Do you really find any duplication of effort toward the goals that this program seeks?

Mr. DE LA GARZA. No, sir. I can't fathom anyone saying that there is duplication as far as the EDA is concerned in the area I am acquainted with.

I just can't visualize it, because the reverse has been true.

Mr. HAMMERSCHMIDT. As I understand, from your previous statement, there is total local decisionmaking input on the programs, the community seeks to accomplish its goals toward economic development, is that not true?

Mr. DE LA GARZA. Entirely so, because the program is first started with the agency, with the city, with the county, then it must go to the regional development council who scrutinizes it exhaustively before they recommend.

So the community has complete control before it gets to the EDA and time to scrutinize. Complete control.

Mr. HAMMERSCHMIDT. I thank the gentleman.

Mr. JONES. Are there further questions on my right?

The CHAIRMAN. I have no questions, but I want to congratulate the Congressman. He has been a real battler for this program since way back in the early days, when we had pretty tough going to get it off the ground.

I think you will agree that this talk about duplication of effort, this talk about local initiative is inaccurate. I think each Congressman is a lot closer to his own people, his own district, than the administration.

When we get home, I think we are a lot closer to the people than a lot of those bureaucrats who don't know much about the people or the programs. We are on the road constantly.

But I don't blame them so much. I do blame knowledgeable but faceless, nameless people in the Office of Management and Budget. They move around in a quiet way, shadowy figures moving around in the basement, and they come up with these fantastic programs.

We are not going to balance the budget by putting people out of work. We are not going to make prosperity by giving the least to those who need the most.

At any rate, I don't want to make a speech, but I do congratulate the gentleman and thank him for coming here to help us again, as he has done many times before.

MR. DE LA GARZA. Thank you, Mr. Chairman, for your generosity.

MR. JONES. Are there any questions on my left? Mr. de la Garza, we are very fortunate to have you with us and to have your observation.

I would just like to ask you one more question before you leave.

If EDA continues and if they make grants or loans in your area, do you think that is going to cause inflation?

MR. DE LA GARZA. Eventually no, Mr. Chairman. Without the assistance of EDA, we already have ample proof that we have jobs that did not exist—without the assistance of EDA, areas like mine—we don't contribute to inflation, because there isn't any money circulating, one.

Second, the corresponding consequences of unemployment are such that I would truthfully tell you, Mr. Chairman, and members of the committee that every type of welfare assistance to an area, without the benefit of the EDA assistance—all of the other type welfare programs would have to be increased to cope with the corresponding—

MR. JONES. Even if we have an increased cost of living of 6 percent and you lose the opportunities under EDA, don't you think that is going to further depress the economy of your area?

MR. DE LA GARZA. It certainly will, Mr. Chairman. That is something that we can ill afford in our area.

MR. JONES. Thank you very much. We are obliged to you for coming to us today.

MR. DE LA GARZA. Thank you, Mr. Chairman, and members of the committee.

MR. JONES. Our next witness will be Hon. Michael J. Harrington of Massachusetts.

Mr. Harrington has been quite helpful to the committee in supplying information from time to time. He is cognizant of the great need that exists not only in his area, but also the total public requirements of economic distressed areas.

We are obliged to you, sir, for coming and look forward to your testimony.

STATEMENT OF HON. MICHAEL J. HARRINGTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

MR. HARRINGTON. Thank you, Mr. Chairman, and members of the committee. I have a statement which I have made available to the committee staff.

Rather than read from that, I would like to make a few observations.

MR. JONES. Without objection, the statement will be received and printed in the record at this point.

(Statement referred to follows:)

STATEMENT OF HON. MICHAEL J. HARRINGTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman, I would like to express my gratitude to the Committee for allowing me this opportunity to present my views at these hearings.

I appreciate this chance to testify because I feel that the extension of the Public Works and Economic Development Act is especially essential to economic

growth since general revenue sharing is only in its test period, special revenue sharing legislation is uncertain, and the Rural Development Act cannot be fully implemented for a number of months.

The section of the Public Works and Economic Development Act that is of special importance to me is Title V, which established the New England Regional Commission.

Yet it has become clear that the New England Regional Commission has failed totally to accomplish any of its objectives.

High unemployment, aging industries and astronomical energy costs are only a few examples of the problems that have not been solved. The Commission is riddled with overpaid employees who were appointed to its staff with no thought given to their experience or competency. The Commission has become a convenient vehicle for the handing out of expensive rewards for political favors.

However, I feel that regionalism is an excellent and viable concept in eliminating the economic difficulties which face us today.

The problems of New England are not restricted to any one state. They are unique to the region as a whole. Therefore, I believe the New England Regional Commission can solve this fundamental crisis which confronts us if the following changes are made:

- (1) the Commission be expanded to include three representatives chosen by a caucus of New England's representative and senators. They will serve one-year non-renewable terms and would be responsible to the entire caucus.

- (2) the Executive Committee of the Commission be enlarged to include one of the Congressional representatives.

- (3) the Executive Committee should also be required to approve all grants and programs of the Commission and all executive staff appointments (\$10,000 or more in salary).

- (4) monthly meetings of Executive Committee and quarterly meetings of Commission be mandated.

- (5) all staff appointees must pass appropriate civil service exams and shall be paid in accordance with civil service salaries.

- (6) The public, political, and business communities must become aware of and accept the basic concepts on which the Commission was formed.

I would now like to present the background of the Commission, why it failed, and expand on what can be done to improve the situation.

BACKGROUND

The New England Regional Commission (NERC) was established under Title V of the 1965 Public Works and Economic Development Act. The regional commissions are charged with developing long-range, comprehensive programs for the region, coordinating Federal and state economic activity, and increasing private investment. Action is required by law in two areas—legislation and planning. According to the NERC 1972 Annual Report, programs are chosen on the basis of three main concepts.

First, preference is given to programs that are regional in nature and respond to the common problems of the six states;

Second, programs are stressed which have a direct impact on employment and income of New England residents, and which make significant improvements in the services and facilities to support development; and

Finally, the Commission tries to use its resources as a catalyst for new ideas and programs.

They have failed in all three areas.

WHY THE FAILURE?

As of last November, NERC had the largest staff (38) and paid the highest salaries (the average is \$19,000) of all the regional commissions. Yet the Commission is a failure. It has failed totally in two areas where action is required by law—legislation and planning.

We owe a debt of gratitude to the Boston Globe Spotlight Team for uncovering some of the glaring failures of NERC and expanding our knowledge of the problem.

The Commission has spent less than one percent of its Federal funds on business development and this program called the New England Industrial Resource

Development (NEIRD) had failed by October of 1972 to produce one new company or job.

Most of the money has gone to ongoing programs which are initiated by other agencies and have little or no regional impact. For example, the publication of "Venture Capital" by the New England Industrial Resource Development. The publication costs \$59,000 and contains information on 100 firms which are in the business of lending money to prospective entrepreneurs. There was a similar book by a Chicago firm called "Guide to Venture Capital Sources" which had listed 86 of the 100 firms in "Venture Capital".

The Commission itself is poorly organized. It has been used as a vehicle for awarding political favors, both in its staffing and in the way it has distributed its funds. These facts have been well established by the Boston Globe Spotlight Series on the New England Regional Commission.

The Commission is run sporadically by the six governors of New England. They do not exercise any real control over the Commission and one of the reasons is that they meet only four times a year. Referring to the lack of oversight, Governor Licht of Rhode Island said, "I have a feeling that many things are being studied to death", (Providence Journal account of a meeting held July 7 at Mystic, Connecticut.)

The Commission is run on a day-to-day basis by an executive director and a federal co-chairman. These men have found it difficult to work together causing divisions on the staff between the political appointees and the bureaucrats. As a result, the federal staff has not been able to work effectively with the state staff.

Furthermore, as of last October, only one member of the staff had any background in economics.

All technical problems and research are done by highly priced outside consultants. There is no civil service exam requirement with the result that there is no staff expertise. The Commission had to spend \$100,000 to have its long overdue five-year economic plan drawn up by four outside consultants. A review of the Commission prepared for the U.S. Commerce Department by A. D. Little, Inc., found uniformly negative results stemming from token Federal funding, rapid staff turnover, blurred lines of authority and mutual indifference between Commission and federal funding agencies. The review found that the Commission's programs have little or no follow up.

Of all the regional economic development plans in the country, NERC was the last one completed. This long overdue Economic Plan is filled with inaccuracies and inconsistencies. The Plan called for 127,000 new workers which must be immigrated into New England before economic development can begin and then later in the report said that labor force is sufficient to handle any economic expansion.

The Plan asks for \$1.5 billion for the next five years. This is an increase of 5,000 percent.

WHAT CAN BE DONE?

Blame for the failure of the Commission lies in two places. One is with the Executive branches of both the Federal and state governments. NERC has never been taken seriously by either of these groups. It is just a high level political payoff, a sophisticated pork barrel. NERC, it seems to me, was never considered an important tool to use in solving the major problems of the region.

Responsibility for NERC's failure also rests with Congress, especially with the members of our New England delegation. We offered little leadership or guidance—set no priorities. By ignoring the Commission, we allowed it to deteriorate into the kind of organization it became.

It would be a mistake to simply abandon NERC. New England's problems call for the kind of regional solutions that NERC can help coordinate. In my view, one of the most important functions for the Commission is to encourage the attraction of growth industries to New England. The First National Bank of Boston has already laid the groundwork by identifying the kinds of industries that would contribute to the region's economic health. The Commission should work toward creating an economic climate that would encourage the attraction of these industries.

This effort should include programs designed to make the cost of energy in the region more competitive with other regions of the country; and a job bank with job placement and manpower training programs to coordinate and provide the kinds of skills needed by new industries. Other ideas the Commission might concern itself with would include a regional development bank, equalizing rail rates as compared to other areas of the country, the East-West highway con-

cept and strengthening the New England Energy Policy Staff, and legislation to offer tax breaks for firms which locate in severely depressed areas.

A second equally important area the Commission should devote its resources to is a regionwide land use policy, especially a coastal zone management policy. One of New England's greatest assets, both from an aesthetic and economic viewpoint, is its seacoast. Any program of economic expansion must go hand-in-hand with an equally well-developed program of environmental protection and land management.

Last March, I testified before your Committee on the New England economy. At that time, I stressed the need for an agency—like NERC—one that could coordinate the activities of numerous federal, state, local, and private groups toward the attainment of specific goals.

I still believe we need that kind of agency in New England. New England's economic problems are unique. We are at a natural economic disadvantage in such areas as climate, location and lack of resources.

For example, all states shared in the Nixon recession of 1970 and most are now recovering rapidly. New England's economic recovery, however, is proving laggardly at best. Although the national unemployment rate in December declined to around five percent, it was 5.7 percent in Connecticut, 6.4 in Maine, 4.3 in New Hampshire, 5.8 in Rhode Island, and 6.1 in Vermont. Massachusetts had the highest of the New England states at a 7.1 unemployment rate.

New England has the highest electrical costs in the country. Our area is making gains in new durable industries (i.e., electrical machinery, scientific instruments) at a rate only one-half as much as the rest of the country and most of these are on the precarious base of Federal purchases.

But New England can and must be helped. A recent study by the First National Bank of Boston pointed out that right now New England enjoys a comparative advantage in the fields of pollution control devices, biomedical technology, and the computer peripheral industry.

These industries have one thing in common—they are unlike traditional manufacturing industries which manufacture goods primarily bought by the individual consumer for their individual needs. The products they help produce are called social goods in that they benefit the whole society rather than an individual consumer.

New England is an ideal candidate for regional development. It is a microcosm of the U.S. Three states are heavily metropolitan, three states are characterized by small towns in a rural setting. The region suffers from all of the problems that affect the nation as a whole. Its air and water are polluted in many areas. Its infrastructure is growing obsolete—new roads, rapid transit systems, port facilities, electric generating units all are badly needed. There is room available for the creation of new towns to relieve urban congestion. And most important, there is a highly skilled labor force that can adapt to meet these new priorities.

Only an intergovernmental body, operating with a broad and flexible mandate, will be able to coordinate the activities of many diverse agencies, governments and industries, to achieve meaningful results.

However, I believe that it is necessary to make certain structural changes in the management and operation of the Commission for it to be truly worthwhile. The principal fault with the NERC has been a lack of supervision and direction from the New England governors and the Congressional delegation. These groups must play a more active role in the day-to-day operations of NERC.

I suggest that legislation be prepared to expand the Commission to include three representatives of the region's Congressional delegation, to be chosen by a Caucus of New England's representatives and senators. These members, one from the Senate and two from the House, would serve one-year non-renewable terms, and would be responsible to the entire Caucus. This change would permit direct Congressional input into Commission policy; and would have the effect of strengthening the Commission's position with the Committees of Congress responsible for its authority and appropriation.

The Executive Committee of the Commission should be enlarged to include one of the Congressional representatives. Furthermore, the Executive Committee should be required to approve all grants and programs of the Commission and all executive staff appointments (\$10,000 or more in salary). Hopefully, with three separate branches of government involved in closer supervision of the staff and grant activities, the kinds of improprieties that characterize the present

Commission would be reduced. Furthermore, I would mandate monthly meetings of the Executive Committee, and quarterly meetings of the Commission. A more direct presence of the members of the Commission itself is vital if it is to fulfill its mission.

Finally, all staff appointees must pass appropriate civil service exams and shall be paid in accordance with civil service salaries. This reform should increase the technical qualifications of the staff and make their pay more reasonable and more in line with the pay of similar professionals elsewhere in society—thus making the Commission staff a less appealing political payoff.

The reforms I have suggested will not solve the problems of the Commission in and of themselves. To reverse the downward trend of New England's economy it is necessary the public, political and business communities become aware of and accept the basic concepts on which the Commission was formed. But the reforms I offer will create the opportunity of a more productive Regional Commission which we all recognize as something that is sorely needed.

Mr. HARRINGTON. One facet of the overall economic development problem is of particular interest to me. That is the threat presently posed to phase out the New England regional commission and its sister regional commissions. It is outlined in that battle document called the 1974 fiscal budget, which was announced to a waiting public on January of this year.

I think you have every right, Mr. Chairman and members of the subcommittee, to be skeptical of the track record of the commission. In appearing here last year I endorsed the basic premises under which this commission was established—the need for more regionalism—in the New England area.

I did not intend, nor do I intend this year, to extol virtues where they don't exist.

My concern is that there is every reason to be skeptical about the performance of the regional commission and equally skeptical after the first 4 years and 2 months of the present administration about the possibility that we will receive any constructive alternative approaches when it comes to solving problems of a regional nature.

I think that you have seen, in the course of the last few weeks, an increased interest—and I have a National Journal article which I would be glad to give to members of the committee or the staff if they are interested—on the part of the New England congressional delegation of the need for regional approaches to problems.

Mr. JONES. Do you want to submit that for the record?

Mr. HARRINGTON. It is available if members of the committee would like to see a rather exhaustive and detailed account of efforts to get regional action on the congressional delegation level.

My point, Mr. Chairman, is only to give you an increased appreciation for both the need for improvement and at the same time the growing cooperation of the congressional delegation from New England on the question of how we deal with problems that are regional and not partisan in nature. We owe a particular debt of gratitude to the Boston Globe spotlight team for their probing investigation of the regional commission. They uncovered problems, but they also spurred the efforts of reform and cooperation.

Rather than agree to the dismantling of the Commission, an adequate replacement should be found for the worthwhile programs now in progress or on the horizon ahead. The committee should give serious consideration to a series of proposals which are included in my remarks and which I hope to submit as specific legislation in the

near future. There will be one more step toward meeting some of the criticism leveled at the present Regional Commission.

The basic need is for greater involvement of the political apparatus in the decisionmaking process. In general, an effort should be made to make sure that expenditures are scrutinized prior to their being undertaken, and some effort made to identify longer term problems on which we can have some effect. Problems have been pointed out in an abundance by studies. Our effort now should be to seriously begin to implement solutions to these problems with action programs.

My point in coming this afternoon is not to be repetitious or to go over ground that has been covered in the Senate or covered perhaps earlier today or in testimony taken prior to this occasion.

My purpose in appearing before you is to impress you with the real potential of regionalization that exists in New England. Rather than cooperate in the destruction of what is potentially a viable effort, the New England Regional Commission should do something if at all possible to meet the legitimate criticisms but at the same time allow us a measure of continued viability. I urge you to support reform but to continue to fund that entity called the New England Regional Commission.

I hope that my testimony has been useful.

Mr. CLEVELAND. Mr. Chairman.

Mr. JONES. Mr. Cleveland.

Mr. CLEVELAND. Just for the record and without getting into a lengthy dialog with my friend and colleague from New England, I have read his statement. And I would just like to say for the record that I am aware of the Boston Globe article on the New England Regional Commission. Insofar as it commented on the operations of the New England Regional Commission in my district in New Hampshire, I found the article to be grossly misleading—grossly nonfactual. With reference to one specific situation in my district; namely, the Upper Connecticut Valley Hospital located in Colbrook, N.H., I found to my dismay that they had not even discussed the substance or facts in the article with people who were directly concerned with the hospital and with the efforts of the New England Regional Commission to find the money.

I don't think it would serve any useful purpose here to go into a long discussion of this, Mr. Chairman. But I would like permission at this point, for the record, to insert remarks that I made in connection with that part of the Globe article.

And, Congressman, for your information, if you want to rebut the rebuttal, these appeared in the Congressional Record of October 18, 1972, at page 82414.

And if your office calls mine, you can get a copy of it.

But I found, on the basis of their discussion of this one project, and my experience with other projects in New England where the New England Regional Commission assisted me, the accusations of the Boston Globe were at least in those instances inaccurate, unfair, and not particularly constructive.

Mr. JONES. If a reference is made to an insertion in the Congressional Record, then the reference will be made to the page of the Congressional Record to which the gentleman, Mr. Cleveland, has made reference.

Mr. HARRINGTON. If I could, Mr. Chairman, in brief response to Mr. Cleveland's observations, comment further, I did not in any way mean to imply by my general remarks an endorsement in total of what the Boston Globe spotlight team had written in the fall of last year.

My point in coming here was to stress my support for the concept of regionalization, to recognize that there is some truth in all of the criticisms expressed about the effectiveness of regional commissions being at variance with their purpose, but to encourage continuation with reform. Rather than wait expectantly for solutions which I don't expect are going to be forthcoming—I have tried to offer alternate approaches to the solutions of problems we face. I urge the committee to recognize that there are needs for change and to do what it can in a positive way to allow these entities to go forward. I would add again that there is a growing sense of awareness on the part of our own regional delegation to regional problems as is evidenced by the article that I have given you.

My remarks were in no way meant to suggest that in every respect the Globe articles are factual. They were intended to point out in a perhaps very impatient perspective that there is a need for improvement. I hope that that can be our role.

Mr. CLEVELAND. Thank you very much. In the spirit of conciliation, I will be willing to admit that maybe there is something right in that article.

Mr. JONES. We are not a grand jury about to try the Boston Globe. It need not be tried here.

Mr. HAMMERSCHMIDT. Mr. Chairman.

Mr. JONES. Yes, Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. I just wanted to clarify one point. As I understand your statement, Mr. Harrington—we do appreciate your appearance before the committee, let me interject—you are suggesting that we change the original concept perhaps of the Title V Commission and put direct participation in the State's hands of the Federal-State partnership in that State.

Mr. HARRINGTON. Part of what I am suggesting—to remain perfectly vague—is that there should be a greater degree of congressional involvement in operation and policy of the Regional Commission. I am wedded to no particular vehicle, but the Commission must involve members of the congressional delegation on an ongoing but revolving basis in its deliberations. Awareness of regional issues will improve our ability to recognize problems and help lead to timely efforts at solutions. We do not need the kind of repetitious rhetoric I could engage in along with others on a year-to-year basis about the continuation of something we know too little about.

Mr. HAMMERSCHMIDT. I thank the gentleman for his response.

Mr. JONES. Further questions. Yes, Mr. Studds.

Mr. STUDDS. I would just like briefly to congratulate my colleague from Massachusetts and highlight one particular difference between your approach, Mr. Harrington, and what we understand to be the administration's approach.

Mr. HARRINGTON. I hope there is more than one.

Mr. STUDDS. We were subjected to a good deal of rhetoric this morning from the Secretary of Commerce. And a good deal of that rhetoric

pertained to wasteful Federal bureaucracies and programs that did not work.

I think that your approach, which is to take the title V concern for regional planning and to say that it has not in some respects worked, therefore let us change it and let us try to make it work better and to more closely fulfill the intent of the Congress is an approach which I wish, and I think many of the Members of this Congress wish, the administration would take in general.

To indulge in some general rhetoric about wasteful extravagance and useless programs and then suddenly, when no one is looking, to swing a meat axe across a whole spectrum of programs, knocking out the good, bad and indifferent—I think if the administration had come to us and said this part is fine, let's continue with this part, it needs changing, let's consult together about what to change, and this one ought to go because it isn't working at all—they would have received a very receptive response in Congress.

I just want to commend you for taking precisely that approach. I hope that will be the approach we take here.

Mr. HARRINGTON. Well, Congressman Studds, I would just point out in addition that there is, in conjunction with this, ample evidence of a growing recognition, on the part of the 25 members of the New England delegation for the need for just this kind of approach to the solution of problems.

I suspect that might be a major argument to offer this committee. We would like to participate more than we have in dealing with problems on a regional basis and we can offer as tangible evidence our own efforts in Washington to do just that.

Mr. JONES. Ms. Abzug?

Ms. ABZUG. I want to thank you for coming, Congressman Harrington. I realize that you have addressed yourself to one part of our bill that we are considering before this committee; namely, the section that provides for regional economic development commission programs.

The problem we confront is that the projections of the budget of the administration include the elimination of appropriations for regional commissions. It was by no means made clear to me in this morning's hearing whether the administration plans anything to take its place.

In any case even though you come here essentially suggesting reform of the regional economic development commission, I think it is important to get your view as to whether there should be appropriations for regional economic development commissions, whether you could conceive of anything happening in economic development in your region—in the event that the Congress might deem fit to agree to urban development revenue sharing—that would include a role for any kind of regional economic development commission.

Mr. HARRINGTON. The Congresswoman is about the only one I know who could wade through those four bells and still continue to be totally coherent. I envy you.

I think I got the gist of the question. Basically you are reflecting on the suggestion made by one recently referred to as the Cato of the Potomac that an OEO-type problem be solved by looking to other foundations, private sector sources or public sources as solutions to solve the problems left unsolved—left with the dismantling of OEO.

Ms. ABZUG. Again the illusion of revenue sharing is being proposed without the specifics being offered.

Mr. HARRINGTON. Yes, the illusion of revenue sharing being proposed again without the specifics being offered. I would only point to the track record of the first 4 years of the administration in the domestic sector to have serious misgivings about what they offer now.

And, as I say, my skepticism about the regional commission's function to date is matched equally by my skepticism about the administration's good will or good faith in this area.

I would like very much to believe the President's television message of August of 1969, talking about creative federalism.

I think it makes a great deal of sense to suggest to various areas of this country that there is not one way the problems have to be solved or one priority to attach to the solution of a specific problem.

I find the administration record, frankly—after 3 years-plus service in the Congress barren of any kind of substance that reassures me that reasonable, creative policy proposals are going to be forthcoming.

For that reason, I find myself unable to respond very positively to your question when it comes to special revenue sharing or anything else that has been referred to or alluded to as an alternative to this. Based on my experience and my reaction as an interested spectator, I am left with little trust or confidence in this administration.

Ms. ABZUG. Thank you, Mr. Harrington.

Mr. JONES. As I understand from your reply to Ms. Abzug's inquiry, rather than wait for revenue sharing, better be like Boy Scouts and be prepared today.

Then we will think about revenue sharing and go ahead with the ongoing program.

And if, in a year from now, we find it successful, then we can reappraise our position.

Mr. HARRINGTON. Mr. Chairman, I can only say that I am prepared to accept promises with some faith. I have just not seen anything to nurture that expectation to date in many of these areas.

Accordingly, I concur with both your sentiments and Congresswoman Abzug's.

Mr. JONES. Any further questions? We again thank you, Mr. Harrington.

Our next witness is our colleague, Mr. Robert H. Steele of Connecticut.

Congressman, we are pleased to have you. I am a little bit surprised. I didn't know there were any poor people in Connecticut.

We send a lot of money up there for the insurance business but they never send any back till we die.

I hope you will be a little bit more charitable to us in the poor areas than you have been in the past.

Send us some dividends once in a while.

STATEMENT OF HON. ROBERT H. STEELE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. STEELE. Thank you, Mr. Chairman, and members of the committee. I appreciate the opportunity to be here. I listened with great interest to Mr. de la Garza's statement.

With your permission, Mr. Chairman, I would like to present an abbreviated portion of my prepared statement and would like to ask that the full statement be placed in the record.

Mr. JONES. It will be received and appear at this point.
(The statement referred to follows:)

STATEMENT OF HON. ROBERT H. STEELE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CONNECTICUT

Mr. Chairman and members of the Committee, I appreciate the opportunity to present information concerning HR 2246.

The purpose of the Public Works and Economic Development Act of 1965 was to offer economic assistance in areas of persistent high unemployment. In few areas of the country has this act been more needed and more successful than in Connecticut. The need was certainly there. As I am sure you know, Connecticut's unemployment has been persistently higher than the rest of the country's.

Until a few years ago, the economic conditions of my own district, the second, had remained much the same as in the 1940's and 1950's when the textile industries left the area. The people of the area had to seek defense-oriented jobs in Southeastern Connecticut, where defense employment is more than ten times the national average and four and one-half times the average for Connecticut. This ratio only compounded for the district the uncertainty associated with defense employment. Other people had to commute long distances to jobs in larger cities. In 1970, some six thousand persons from the Norwich community drove eighty miles a day to and from work in Hartford. And still others left their communities altogether for supposed opportunities in the city.

This last alternative was not only a loss of manpower and skills for the small urban areas, but also greatly contributed to the central city problems of today. Yet through EDA, and particularly EDA's public works and business loan programs, we have been able to stop this trend by offering people both jobs and faith in their own community. To show how this depressing picture has been turned around through EDA assistance, let me turn to one specific town, Norwich, Conn.

EDA's first move was to build, through a \$195,000 public works grant, roads and utilities for a 117 acre industrial park on the outskirts of Norwich. EDA, along with the Small Business Administration (SBA), followed up on this task by providing business loans to two of the six businesses that later located in this park. None of these six companies were defense oriented, therefore they helped create a diversified economy offering 750 permanent jobs.

In 1969, EDA approved a \$2,675,000 public works grant to improve water treatment facilities in Norwich. This improvement of water both quantity and quality in Norwich, had much to do with attracting businesses to the park. Prior to the water improvement, residents of Norwich had complained of the water being yellow. It is doubtful that these residents could have afforded a tax or water rate increase to support such an undertaking. Thus with the industrial park and improved water in Norwich, EDA has diversified the economy by bringing in automotive and electronics companies, provided new job opportunities to the people, and most importantly given a new economic direction to the community.

EDA itself has often referred to Norwich as a "modern miracle." The U.S. State Department has sent visiting South American businessman to Norwich to view the industrial park. But the park was most important to the people of Norwich. As Mark Feinburg, managing director of the Connecticut Development Commission said:

"Not only has the park helped stem the rising tide of unemployment and given a boost to the area's general economy but it has also made a growth center of Norwich and infused residents with a renewed spirit of self-respect and optimism that just won't quit."

To help finance the expense of the park, the people of Norwich took out simple five per cent, ten year bonds. Now, they are undertaking a four block commercial redevelopment in the center of the city which will cost something in the vicinity of twenty million dollars. Men who have participated in the park development view it as a "classic example of cooperation between government and private enterprise."

The first tenant of the industrial park was a Norwich firm with an old and pressing problem. John Meyer, manufacturer of women's apparel, had been forced to operate in seven locations around the city for a number of years. The park offered a solution to their need for consolidation. Today, John Meyer employs 350 persons in its 160,000 square-foot plant. A large proportion of these jobs are,

of course, not new jobs, but if John Meyer hadn't had the opportunity to relocate within Norwich, the company would have left altogether.

The project was such a success that in May 1971 EDA approved a \$909,000 grant for a 180 acre expansion to the original park. But it is with much regret that I must note that this expansion with a potential for offering 1,165 jobs by attracting 20 businesses, may not meet with similar success. At this moment, EDA has a business loan application on file from a company wishing to locate in this the proposed new section of the park. If EDA does in fact go down the drain, who will help finance this loan? The supposed \$600 million planned to go to SBA for business loans will, in fact, only be for guarantees. And, more important, the higher interest this company will be forced to pay to the private sector could severely hurt the company's growth potential.

Perhaps, Stanley Israelite, Executive Vice President of the Norwich Community Development Corporation and greatly responsible for Norwich's success, sums up the present situation linking Norwich and EDA best: "Just as we are recovering, learning to walk once again, they are pulling the rug out from underneath us. They are taking the tools with which we can work away from us."

I am sure that Mr. Israelite's statement applies to hundreds of communities across this country in which EDA has offered support. In fact, EDA has helped other communities other than Norwich in Eastern Connecticut.

In January 1971, EDA granted to Middletown a \$400,000 public works project to reconstruct, widen, and install storm sewers for three city roads. These roads are the key to Middletown's industrial development as they offer good transportation from the city to its industrial park. As Mayor Anthony Sbona of Middletown recently remarked, "Without EDA support, this industrial park might have remained in weeds instead of supplying Middletown with a renewed economy with employment possibilities. The \$400,000 grant from EDA was certainly more than an entire year's transportation budget. We are already bonded up to our ears for the development of the industrial park." Now Middletown like Norwich might through continued EDA support be able to diversify its economic base and lower its unemployment figure.

Similarly Mayor Frank McCoy of Vernon, Connecticut is pleased with EDA's \$300,000 public works impact project for repair and renovation of Vernon's municipal building. "Not only will this project provide 42 unemployed and underemployed persons jobs but will also make for a more efficient operation of the town government. After so many years, we will now be able to relocate the town offices in one building and thus meet certain state requirements. Similarly, the Board of Education will take over our old offices, space they have needed for over seven years. It also means that the downtown businessmen will have renewed faith in downtown Rockville.

Another badly needed form of assistance EDA has offered Eastern Connecticut is planning. In 1967, EDA granted \$25,000 to the Southeastern Connecticut Regional Planning Agency to review how communities have adjusted to sudden and massive cutbacks in employment, something Eastern Connecticut has experienced its share of. And more recently, in 1972, EDA granted \$90,000 to help form the Eastern Connecticut Development Council, which is designed to assist in the economic development of the entire 60-town region.

As was the case with Norwich, most of the towns in Eastern Connecticut need an updating of their zoning, a compiling of an industrial inventory, and a development of an economic direction.

In conclusion, I am sure that the case of "modern miracle" Norwich was not an exception in EDA's history. In testimony last spring, then Assistant Secretary for Economic Development Robert A. Podesta noted that:

"From September 1965 to March 1972, EDA had made possible through \$1,122,136,000 in its public works program 330,000 permanent jobs in over 1460 communities across the country.

"From September 1965 to March 1972, EDA had made possible through \$284,922,000 in its business loans and \$28,013,000 in its capital loan guarantees 38,000 new direct jobs and triggered 450 million of private investment.

"From an analysis of 121 technical assistance projects, with a total value of \$6,812,000, EDA had made possible 10,032 jobs and retained 18,473 jobs with an average cost per job as \$168 on rural projects, \$273 for university center projects, and \$294 on urban projects.

"And from a sampling of 218 completed projects that for every technical assistance dollar, approximately \$20 in private and other public investment was generated."

Furthermore, as Podesta pointed out, there is no unnecessary federal involvement with EDA operations witnessed by the fact that the processing time of grants and loans is considerably shorter with EDA than with other federal bureaucracies.

Decentralization is not a new phenomenon to EDA. As seen in the case of Norwich, EDA only helped stage the initial recovery; citizen participation and local decision-making took over at that point. Most important, if other cities across the country are going to recover as did Norwich or if Norwich itself is going to fully recover, they will need sustained economic assistance of this type. Hopefully, Norwich will fully recover; its economic condition won't be determined simply because United Aircraft is hiring or Electric Boat is laying off. We need good planning both economically and environmentally with sustained economic assistance so as to assure our citizens security in their jobs and faith in their country. Thank you.

Mr. STEELE. Thank you. The purpose of the Public Works and Economic Development Act of 1965 was to offer economic assistance in areas of persistent high unemployment.

In few areas of the country, has this act been more needed and more successful than in Connecticut, where economic conditions vary widely from county to county.

Overall, as I am sure you know, Connecticut's unemployment has been persistently and substantially higher than the rest of the Nation's.

Until a few years ago, the economic conditions in my own district, the Second District, had remained much the same as they were in the 1940's and 1950's, when the textile mills left that area.

The people of the area had to seek defense-oriented jobs in southeastern Connecticut. The defense employment is more than 10 times the national average and more than $4\frac{1}{2}$ times the average of the State of Connecticut.

This ratio only compounded the uncertainty associated with defense employment. Other people had to commute long distances to jobs in larger cities and still others left their communities altogether for supposed opportunities in the cities.

This last alternative has not only caused a loss of manpower and skills for the small urban areas of which my district is made up, but also greatly contributed to central city problems of today.

Yet through EDA, and particularly through EDA's public works and business loan programs, we have been able to stop this trend by offering people both jobs and faith in their own communities.

To show how this depressing picture is being turned around in eastern Connecticut through EDA assistance, let me briefly turn to one specific town, Norwich, Conn., population of approximately 44,000 people.

EDA's first move was to build, through a \$195,000 public works grant, roads and utilities for a 117-acre industrial park on the outskirts of Norwich.

EDA, along with the Small Business Administration, followed up on this task by providing business loans to two of the six businesses that later located in this park.

None of these six companies were defense-oriented and they therefore helped to create a diversified economy by offering 750 permanent jobs.

In 1969 EDA approved a \$2,675,000 public works grant to improve the water treatment facilities in Norwich. This improvement of water, both quantity and quality, in Norwich, had much to do with attracting new business to the park.

Indeed, EDA itself has often referred to the Norwich industrial park as a modern miracle.

To help finance the park, the people of Norwich took out simple 5-percent, 10-year bonds.

Now they are undertaking a four-block commercial redevelopment in the center of the city that will cost something in the vicinity of \$20 million.

The men who participated in the park view it as a classic example of cooperation between government and private enterprise.

The project was such a success that in May of 1971 EDA approved a \$909,000 grant for a 180-acre expansion of the original park.

So it is with much regret that I must note that this expansion with a potential for offering an additional 1,165 jobs by attracting 20 new businesses, may not meet with similar success.

At this moment, EDA has a business loan application on file from a company wishing to locate in this proposed new section of the park.

If EDA does, in fact, go down the drain, who is going to help finance such a loan?

Perhaps Stanley Israelite, the executive vice president of the Norwich Community Development Corp., and greatly responsible for Norwich's success, sums up the present situation linking Norwich and EDA best.

Just as we are learning to walk once again, they are pulling the rug out from underneath us. They are taking the tools with which we can work away from us.

I am sure Mr. Israelite's statement applies to hundreds of communities, on some of which we have heard very able testimony before your committee. The situation in hundreds of communities across the country.

In fact, EDA has helped other communities other than Norwich in eastern Connecticut.

In January of 1971 EDA granted to Middletown, Conn., a \$400,000 public works project to reconstruct, widen, and install storm sewers for three city roads.

These roads are the key to Middletown's industrial development, as they offer good transportation from the city to its industrial park.

Another badly needed form of assistance EDA has offered eastern Connecticut is planning. In 1967 EDA granted \$25,000 to the Southeastern Connecticut Regional Planning Agency to review how communities have adjusted to sudden massive cutbacks in defense spending, something eastern Connecticut has experienced its share of.

And, more recently, in 1972, EDA granted \$90,000 to help the Eastern Connecticut Development Council, which is designed to assist in the economic development of the entire 60-town region.

As was the case with Norwich, most of the towns in eastern Connecticut need an updating in their zoning, a compiling of an industrial inventory and a development of an economic direction.

In conclusion, I am sure that the case of modern-miracle Norwich was not an exception in EDA's history.

In testimony last spring, then Assistant Secretary of Economic Development, Robert Podesta, noted that from September 1965 to March 1972, EDA had made possible through \$1,122,136,000 in its pub-

lic works program 330,000 permanent jobs in over 1,460 communities across the United States.

From September 1965 to March 1972, EDA had made possible through \$284,922,000 in its business loans and \$28,013,000 in its capital loan guaranties, 38,000 new direct jobs and triggered \$450 million in private investment.

From an analysis of 121 technical assistance projects, the total value of \$6,812,000, EDA had made possible 10,032 and retained 18,473 jobs for an average cost per job of \$168. And rural projects, \$273 for university center projects, \$294 on urban projects.

And from a sampling of 218 completed projects, that for every technical assistance dollar, approximately \$20 in private and other public investment was generated.

I would like to suggest that this is not a wasteful record. I would like to suggest that this is an outstanding record.

Furthermore, as Mr. Podesta pointed out, there is no unnecessary Federal involvement with EDA operations witnessed by the fact that the processing time of grants and loans is considerably shorter with EDA than with other Federal bureaucracies.

Decentralization is not a new phenomenon to EDA. As seen in the case of Norwich, EDA only helps stage the initial recovery.

Citizen participation and local decisionmaking took over at that point.

Most important, if other cities across the country are going to recover as Norwich did, or if Norwich itself is going to fully recover, they will need sustained economic assistance of the type that has been provided by EDA.

In conclusion, my experience has been that EDA has developed and administered the most successful job-creating program in Government.

This is not the time to abolish these programs. Thank you very much.

Mr. JONES. Thank you, Mr. Steele. Did you find in your negotiations with the Federal Government that you ran into the broad arm of bureaucracy?

Mr. STEELE. I would say that we have met less bureaucracy in EDA than with almost any other Federal bureaucracy. That has been my experience in eastern Connecticut.

Mr. JONES. Have you heard me propounding the same inquiries to Congressman de la Garza and others?

Do you think there has been any trespass on local sovereignty in making the selection of projects?

Mr. STEELE. I speak for my own district, sir. Absolutely not. As a matter of fact, what it has done is provide the tools and the groundwork for private initiative to get going and to work.

Mr. JONES. Were those projects initiated by common demand of the people in the area?

Mr. STEELE. In the case of eastern Connecticut, that is true.

Mr. JONES. Did you find that it met with general approbation of the people who were recipients in Norwich community?

Mr. STEELE. I know of no case where it was otherwise in the Norwich area or in eastern Connecticut.

Mr. JONES. So it sprung from the total aspirations of the people, with their consent that they proceeded to the proper conclusion?

Mr. STEELE. EDA never came to us, we went to EDA. We found them very responsive.

Mr. JONES. You think we should continue for 1 year the act of 1965, as amended, and see if we can make further successes?

Mr. STEELE. I feel that very strongly; yes, sir.

Mr. JONES. You had a rather chronic situation in New England. It is rather ironic that when I first came to Congress, we in the southern part of the United States were being blasphemed because we were taking industries away from the North.

Now, it is switched around. We southerners are trying to get industry back into New England.

Isn't that a strange sort of event?

Mr. STEELE. Yes, sir.

Mr. JONES. I assure you, that I, as a southerner, don't want to see you lose those industries, because when we prosper in New England, we prosper all over.

We are the beneficiaries just as much as you all are.

Mr. STEELE. I think that is well put.

Mr. JONES. I think you will find in this committee a most earnest desire to improve the lot of any area throughout the country in need.

I am quite sure that we will fulfill our hopes and our aspirations as well as you.

Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Mr. Chairman, I thank Congressman Steele for a very fine statement. I believe the chairman's questions covered many areas of concern to the committee. Your testimony speaks of local involvement of the people, how capital is generated from them, how jobs are being created by private capital investment, the relatively low cost per job as has happened in Connecticut, and especially the leverage of the technical assistance dollar and what that means to economic development.

It appears to me that your statement is an EDA success story, that the EDA program is a good Federal-local partnership and delivery vehicle for seed capital, to underdeveloped areas.

Thank you for your appearance here, Congressman.

The CHAIRMAN. Congressman Steele, thank you for a splendid, very fine statement. Thank you for your active participation and support.

Mr. STEELE. Thank you.

The CHAIRMAN. We are certainly privileged, and I am greatly honored and indebted, that four outstanding Governors of our 50 States—I believe all of them are also Title V State cochairmen of regional commissions from different geographic parts of the United States—have made a special point in an extremely tight schedule to be with us this afternoon to present what will be a statement of tremendous importance and significance to those of us trying to revive and get passage, overwhelming passage, of the EDA legislation in the House.

So if I may call first on my own Governor, Wendell Anderson of Minnesota. And Pat Lucey of Wisconsin. Governor Lucey I certainly thank you for bringing your colleagues up here.

To our left is Thomas Judge of Montana. These northern Governors are all young and well-preserved looking, aren't they?

And, of course, we know very well Governor West, the extremely distinguished Governor from South Carolina, cochairman of the Coastal Plains, who has helped us on many occasions.

Governor Lucey, would you lead off or be the moderator. Use the time in any way you wish.

STATEMENT OF HON. PATRICK J. LUCEY, GOVERNOR OF THE STATE OF WISCONSIN; HON. WENDELL ANDERSON, GOVERNOR OF THE STATE OF MINNESOTA; HON. THOMAS L. JUDGE, GOVERNOR OF THE STATE OF MONTANA; HON. JOHN C. WEST, GOVERNOR OF THE STATE OF SOUTH CAROLINA

Governor LUCEY. Thank you, Mr. Chairman. I will be very brief. As you know, Mr. Chairman, I appeared before the Senate committee last week in support of the bill S. 467. I have submitted to your committee a transcript of that testimony and ask that that statement and a preface to those remarks be accepted as testimony in support of H.R. 2246.

The CHAIRMAN. It will appear in its entirety in the record. (Statement referred to follows:)

STATEMENT OF HON. PATRICK J. LUCEY, GOVERNOR OF THE STATE OF WISCONSIN

Mr. Chairman, I would first like to express my appreciation to you and your committee for this opportunity to support H.R. 2246. I hope my thoughts and suggestions relative to the important task of regional development will be helpful to the Congress in its deliberations.

As you know, I appeared before the Senate Public Works Committee last week, strongly supporting S. 467, a measure similar to the one before us today. I would ask, Mr. Chairman, that my testimony on S. 467 be recorded as my thoughts on H.R. 2246.

I feel compelled to make several comments relative to the testimony offered by the Honorable Frederick Dent, the Secretary of Commerce, before the Senate Committee. Mr. Dent was expressing the Administration's position on the Title V Regional Development Commissions and his thoughts merit a response.

Mr. Dent indicated he would recommend to the President that legislation continuing the Title V Commissions be vetoed. He rationalized that eliminating our state-federal regional development partnerships was consistent with the President's policies of countering inflation, decentralizing decision-making and making government more responsive to the needs of people. All are worthy goals, Mr. Chairman, but how Mr. Dent can conclude that our development partnerships are counter to those goals is most disturbing, indeed.

As I suggested last week, the state-federal decision-sharing partnerships of our Title V Commissions seem to square well with the Administration's new federalism policies. They also are not in conflict with revenue sharing.

Through participation of the Governors and federal representatives in decision-sharing, we have accomplished in the Title V Commissions the very things the Administration seeks in its proposed Executive Budget.

We are building a sound economy by seeking to wisely distribute job opportunities and economic growth.

We are decentralizing decision-making, involving the Governors of 29 states, Governors who are responsive to the needs and problems of their people but also aware that problems often cross state and local jurisdictional lines.

We are making government more responsive to the needs of people because we have had investment dollars and the clout of a state-federal partnership to motivate bureaucracy at all levels. Even a cursory review of our Title V efforts would yield the conclusion that our Governors and federal partners have turned around the bureaucracy more than once and forced it to shape its policies to people problems not narrow agency purposes.

And so I am upset by Mr. Dent's opposition to our Commissions, Mr. Chairman, particularly since I know of the fine accomplishments achieved with amazingly few resources in the Coastal Plains area of Mr. Dent's home state of South Carolina.

I will not elaborate on how the facts counter the administration's suggestions that the proposed Executive Budget provides for the needs of rural, lagging areas. I already noted last week that the President's proposals within the Rural Development Act, the Department of Housing and Urban Development, the Small Business Administration and in urban development revenue sharing would do little to address the problems we face as Governors of Title V States.

The information provided last week can only lead me to the conclusion that the Administration has totally inadequate answers for those of us concerned about rural development, balanced growth, lagging regions and full employment. To echo the comments of Sen. Joseph Montoya last week, Mr. Chairman, the Administration proposes to replace a certainty with uncertainty.

I hope the Administration will take another look at the regional development commissions, what they are and what they can do. And if this takes place in good faith and sincerity, I feel the only conclusion the Administration can reach will be one that states the regional development partnerships of the Title V Commissions are not only compatible with the new federalism but have the potential to be its backbone.

I again thank you for the opportunity to appear before your Committee and stand ready to assist you in any way I can.

STATEMENT OF GOVERNOR PATRICK J. LUCEY OF WISCONSIN

Mr. Chairman, I would first like to express my appreciation to you and the Committee for this opportunity to support S. 467. I hope my thoughts and suggestions relative to the important task of regional development will be helpful to the Congress in its deliberations.

As you know, I am Chairman of an organization called the Council of Title V Governors. This group was formally organized last June at the National Governors' Conference in Houston, following seven months of discussions by governors' alternates in the regional development commissions authorized under the Public Works and Economic Development Act of 1965. There are now 29 states participating in the Title V effort—representing seven regions. Our Title V effort, Mr. Chairman, was conceived neither to duplicate nor to compete with the important work of the National Governors' Conference. In fact, I have been encouraged in recent weeks by efforts of Maryland's Governor Marvin Mandel, Conference Chairman, on behalf of the Title V programs. Rather, the Title V Council was conceived to fulfill a recognized need for a "point of contact" with regard to our regional programs. It also is serving as a communications vehicle in these important weeks during the first session of the 93rd Congress. I cannot represent the views of each and every governor who is a member of a Title V Commission, Mr. Chairman. Therefore, the thoughts I offer today are my own. However, I believe few governors who have worked closely with the Title V effort could quarrel with most of the points I will address today.

Before considering the broader, long-range implications of the Title V effort relative to issues such as national growth policy, regional economic development, land use policies and energy needs I would like to share with you some thoughts on Wisconsin's participation in the Upper Great Lakes Regional Commission.

Like other Title V Commissions, Upper Great Lakes has never had sufficient resources to challenge and reverse decades of neglect. Nevertheless, I am convinced that the soundness of the Commission's mandate and workability of the state-federal decision-sharing partnership has resulted in some significant achievements which will benefit Wisconsin residents for decades to come. I would hasten to add that many of these achievements would never have been attempted without the regional action opportunity provided by the Commission. The Commissions' state-federal partnership and program flexibility has allowed us as governors and our federal co-chairman to assemble the necessary programs, allocate adequate resources and expedite efforts that are tailored to regional situations.

Let me cite an example. The commissions are authorized to make both supplemental and technical assistance grants for development-related projects. The supplemental grants have been used to assist local communities in providing their share of moneys for the completion of public facility projects necessary for economic development. The technical assistance moneys are used to foster develop-

ment programs that are innovative, demonstrative or regional in nature. They have been used to turn basic research into demonstration-action programs uniquely suited for the Upper Great Lakes Region.

One such technical assistance effort related to the preservation and restoration of the more than 17,000 inland lakes which dot the 119 county region. These lakes represent not only a significant natural resource for the region but also an irreplaceable economic resource. Individually, the states had been concerned in the past and had launched some work on an independent basis to clean up these lakes. But it was through the Commission's uniquely flexible program, and the availability of action investments that the real advances were made. The Commission provided the mechanism that was necessary to bring together the three State Departments of Natural Resources and a team of more than 50 scientists at the University of Wisconsin in a joint attack on the problem. The Inland Lake Renewal and Demonstration Project was one of the Commission's first technical assistance projects undertaken after chartering in 1967. Nearly six years later, it is scheduled to be terminated. But it is ending not because it failed but because it succeeded.

The demonstration effort has tested and analyzed numerous methods of lake preservation and restoration. Information programs and institutional responses have been developed and made available throughout the Region. And, most importantly, model lake renewal legislation is being prepared and in Wisconsin has been introduced in the Legislature. In short, the Commission partner recognized a regional problem and served as an important institutional catalyst that responded to the common needs of all three states.

I believe the inland lake project is illustrative of the potential that our Title V decision-sharing partnership has, Mr. Chairman. And it is only one example of many success stories, particularly within the technical assistance and demonstration area. The Commission has made nearly 200 technical assistance investments and we are only beginning to realize their significant returns. And that is why I am convinced it is important that the legislation being considered by this Committee today be enacted and signed into law. It is a potential that was recognized by the Advisory Commission on Intergovernmental Relations. After a thorough study, the Commission suggested the Title V experiment should continue—with improved funding.

The very fact that the Congress created our decision-sharing partnerships is evidence that there was a definite need for new approaches to problem-solving in our nation. It was a recognition that problems relating to our valuable human and natural resources fail to honor state lines or agency perimeters. And it was a recognition, Mr. Chairman, that there must be some adjustments for the political realities of our system of government. For while the merits of representation on the basis of one-man, one-vote are undeniable, the mobility and level of technology now maintained by our society have brought us to the realization that the problems and potentials of our rural areas cannot be viewed in isolation. They are as much a part of our society as congestion and pollution . . . as unemployment and underemployment . . . as discrimination and hunger. And it would be naive to think that our institutions could respond to this challenge in isolation and without a special incentive for cooperation, coordination and, most importantly, action.

The importance of enacting the legislation considered here today has been emphasized by the recently released Executive Budget proposals. If accepted, those proposals for fiscal year 1974 would terminate the Title V Regional Development effort as we know it today.

Certainly, the concern of Congress and the President that our nation's problems be addressed in the most efficient and economic manner possible is legitimate. We have parallel problems at the state level. Our state resources, as you know, are strained. That is why so many of us within state and local government so strongly favored general revenue sharing. It was our feeling that these additional resources would allow us to accomplish important goals without increasing the already burdensome levy on our taxpayers. In fact, many are using these funds to relieve some of the regressive and excessive pressure of the local property tax upon our citizens. This regressive tax imposes a most severe hardship on lagging areas—including Wisconsin's 36 Upper Great Lakes counties, where limited local resources have been hard pressed to provide the community infrastructure improvements necessary for economic development.

General revenue sharing, as we understood it, was to give state and local governments a fiscal flexibility they had lost because their taxing capability had, in effect, been preempted. In addition, the feeling was that many of the traditional

categorical grants either were too narrowly defined or imposed fiscal requirements that lagging regions could not meet. In this regard, the Title V Program seemed to square well with the intent of revenue sharing. The Commissions have served as valuable institutional mechanisms for bringing together categorical thrusts, and giving impoverished rural areas much-needed fiscal help, through supplemental grants. This is why the lack of endorsement of the Title V Program in the President's budget greatly concerns me.

Nearly two years ago, Mr. Chairman, I joined other Midwestern governors in a visit with the President in Des Moines, Iowa. It was a very useful meeting in that the discussions were frank and the President outlined his concerns for governmental efficiency and his support for revenue sharing.

Numerous cabinet and Executive Office officials also were present to reassure us that the Administration had a continuing concern for rural development and balanced growth. During that Des Moines meeting, the President promised a Rural Revenue Sharing Program of \$1.1 billion. Although I disagreed with his apparent intention to abolish the special efforts to assist obviously lagging areas such as Upper Great Lakes and Appalachia, I was encouraged that there seemed to be, indeed, a sensitivity for the development of rural America. It was stressed by the President to Midwestern governors in 1971 and to the Congress in early 1972 that there would be an effort to address—through the proposed Department of Community Development and Rural Revenue Sharing—the task of rural development.

Therefore, I was dismayed to see in the proposed budget an inadequate response—or should I say, non-response—to the need for rural development to many of our nation's lagging regions. As we know, Mr. Chairman, the budget proposes to abolish the decision-sharing partnership of the Title V Commissions. These partnerships were neither frivolously conceived nor frivolously executed. They were very real partnerships meant to address a very real need that, in the Upper Great Lakes Region at least, had been documented with studies, surveys and citizen committee efforts since shortly after the turn of the century.

The State of Wisconsin has long recognized the need for special help for its northland. But we have been unable to turn around what decades of resource exploitation and regional isolation have thrust upon us. Our plight was recognized nationally, too, long before the commissions were authorized in 1965. In 1938, for example, the National Resources Planning Board, through its Northern Lakes States Regional Committee, was told that our Upper Great Lakes Area represented "one of the nation's critical social and economic problems." A year later, the Wisconsin State Planning Board noted that the Upper Great Lakes economic situation was due to "conditions of long duration" and "the correction of these difficulties will require time." As a state we tried to act. But the problem was bigger than one state. Our neighbors of Michigan and Minnesota were experiencing identical problems. Throughout the years, citizen committees, conferences and studies continued. But no action.

In 1962, the Resources and Recreation Task Force of the U.S. Department of Agriculture reported the Upper Great Lakes Region to be "one of the most opportunity-laden regions in the nation." It noted, however, that "new directions of effort are needed to rebuild the widespread breakdown of human welfare and community stability." That report was followed by the Northern Great Lakes Regional Conference at Duluth, Minnesota when President Kennedy personally pledged a cooperative effort that would "cut across federal jurisdictions and state boundaries." While the nation was acting to overcome the tragedy of Appalachia, officials in statehouses and Congress were responding with the legislation which gave birth to the Title V Commissions. I should add that while I am pleased to see that the President has continued the Appalachia Program in this budget, I fear that wherever Title V goes, that much-needed program will be sure to follow.

How then can I tell more than a million citizens within 36 central and northern Wisconsin counties that this special effort on their behalf is no longer important when the need has been demonstrated so convincingly over these many decades? How can I tell them that the Nation which benefited from their exploited fur, timber and mineral resources in past generations does not have the decency now to respond with the investment assistance necessary to conquer persistent unemployment, underemployment and resource management problems? How do I respond when a northern Wisconsin village—its own resources straining to meet the local tax burden—asks how it can finance a quarter of a million dollar sewer and water improvement necessary for job

expansion and community stability with \$3,500 in General Revenue Sharing monies?

I have tried to look for answers in the proposed budget, Mr. Chairman, but I have not found them. My staff has inquired of the Department of Agriculture, seeking answers through the Rural Development Act enacted by the 92nd Congress. But the information is far from comforting.

Proposed funding of the Rural Development Act of 1972 calls for only \$10 million in community facility grants and \$10 million in environmental cost-sharing grants. Loan funds of \$300 million will be available for facilities in communities under 50,000 population. But even when compared to present programs, this effort is quite unimpressive. The Economic Development Administration and the Title V Commissions alone had investment resources totaling approximately \$250 million a year. And most of these resources were available as grants to areas of need. We must speak in terms of grants to these areas. Mr. Chairman, because loans will not suffice. Regions such as the Upper Great Lakes are high risk areas. Both public and private capital have historically avoided these communities.

Discussions between rural development services officials and my staff indicate it will not be necessary to consider economic development grants; nor are there guarantees that investments must respond to the potential of key areas, communities or industries, such as those identified as having viable growth characteristics by the Upper Great Lakes Regional Commission. To be commended is the effort—described in the budget as “consistent with the revenue sharing concept”—to involve State planning officials in the development of grant criteria and administration policies. But the fact remains that there is no rural revenue sharing program. There is no special effort to develop guidelines that will use the Rural Development Act as a tool for balanced growth, so necessary if we are to relieve mounting human and environmental pressures on our major urban areas. It is the Congress that must respond to such needs, Mr. Chairman. For only in the Congress can an effective coalition of interests be fused—a coalition between rural and urban areas of need.

The budget describes the Department of Community Development, proposed by the President as a part of his governmental reorganization plans. But nowhere in the budget's descriptive analysis of the proposed department is there an expressed concern for lagging areas, or rural areas, or balanced growth. Proposed is \$2.3 billion in urban community development revenue sharing.

But we must recall that urban community development revenue sharing is supposed to substitute for urban renewal, model cities, rehabilitation loans, neighborhood facilities, water and sewer facilities, open space acquisition and community facilities. And so, the many demands upon these limited revenue sharing dollars will result in some significant problems in resource allocation.

Finally, the budget suggests that some of the interstate planning and coordination activities currently of concern to the regional commissions might be assumed—with Washington assistance—by the states voluntarily. But absent is that important federal partnership and the significant capabilities of numerous federal agencies with considerable expertise. And even more disturbing is information which indicates the \$10 million included in the proposed budget for interstate planning could also be used for other purposes. If states fail to continue to cooperate within a regional context it makes no difference to the Administration. The additional 701 planning funds could also be used for more traditional planning and management activities on a state or sub-state level. I hardly call that an incentive for inter-state regionalism or concern for lagging areas. Rather, it simply adds more funds to a planning pot that already is spread too thinly and too responsive to local interests.

But even an ad hoc interstate planning effort would be constrained from the onset, as those of us with Title V experience can document. The Title V Commissions were conceived as action and planning Commissions. And although the resources for this effort have been limited, our partnerships have served a valuable role within the planning and planning-implementation process. The unique institutional nature of the Commissions—intimately involving the federal government in this partnership—has been the foundation of our action program.

The Commissions' ability to use their action investments as fiscal leverage for the implementation of cooperative, interstate responses to common concerns is worthy of note. The ability of the Commission, for example, to make investments in vocational education, transportation and recreation resource facilities has been an important incentive for bringing together professionals within state government concerned with planning in those areas. The Commission's investment

leverage has enabled Wisconsin and the Upper Great Lakes States to make sounder investments consistent with sound planning. Pressures that are brought to bear on a particular governor, or all governors, can be withstood in a state-federal partnership that has fiscal capability through an action program. I might add that the supplemental nature of the Upper Great Lakes grants has generated from three to four dollars for every one we invested—a multiplier effect that is even more impressive if you recognize the historic plight of a lagging area. In the supplemental area alone, we can state that with only \$20 million in Commission investments, we have helped finance projects totaling more than \$125 million. That means for every Upper Great Lakes investment dollar, approximately five other dollars were allocated within the Region.

And so I think it would be a mistake to abandon an interstate approach to the problems of lagging areas. Without an institutional advocate such as the Title V Commissions or Appalachia, those factors which first prompted the private and public sectors to discriminate against these lagging areas simply will be reinforced. For example, a 1969 University of Wisconsin study comparing per capita federal investments in 10 northwest Wisconsin counties within the Upper Great Lakes Region and southern Wisconsin counties showed a disconcerting discrepancy. Per capita federal spending in the northwest counties was approximately \$600 annually, \$400 less than that in the counties of Milwaukee and Dane (in which the capital city of Madison is located). The realities of government force civil servants and elected officials alike to address the problems and potentials of the areas with population concentration and institutional influence. The Title V effort has acted to counter those trends and reexert the regional interests of the generally rural, lagging areas.

Although I appear today to strongly urge favorable consideration of S. 467, I caution that we must continue to look to the future in developing a national growth philosophy. It must be a philosophy that emphasizes environmental quality and economic opportunity for all, regardless of race, creed, color, national origin or place of residence—be it in a rural lagging region or an urban ghetto. Equality of opportunity and a right to a quality living experience must be addressed within a national framework. The magnitude of the task is so great that neither local nor state government can adequately muster the professional or fiscal resources for its achievement. That is not to say, however, that local and state governments should not have significant roles in the development and implementation of such a policy. I would suggest that the Congress and the Executive Branch might recognize our regional development commissions—in which a true decision-sharing partnership exists—as important tools in the development of a national growth philosophy.

Where else, I ask, do you have a vehicle for bringing together governors, legislators, local elected officials and state and federal agencies to address common problems and potentials? I feel our commissions have only scratched the surface in responding to this challenge and thus the Congress and Executive Branch could be of great assistance in helping us realize the potential that those of us who have worked in this partnership know is there. And where else, I ask, do you have a ready-made investment allocation system that is so responsive to comprehensive planning proposals; a partnership among two important levels of government; able to address problems on either a state or regional basis capable of withstanding pressures for short-term gain over long-term need; and keyed to our governors' sensitivity to regional and state needs.

The potential of such significant legislation as the National Land Use Planning Act, which is presently under consideration in Congress, would be far greater if there were a mechanism such as the commissions to work through.

The commissions could also be used as devices for identifying land resources of significant interstate—but not national—concern. In Upper Great Lakes we have promoted a concept of "Star Attraction" national recreation areas and built upon that concept with sound planning. Through the Commission's program we have brought together state planners concerned with regional impacts of these significant natural and economic resources. We are attempting to analyze the potential users of these resources to identify their dollars and cents value to local communities, the state and the region.

It is possible that the regional commissions could serve as useful institutional mechanisms in our nation's desire to supply the required energy resources for a policy of balanced growth. Too often the problems of energy are divorced from their regional dimension. For example, energy is a relatively minor portion of costs in most manufacturing enterprises. However, in the Upper Great Lakes, it is an important factor in raw materials processing costs, particularly iron ore,

timber and vegetable processing. In this respect, the region operates at a disadvantage because its power costs are significantly higher than those in most other parts of the United States. The causes of these higher rates are complex—the necessity of meeting fuel requirements mostly with distant sources of supply, lack of abundant water power to counterbalance the deficiency of locally-available fuel and the prevalence of small-scale power plants that do not offer adequate economies of scale. Relating energy resources and costs to the human needs of the region will require the active investigation and intervention of a group such as the Commission.

We have been taught that our nation is one of great diversity and diversity is one of its strengths. I believe this to be true. That is why I feel that the regional resource potentials we have identified for the Upper Great Lakes area must be viewed within a national context. Other regions have their own special contributions to make to our national goal of equal employment opportunity and quality of life. It is a great tragedy that we have not wisely managed this nation's diverse resources. We have exploited them. Only recently have we, as a nation, begun to recognize the interrelationships that affect our everyday lives. We are just beginning to learn about the consequences of a society forced into mobility by unbalanced employment opportunities. We must acknowledge that it will take innovation within both the public and private sector. Perhaps—as our Commission's 1969 report to Congress suggested—it will involve the use of tools we have been reluctant to consider in the past—tools such as direct locational incentives or disincentives for the private sector. Realistically, I believe we must recognize that numerous public policies, including those relative to such important areas as transportation, social welfare and capital improvements—are, in fact, incentives to continue existing trends. Our resolve, quite simply, must be to reassess the social, economic and environmental costs of these policies, and pledge to set a course that is more responsive to broader national goals.

Mr. Chairman, the challenge facing our Republic today, requires integrated action.

It cannot be faced by the private sector alone. The diseconomies associated with broader social and national goals should not be theirs to assume.

It cannot be faced by the national government alone. Solutions devised to resolve problems half a continent away have inherent pitfalls.

And it cannot be faced by state and local governments alone—even with revenue sharing funds.

For these and numerous other reasons, Mr. Chairman, I must strongly urge your favorable consideration of S. 467 and hope the decision-sharing partnership we have been nurturing within our Title V Commissions is not lost.

If it is lost, Mr. Chairman and members, I sincerely believe we will have lost a great opportunity which is unfortunately understood by too few within this national capital. I firmly believe that, if recognized and understood, this regional development partnership would be seized, refined and developed as an important component in an effort to guide our nation's future—as a model of how the oft-cited "new federalism" should function.

I again thank you for this opportunity to express my concerns to the Committee and stand ready to assist you in any way I can.

Governor LUCEY. Thank you. I think that my views are well known in support of the Title V Commissions. I have been serving in recent months as chairman of a very loosely knit council of the 29 State Governors involved.

I do not, however, profess to speak here today for those 29 Governors, but rather only for myself as Governor of Wisconsin.

I think over the 6 years that we have had experience with the Upper Great Lakes Regional Commission that a very depressed area of northern Wisconsin has benefited mightily. This progress has taken place despite serious underfunding as compared with, say, the Appalachian program which has substantial achievements.

But nevertheless we have made enough progress that we know that if we had the wherewithal to carry out the 5-year plan that was agreed upon in 1970 we could, in a very appreciable way, diminish the great shortage of employment that will otherwise exist in the years ahead.

And it is estimated by the year 1980, with this plan implemented, we could come at least two-thirds of the way of achieving no greater than a 4-percent unemployment situation in that area of the three States, assuming a zero outmigration. As you well know, the tendency has been toward a very heavy outmigration and not because the people want to leave northern Minnesota, northern Wisconsin, or northern Michigan. It is simply because they have no choice and because they have no employment.

So I would hope that the Congress would decide to continue this very worthwhile program for at least 1 year in order that we might further prove its merits.

And with that I think I would like to call on my neighbor, Governor Anderson.

I would also like to hear from the other two Governors here.

The CHAIRMAN. Governor Anderson, I have the extreme pleasure of welcoming you. I am certainly proud of you, a bright young man, a battler and straightforward scrapper.

Thank you for appearing before us today.

Governor ANDERSON. I have testified before this committee, as you know, several times with respect to this legislation and others.

I don't know of a program where the State and the Federal Government cooperate any better than they do in the Upper Great Lakes Commission.

I think the members of the committee should know that there are some parts of northeastern Minnesota where unemployment is at some 17 percent.

And we feel that if the Federal Government eliminates financial support of this program, there is no way that the State can do more, in my judgment.

In my State, Mr. Chairman, every year the legislature has been in session since 1958, we have raised taxes. And we try to funnel more of our State resources into northeastern Minnesota and have done that.

But unless we continue to receive the kind of support that we have received in the past from the Federal Government, these critical problems of unemployment and economic development will simply not receive the treatment that they deserve.

And again speaking for myself, and I think for the people of my State who are very grateful to this committee and its chairman for the leadership that you have shown in this very important area, I would like to introduce, if I may, a friend of mine from the State of Montana, its new Governor, Gov. Tom Judge.

The CHAIRMAN. Governor?

Governor JUDGE. Thank you very much, Mr. Chairman, and members of the committee. It is a great honor and privilege for me, as the cochairman of the All-West Regional Commission, to testify and make a very brief statement to the committee at this time.

The All-West Regional Commission is a new commission. It has just started within the last year.

We have one project that the Governors of all the States are agreed upon. And this is a research program to find out what the effects will be on the air, water, the land, and the people of the mining of low-sulfur coal in eastern Montana, North Dakota and South Dakota, and Wyoming.

As all of you, I am sure, are quite well aware, the country is facing a serious energy crisis. The United States looks to the West and to the States that we represent in the All-West Commission as a partial solution to the energy crisis, the mining of vast quantities of low-sulfur coal to be exported to other States, to be converted into energy—and also to be converted into energy in these States.

The North-Central power study of the Department of the Interior estimates that we would have 21 power-generating plants in Montana.

These generating plants, as we know from the experience of Four Corners, can have a very serious effect on the pollution of air, the pollution of water, and the effects on the people in these States.

We, I believe, are presented with three alternatives at the present time. One, we can have uncontrolled development of the kind that we have had in past years in resource-dependent States, of the boom-and-bust cycle, which would have a serious effect on the people and the environment.

And I can tell you, gentlemen and lady, this alternative is unacceptable to the people of Montana and the other States. A moratorium on the mining of coal has passed the house of representatives in my State.

This moratorium has been held over to the last day of the legislature to determine what kind of reclamation law and plant-siting law that we can bring out of this session of the legislature.

The second alternative is planned and orderly development. And this, I believe, is the correct method to go so that we can create some industry and some jobs and, at the same time, protect the environment of these States.

The third alternative would be the one that would come into being if we cannot have a controlled development, and that would be a moratorium on all coal mining and a moratorium on power-generating plants.

I know that this alternative is not one that the Domestic Council and the Energy Council would like to see come into being, because of the various serious demands for energy in this country.

Therefore, we need funds to conduct a total comprehensive research program.

In the past 2 weeks, I have submitted an application for \$7.1 million to conduct a 5-year study of the effects of coal mining in these States.

The only logical way for us to proceed is on a regional basis. It doesn't do us any good to do something in Montana that would not also be done in Wyoming or North Dakota and South Dakota.

Therefore, the only logical, the only rational approach to take is on the basis of the regional approach.

The All-West Commission is the perfect Government body to coordinate the efforts of the Federal agencies and the State agencies, the universities, and the people, private industries that are affected in this region.

And therefore I would just like to say that I wholeheartedly support and would ask for a 1-year extension of the All-West Commission and of all the Title V Commissions. Our States have very similar problems of underemployment and high rate of outmigration.

And I believe, as the Governor of Montana and the cochairman of our regional commission, this is the best investment that the Federal Government could make in terms of developing our economy on an

orderly method, so that we know the environment, the people and the total—all agencies from Federal, State, and local will be working together toward the same end.

And therefore I strongly urge and support the continuation of the Title V Commissions.

The CHAIRMAN. Governor, thank you for an excellent statement. By the way, all of you Governors will have the right to extend and revise your remarks and provide additional material that might be necessary.

Governor LUCEY. We would like now to have you hear from Governor West of South Carolina, who is not only cochairman of the Coastal Plains but also serves one of the States that is involved in the Appalachian program.

The CHAIRMAN. Governor, may we have our colleague, Mr. Dorn, who has chaired most of the 6 weeks of hearings last March and April, present the Governor.

Mr. DORN. Thank you, Mr. Chairman. It is my privilege and great honor to present to the committee my own Governor, a very dear personal friend, a man who has served in the State senate for a number of years as Lieutenant Governor of South Carolina before becoming Governor.

So he is very familiar with economic development and the protection of our environment and is taking the lead in this field in the Southeast, cochairman of the Coastal Plains and a great advocate of Appalachia.

That is the finest program, the classic example, I think, of what local, State, and Federal Government can do by cooperating together.

I say again that I have never received one letter or one phone call against the Appalachian program. It is a fantastic success.

EDA could be. And I would like Governor West to tell his own story.

I am pleased to present to the committee my own distinguished Governor, John Carl West.

Governor WEST. Thank you, Mr. Chairman, it is always a particular pleasure to appear before this distinguished committee. My reception has always been most cordial and I have always gone away with the feeling that the committee agreed with what I said.

And, you know, when you meet a group like this and it agrees with you, you have a very high opinion of them, plus your own ego is reinforced a little.

And it is always a pleasure to be with my Congressman—I call him that, he is now the dean of our congressional delegation, although still a young man—Bryan Dorn, we call him our Congressman at Large.

And perhaps I am telling tales out of school, Mr. Chairman, but there are many people in South Carolina who are suggesting that Congressman Dorn ought to run for the Governor 2 years from now.

I have made the comment, staying nonpartisan and nonpolitical, that I didn't know whether the State could afford for him to take a demotion, because of his position on this committee and in the Congress.

But, at any rate, it is good to be here. And I did not know that I would have the opportunity of saying a word to the committee. But I have prepared, and there will be filed, if it has not already been filed,

a formal statement of my support in favor of the Title V Regional Commissions, as well as the EDA.

(Statement referred to follows:)

STATEMENT OF HON. JOHN C. WEST, GOVERNOR OF THE STATE OF SOUTH CAROLINA
STATES' COCHAIRMAN, COASTAL PLAINS REGIONAL COMMISSION

Mr. Chairman and members of the Committee, I should like first to read to you a Concurrent Resolution that was unanimously adopted by the General Assembly of South Carolina on January 31, 1973:

[Calendar No. S. 96—S. Printer's No. 34—S.]

INTRODUCED BY SENATOR FLOYD

(Adopted January 31, 1973)

A concurrent resolution requesting the Congress and the President of the United States to Continue the Provisions of the Public Works and Economic Development Act of 1965 so as to Permit Continued Funding of Projects Necessary to the Future Well-Being of the State and Nation

Whereas, the Public Works and Economic Development Act of 1965 has caused the investment of more than fifty-one million dollars of funds of the Economic Development Administration and the Coastal Plains Regional Commission in the economic development of South Carolina; and

Whereas, EDA and Coastal Plains Regional Commission investments by their catalytic utilization have resulted in the added investment of more than one hundred million dollars from other public and private sources; and

Whereas, these economic development programs have resulted in many worthwhile job-generating projects, including vocational-technical training facilities and other public works, business loans, technical assistance and planning; and

Whereas, this financial assistance, geared to helping underdeveloped communities help themselves, has been responsible for the creation of thousands of job opportunities in many parts of our great State; and

Whereas, a substantial number of projects, which will greatly enhance the future economic development of South Carolina, are now pending or in the development stage and these projects are depending upon EDA and Coastal Plains funding; and

Whereas, this act expires June 30, 1973, and bills have been introduced in the Congress which will provide for the extension of the act. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That the General Assembly of South Carolina expresses its continued strong support for programs resulting from the Public Works and Economic Development Act of 1965 and respectfully urges the Congress to authorize and the President to approve the continuation of the provisions of such act, as well as ample appropriations to permit the continued funding of projects necessary to the future well-being of this State and Nation.

Be it further resolved that copies of this resolution be sent to the President of the United States, the presiding officers of both houses of the Congress, the Honorable Frederick Dent, Secretary of the Department of Commerce, the Chairman of the Public Works Committee in both houses of the Congress and to each member of the South Carolina Congressional Delegation.

I have been personally involved with the economic development programs of EDA and the Title V Commissions; first, on the local level as a State Senator; on the State level as Lieutenant Governor and as Governor; and on the multistate regional level as a member of and currently State Cochairman of the Coastal Plains Regional Commission.

I have witnessed many cases where new industries and other job-generating activities have been a direct result of these programs. Most of them could not have occurred when they did nor where they did had it not been for the Public Works and Economic Development Act and its mandate to assist areas in distress.

I understand that the President and his Administration favor loan programs over grants to communities and that this philosophy has influenced the effort to discontinue this and other development programs and the impoundment of funds already appropriated by the Congress.

I, too, favor loans over grants for those who can repay them. However, as you know, the grants of this Act have been made in large part to towns and other governmental units whose tax and user revenues could not have met any reasonable schedule of repayment. Provision of these grants has made it possible for many communities to bootstrap themselves into viable economic growth centers, creating new harbors for citizens who otherwise would have migrated to urban areas to seek jobs and residence supported by infrastructure.

I heartily and fully endorse and support the sentiments and requests expressed in this Resolution and of our State's General Assembly.

I would like to use this opportunity to point out the tangible economic payoff the combined efforts of EDA and the Coastal Plains Regional Commission have brought to South Carolina's most underdeveloped areas.

Investments in 11 new or expanded vocational and technical training facilities have made space and equipment available for an additional 5,000 students annually. Our information indicates a technically trained worker earns an average of \$2,000 more per year than a high school graduate. This means South Carolina is producing 5,000 better trained people who are and will be earning an additional 10 million dollars annually than otherwise would have been possible. Aside from their increased productivity being a contribution to the needs of private enterprise, the added tax payments by these workers will provide the Federal Government a handsome return on its investment for the full term of their productive lives.

Upon completion of all plants financed by approved EDA business loans; more than 1,500 permanent new jobs will have been created in underdeveloped areas of South Carolina. Many more thousands of jobs, the exact number of which is extremely difficult to authenticate, have been created or made possible through public facility grants from EDA and Coastal Plains to underdeveloped areas whose infrastructure and local tax base was inadequate to serve or stimulate the location of private enterprise.

EDA planning grants have been made on a continuing basis to five of the six most underdeveloped planning districts of our State. The sixth is eligible and has been in the process of meeting EDA requirements. These grants have helped make possible the multicounty planning and technical assistance structure so direly needed in the underdeveloped areas which local units of government could not individually afford.

The focus on regional needs by the Initial Action Planning Program and the Regional Economic Development Plan, developed by the Coastal Plains Regional Commission, gave emphasis to the needs in each State—North Carolina, Georgia, and South Carolina—to consolidate its manpower training efforts into full and multiple use facilities where all trainable persons, from the adult functional illiterate, to the high school student who may not be college-bound, to the graduate who aspires to a productive vocation, to the working man who seeks to improve his lot, and even the handicapped, may find a program to advance him to a higher economic level and a better standard of living.

The regional focus has resulted in other innovations, such as Coastal Plains inauguration of tertiary, scheduled air service to smaller cities, initiation of mission-oriented marine resource research and development, and training and demonstration programs to introduce an entirely new broad-based agricultural industry in horticulture-floriculture.

In essence, these illustrations serve to speak well to perhaps our Nation's and State's greatest paradox—bringing about a desirable urban-rural balance as we continue to grow and develop.

All of the programs and projects of EDA and Title V Commissions with which I am familiar have served to stimulate growth and development in underdeveloped areas and, in turn, dissuade the further migration of our people into urban congestion.

Hopefully, continuation of these programs—which by design bring about better balanced growth patterns and thus a better quality of life for citizens of undeveloped and underdeveloped areas—will be effected by your Committee and your colleagues in the Congress. It is my fear that without legislation specifically geared to help those who live in such areas to help themselves, they will be found without sufficient voice and strength to be heard or to endure.

Governor WEST. I have on previous appearances before the committee documented in some detail the tremendous assistance that these programs have given to our State in terms of true economic development.

I reiterate my complete support. And I thought by telling a story I might illustrate in a specific way the advantage of having regional cooperation.

The question has been raised, in complete sincerity, by those who oppose the regional concept, what can the region do that you individual Governors can't do?

That is a pretty hard question for a Governor to answer, you see.

And I thought by giving you one specific instance of where the regional approach caused a program to develop that I feel is most worthwhile might provide some small measure of an answer.

This evening, after the reception for the congressional delegation—and I hope you all will come—our State is having a dinner for its congressional delegation and we look forward to having Congressman Dorn and our others there.

I want Congressman Dorn to pay particular attention to the table decoration. It is an arrangement of flowers. If his wife is along, she will get a corsage.

That is of special significance, because without the regional approach to economic development, those flowers wouldn't be on the table at the Washington Hilton tonight and would not have produced what I think is one of the most touching projects that I have seen in my 2 years as Governor.

When I first became familiar with the Coastal Plains Regional Commission's activities, there was a project that interested me. I looked over the projects of all the States. And down in south Georgia they worked up what they call a horticulture project, which Mr. Jones and those of that area that need markets for the farmers—this was a project that encouraged small farmers to get into the business of raising flowers and developing markets in the Southeast and so on.

And it was ideal for the small underprivileged farmer, build him a hothouse and give him all the training and so on.

We looked at that and then we decided to modify that a little bit and to borrow the basic approach, but to add what we felt were a couple of innovative approaches.

We felt that the growing of flowers and plants might well have a therapeutic effect, so we developed really a three-part program, an extension of the horticulture project developed by the Coastal Plains Commission in the State of Georgia.

The first project was to start these horticulture projects at two of our institutions for the mentally retarded—Whitten Village and Midland Center in Columbia.

We developed a greenhouse, we developed instructors, worked with Clemson University and so on. The results have been fantastic.

The most touching thing in the world that I have seen since I became Governor, I think, was several weeks ago a group of the inmates from the mentally retarded institution came down, decorated the Governor's mansion with flowers that they had grown—beautiful flowers.

For the first time, they had a sense of accomplishment, a sense of achievement.

The project is being monitored, as I say, by Clemson University and they are considering putting in a horticulture program designed as this therapeutic measure.

At the same time, we have our problem with the department of corrections, keeping the department of corrections inmates busy. So we built another greenhouse out at the department of corrections.

And here these prisoners, who are doing their time, are learning skills which can be instantly translated into jobs when they get out.

The third phase was to put in regular horticulture programs in our technical training schools to train any who want it.

So as a result of this project which started in the State of Georgia, financed by Coastal Plains, we have taken the basis of that program and developed three of the most impressive and I think most worthwhile programs that I have seen.

This is just one small example of how a regional approach with good staff work can produce what I think are exceptional results.

When Bryan Dorn sees those flowers tonight, I think he will agree with me that the Coastal Plains Regional Commission has accomplished a little bit.

Thank you.

The CHAIRMAN. Thank you very much, Governor. Mr. Jones?

Mr. JONES. Governor West, let me tell you an interesting facet of what you just talked about, development of horticulture.

We on this committee have tried to be innovative, imaginative, about this business of trying to use all the energies that we can find.

We are now considering taking the heat off all the thermal plants, to send that heat to greenhouse operations of a large magnitude.

Rather than discharge the heated water into the streams, we are going to put it to work, hopefully in the not too distant future.

We are going to make use of the heat that is thrust into the stream and lost.

Governor WEST. I think that is another excellent addition to the basic horticultural concepts.

The CHAIRMAN. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Mr. Chairman, I just want to add my words of greeting and welcome to these four distinguished Governors and thank them for their contribution that they make here today both by their appearance and by their testimony.

I recall, of course, past appearances by Governor Anderson, Governor West and perhaps the other Governors here—I am not quite sure—but I do know they have made fine contributions in the past to help the committee.

As a result we have a better understanding of how the regional commissions are working in their areas.

And they make that same contribution today and I appreciate it.

I have no questions at this time, Mr. Chairman.

The CHAIRMAN. Don't hesitate to tell us Governor, when you have to leave. I know you are way behind. I think you are getting the signals back there.

Any quick comments from any other members. Mr. Studds?

Mr. STUDDS. Thank you, Mr. Chairman. One question, if I may, now that we have four chief executives of State governments here.

This morning the Secretary of Commerce testified before the subcommittee and I would like to read you a couple of sentences and ask for your reactions, if I may.

He said EDA is an example of a program in which there is unnecessary Federal control, that we believe that there is no need for a strong Federal decisionmaking role in local kinds of projects in which EDA has been involved. There is no need for Federal involvement and our intervention can easily lead to a distortion of local priorities, unquote.

I wonder if any of you gentlemen would care to comment on that?

Governor LUCEY. I would be happy to respond to it. I happened to follow Mr. Dent before the Senate committee last week, so I am somewhat familiar with his line of reasoning.

The suggestion was made that this business of a cochairman, a Federal cochairman, sort of imposed the Federal will on the Governors.

I think actually it has been a very ideal partnership between not only the State and the Federal Government, but also with the local governments involved. And it has been a very creative relationship, because ideas have filtered up from local communities and have implemented upon by the State-Federal partnership.

By the same token, expertise from the Federal Establishment has been very useful in developing a less parochial approach and feeding more regionalism into our whole deliberations. I think that we, as Governors, have found the Federal presence useful in that it has enabled us to direct the Federal bureaucracy toward pressing problems.

I think really if you are talking about new federalism, if you are talking about the revenue-sharing concept, these Title V Commissions are very consistent with both.

Mr. STUDDS. So you have not found a distortion among the priorities?

Governor LUCEY. No, not at all. We have found it a very cooperative arrangement all the way through.

Mr. STUDDS. Thank you.

The CHAIRMAN. Ms. Abzug?

Ms. ABZUG. I am very pleased to meet all of the Governors here today. And I appreciate your testimony at this very difficult time.

The problem that concerns me with the entire program is the suggestion—and I realize there have been changing views among many Governors and mayors—the suggestion that much of the work that has taken place under EDA will be proposed in new special revenue sharing programs.

In light of the revenue sharing which the Congress already has passed, there has been a certain amount of disenchantment as to whether revenue sharing is really going to be sufficient to take up the slack in the overall categorical programs that are being eliminated.

I wonder how you would feel about substituting some form of yet unclear special revenue sharing for the funding of economic development as we know it now.

How would that affect you in your regions? Would you favor it or not?

Governor LUCEY. When I was over at the Senate last week, Senator Montoya summed it up very well. He said they are asking us to trade for a certainty an uncertainty.

There is a great deal of doubt as to just what will happen in terms of special revenue sharing, as it relates to economic development, either urban or rural.

And it certainly would be a cruel hoax to offer revenue sharing without any revenue. That is what we seem to be getting so far.

As far as rural development programs are concerned, I think it is clear there is no commitment to the development needs of rural America, particularly lagging areas such as Upper Great Lakes.

I think also that there is written into this concept of the Title V Commissions, an opportunity to discriminate, but to discriminate in favor of sparsely settled areas that have been passed by economically.

In the case of the Upper Great Lakes, we are talking about cutover land—land that has once been stripped of its timber and land that had been raked of its mineral resources. The tragic consequences have been that this region's resources have helped build this country but the region itself has not been part of the economic mainstream of this Nation.

If we were to receive the same number of dollars in Michigan, Minnesota, and Wisconsin, and have to pass that money through the legislature, as we would other Federal grants, it would be very difficult, I think, to allot the kind of money that we do to—for instance, in the case of Wisconsin—our 10 Indian reservations.

It would be very difficult to provide money that acts as seed money and the local share for water and sewer facilities in lagging areas that have few local resources. If that money were divided statewide, on any kind of a per capita basis, there just wouldn't be the dollars that are needed for a catchup factor for these depressed areas.

Ms. ABZUG. Thank you very much.

Mr. JONES. Could I ask a question?

The CHAIRMAN. Mr. Jones.

Mr. JONES. That brings up a situation that the committee has not considered heretofore, at least I haven't.

What you are saying, then, Governor, is the fact that if you keep the commissions alive, then you won't be restrained by the various State laws that you have to operate under if you receive revenue sharing, is that what you are saying?

Governor LUCEY. Yes, to some extent. Also, in Wisconsin, as in some other States, we even have a constitutional prohibition against internal improvements.

There are some things that we have been able to do through the Commission that we probably couldn't do if we had to apply our State constitutions.

The CHAIRMAN. Mr. Clausen from California.

Mr. CLAUSEN. Gentlemen, I want to welcome you before the committee. Three of you at least are from areas of the country where this vast open space is, and you have particular weather conditions, so this is rather unique—probably one of the prime contributors to the outmigration, probably, in your area.

In your statement, Governor Lucey, you say that regions such as the Upper Great Lakes are high-risk areas. Both public and private capital have historically avoided these communities.

Could you elaborate on that? Why they have avoided these areas?

Governor LUCEY. Well, I think they are marginal areas, they do not have a strong economic base. It is always a high-risk situation when you are trying to start from scratch, bringing in seed money to generate economic development that doesn't presently exist. Gen-

erally speaking, the higher risks facing the private sector in these regions discourage substantial investments. In many cases some of the most basic public services—such as sewer and water for adequate industrial needs—are not present. That is where the Commission has been able to help provide the local share for projects linked to expanding or maintaining job opportunities. And within the public sector I think it is true that if you check even the SBA, which tends to make loans to businesses that do not have bankable credit, that most of those loans are made in areas where you already have something going. In these lagging areas it is even more difficult because we are trying to start very often from a dead standstill.

Mr. CLAUSEN. Well, the point that I am trying to develop some hearing testimony on—if you have, I think, an area of the country that can actually accommodate a population, hopefully to stabilize them and retain them in that area, this is something that I felt very strongly about—so, if I understand the thrust of your testimony, you feel that this is the kind of program that would help you to do precisely that.

And I would like to have more specifics from any one of you.

Governor LUCEY. In Wisconsin, in the last 10 years, 90 percent of our increase in population has occurred in 5 percent of our land area, all in the southeast corner.

And much of that increased population has occurred because of an outmigration from the areas included in the Upper Great Lakes Commission.

Mr. CLAUSEN. What drew them down there?

Governor LUCEY. The fact that there were more jobs, there were no jobs in the north and there was inadequate training for or information about what jobs there were. People didn't leave the north because they wanted to. They left because they had to.

Mr. CLAUSEN. What kinds of jobs were developed in those other areas?

Governor LUCEY. The southeast part of Wisconsin is our industrial hub—Kenosha, Racine, Milwaukee, Sheboygan, and so on—industrial employment mainly. But also, the best agricultural land is located in the southern part of the State and numerous agribusiness industries are sited nearby.

Mr. CLAUSEN. Is there a temperature differential of any significance between the southern part of the State and the northern part?

Governor LUCEY. Yes; there is some. But perhaps the weather—temperature and snow—is more of a psychological handicap than anything else. Also, the north has been penalized in terms of transportation. The region is relatively isolated and distant from market areas. The private sector found it more profitable to simply extract raw materials from the region and ship them out with little or no value added. The materials were processed near the major population centers where transportation facilities were better. The Interstate System has bypassed northern Wisconsin and because of limited funding Upper Great Lakes transportation investments have been confined to aeronautics. These investments have proved to be quite sound. I should add. State education opportunity and community facilities have been not fully developed in northern Wisconsin because of limited local resources. This has also served to discourage pros-

pective employers from locating there. And so, it didn't really matter that we had a population of willing workers. There were few jobs and outside interests had stripped the natural wealth from the land for the benefit of the Nation's urban areas.

As a result, many of our northern areas had greater population in the year 1900 than they have at the present time.

Mr. CLAUSEN. Mr. Anderson?

Governor ANDERSON. We talk about outmigration. Initially, 10 years ago, even 5 years ago, there was tremendous outmigration from, say, Minnesota to warmer climates—California, Texas, Florida.

There is less of that today. The outmigration problem that I would talk to is this. We had a seven-county metropolitan area in Minneapolis and St. Paul that contains over half of our population.

In spite of the fact that our State is increasing rather rapidly in terms of population, there are a tremendous number of counties losing population.

What bothers us even more, every poll taken in our State indicates that those people living in outstate Minnesota and rural Minnesota would rather stay there and live there if they could.

In fact, a poll was taken by the Minneapolis Star of people who live in the twin-city area of Minneapolis and St. Paul. Over half of them indicated they would rather live and work in outstate Minnesota rather than in the metropolitan area.

The problem is jobs, economic development. We are trying to make outstate Minnesota more attractive so that we can hopefully make urban living more attractive to people that live there.

Mr. CLAUSEN. This, of course, we agree with.

The CHAIRMAN. I don't mean to interrupt, but they are way behind schedule.

Mr. CLAUSEN. I was trying to get on the hearing record specific recommendations, Mr. Chairman, that this committee can gain from experience.

What do you think can be done to stabilize the population?

Governor ANDERSON. It seems to me it all relates to the Federal Government's commitment to pour in resources, and that means money, into areas that are economically disadvantaged, areas that do not have the political muscle to have a strong voice in the past either in Washington or St. Paul. I am talking about Indian reservations in northern Minnesota, I am talking about small towns in John Blatnik's area that lost the rich ore. We have people who are accustomed to working very, very hard, but they cannot find the jobs unless they leave and go to the major cities in California, Florida, or St. Paul, Minn.

And it seems to me it makes much more sense to take some of our tax resources and put it to work in those depressed areas.

Governor WEST. Mr. Chairman, if I may respond and give perhaps a slightly different dimension to the outmigration problem.

We have had that in South Carolina and it has been largely the black population. I cite again as a specific example one of our counties that some 7 or 8 years ago was visited by the then Governor Romney, and he was looking for—when he was seeking the Presidency.

Governor Romney selected this particular county, Williamsburg County in South Carolina, for two reasons. It was labeled as one of the dozen poorest counties in the United States.

Second, there were large numbers of black people in the ghettos in Detroit, Mich., who said Williamsburg County is our home. It was a regular colony of them.

So he came to find the problem. Well, the problem, of course, was the transition from an urban to an industrial economy and a general decline of farming conditions.

But thanks to EDA, the Coastal Plains Regional Commission—4 years ago we completed a manpower training center for Williamsburg County. It serves the entire area and is located in King Street.

It would have been impossible without the cooperation of both EDA and the Coastal Plains Regional Commission, both of which provided substantial funding.

That manpower training center provides everything from basic literacy training to sophisticated post-high-school vocational and technical training.

Since 1970 the outmigration has stopped. We have located at least one or two major industries in the area, jobs are available for black and white, and today, thanks to EDA and Coastal Plains, the outmigration has stopped—I think we are relieving the pressure on the ghettos of the North. We are doing the right thing for our black citizens in that area.

So these programs do have a real meaning in that way.

Mr. CLAUSEN. Well, I appreciate that. That is the kind of response that I had hoped I could obtain from Mr. Anderson, if he has some specific instances, some specific experience.

Governor ANDERSON. Sure. Well, we have a native American population in Minnesota. And because of help from EDA and Upper Great Lakes, they have been able to develop fisheries, they have been able to develop lumber-processing plants and things of this sort that provide jobs.

So the people who want to stay in northern Minnesota can do it without coming to the cities.

Governor JUDGE. Congressman, I might be able to give you a specific example of what you might be looking for, too. I think some of the worst poverty that exists in this country exists on the Indian reservations.

One case in point is the Blackfoot Indian Reservation where there is serious poverty, virtually no employment to speak of and very serious social problems, such as alcoholism and other problems.

Because of EDA we have a small pencil factory on that reservation that is employing about 80 people and these are people that given an opportunity for a job, they have no problems with alcoholism because a man without a job is a man that is destined for some serious social problems.

And these people have had a 100-percent employment record, outstanding work performance, they have responded to job training. It has been an outstanding example and I can point to others, other reservations, in Montana—because of the help of EDA, are putting Indians back to work into the mainstream of society.

Mr. ROE. Mr. Chairman.

The CHAIRMAN. Mr. Roe.

Mr. ROE. I want to join with my colleagues in welcoming the distinguished Governors. I know they have participated in hearings before our committee on important pieces of legislation in the past.

In reference to Secretary Dent's observations, it is not clear as to what advantage he intends to portray by switching a viable program that has been productive in the respective States, as you gentlemen have so testified, into a so-called special revenue sharing program which purports to be able to give more vitality to individual States for their own destiny?

Here we have had four distinguished Governors, who represent various areas of the country, and they have stated that because they had a special capability under the EDA law to redirect their mutual resources in partnership with the Federal Government, they have been able to zero in on particular areas of greatest need.

How can Secretary Dent say then that the EDA program is not working and that we ought to redirect our energies by having the States make their own determinations.

It seems to me that we now get down to the consent of the governed. If accomplishments prevail that you four gentlemen have so eloquently portrayed with the EDA program in your respective States, what is being achieved by going in this other direction?

To me it just doesn't make sense. I think the Governors' presentations get to the nub of what we are talking about.

The CHAIRMAN. Governors, we thank you very much. Thank you for letting us impose on your time. We look forward to seeing you this evening.

Mr. JONES. Mr. Chairman, I have a statement from Gov. George Wallace of Alabama supporting continuation of the Economic Development Act. With a great deal of enthusiasm, I offer this for the record.

The CHAIRMAN. Without objection, so ordered. Also, other statements from Governors will appear at this point in the record.

(Statements referred to follow:)

STATEMENT OF HON. GEORGE C. WALLACE, GOVERNOR OF THE STATE OF ALABAMA

In the State of Alabama the Economic Development Administration has funded 94 public work projects amounting to 32 million dollars. Of the 94 projects 44 of these gave assistance to local community in development of industrial parks. This assistance took the form of grants made to local governments and industrial development boards for such facilities as the necessary water and/or sewer facilities, gas distribution lines, exit roads, or railroads spurs, etc., to help meet the requirements for the location of new industrial plants. Other public work projects served numerous individual industrial sites and existing plants with the needed public facilities so necessary to their expansion. There are 18 additional Alabama communities who are also seeking this important assistance to develop industrial parks. The Economic Development Administration has also made possible the constructions of 9 new and/or expanded plant facilities in eligible redevelopment areas of Alabama. This investment amounted to 15 million dollars, all of which was interest bearing loans.

These programs have to provide many jobs in private enterprise to Alabama citizens. You can well see that the Economic Development Administration has been a great tool in the economic development of the State of Alabama. Should this tool be done away with, it would create a void in our economic development of which I have no way of knowing how it would be filled.

STATEMENT OF HON. WILLIAM A. EGAN, GOVERNOR OF THE STATE OF ALASKA

The Economic Development Administration has made a substantial impact on the development of the State of Alaska. Large cities and smaller Indian and

Eskimo villages alike have reaped considerable economic benefits through the creation of job opportunities from projects funded by the Economic Development Administration.

The impact of EDA financed projects has been felt in all regions of Alaska over the past six years. In the Interior and Northwestern areas: Fairbanks has benefited through partial financing of the Alaska Centennial Community Center, a new hospital, improvements to the water system, a vocational education building and a district planning grant to unite economic planning with the Athabascan villages in the adjacent hinterlands, a total of \$4.9 million in EDA funds. At Nome, \$1.7 million in EDA funds provided financing of the water system and an adult vocational-technical center. At Savoonga, three separate grants totaling \$225,000 financed an experimental "heat-sink" refrigeration facility to preserve walrus meat and other native subsistence foods which are harvested in the winter and which previously deteriorated and often spoiled in the summer. In total, projects in the Interior region have received an infusion of \$6.9 million of EDA funds.

In Southwest Alaska: The community of Bethel has been granted \$1.3 million as partial funding of a municipal multi-purpose building and freezer barge for the Kuskokwim Fishermen's Cooperative. A five-year lease with a private firm, with strong stipulations to benefit the Kuskokwim Cooperative, insures new jobs and incomes for the people of the Kuskokwim area. At Dillingham, Alaska, a municipal cold storage facility was partially funded by \$1.2 million in EDA funds. At King Cove, a water system received a \$250,000 infusion of EDA funds to enable existing industry to remain in this predominantly Aleut village. At the Eskimo village of St. Mary's, \$436,000 of EDA funds partially covered the costs of a cold storage, dock and multi-purpose building. This project, as have many other EDA financed projects, completely changed the economic complexion of the village. An opportunity to earn a living similar to that of the nonnative society was finally offered to these people. Most Alaskan villages now have electricity, some have clean water, two have experimental sewer projects. EDA has been largely responsible for this progress. At Emmonak, a \$739,000 EDA partially financed freezer barge provides jobs and business opportunities to the Eskimo residents where less than 10 percent previously had jobs. A vitally important community complex application of \$460,000 is now pending. At Pilot Point, \$96,000 of EDA funds represented part of the financing of an airstrip which is critical to bring in food and supplies and provide transportation to other areas. Overall, the Southwest region of Alaska has received \$4 million of EDA participation in economic-related projects, all of which have improved the quality of life of countless citizens.

In the Southcentral area, the predominant population centers: Anchorage has received \$1.7 million in partial funding for a city dock extension and port industrial area development. An application on further extension of the cargo dock is pending. Anchorage was ineligible for EDA funds for part of the period due to a fluctuating unemployment rate relative to the national rate. The Cordova city dock received an infusion of \$1.6 million in EDA funds which spurred quick economic recovery from a disastrous fire in that community.

At Valdez, \$175,000 in EDA funds has assisted in a dock addition and water and sewer projects. At Palmer, \$76,000 of EDA funds aided in construction of the water system. Additionally, a substantial loan was provided to a milk-producing cooperative in the Matanuska Valley. At Seward, \$900,000 in EDA funds assisted on extensions to the small boat harbor and fish dock. At Kenai, one of the most successful EDA projects nationwide, an industrial airport, was created. Partial funding of the water and sewer systems brought the EDA infusion in Kenai to \$735,000. At nearby Soldotna, \$299,000 in EDA funds provided partial financing for water, sewer, and a road to a traditional Russian settlement. \$844,000 of EDA funds spurred the development of three projects at Homer, a city dock extension, water system, and a recreational park.

At Seldovia, \$784,000 of EDA funds was provided for the municipal dock and warehouse, replacing a facility destroyed in the great Alaska earthquake of 1964. At Kodiak, \$1.2 million partial financing of a municipal cargo dock has aided in the city's development. An extremely important application now pending with EDA requests aid on partial funding of the city water system, necessary for maintaining the vital fishing industrial base at Kodiak. The \$8.4-million total EDA funds to Southcentral Alaska has had substantial economic impact.

In Southeastern Alaska, the city of Wrangell has received \$799,000 in partial funding of a hospital, water system, and lumber marketing study. A \$1,166,000

grant to Petersburg for partial funding of the city water system was recently announced. At Sitka, \$640,000 of EDA funds aided in construction of the water system.

The remaining projects in Southeastern consisted of funding (50-100 per cent) of projects in Indian villages: 1) Metlakatla, \$2 million for cold storage, water system, dock and municipal building; 2) Craig, \$532,000 for water and sewer system; 3) Klawock, \$639,000 for improvements to the water system; 4) Kake, \$739,000 for a municipal building and water system; 5) Yakutat, \$2 million for cold storage and dock; and 6) the Tlingit-Haida Central Council has received three concurrent annual economic planning grants totaling \$198,000 of EDA matching funds.

The wide variation in type of projects funded and broad regional dispersion encompassing the entire State speak well of the flexibility and value of the Public Works and Economic Development Act of 1965.

Many Alaska cities and villages have active economic planning groups representative of all community interest, a direct result of the EDA program in Alaska. Technical assistance and regional economic planning programs funded under EDA have contributed to an improved economic climate in this State. The Public Works projects have done much to ease Alaska's critical and continuing unemployment problems. It is vital to the State that this assistance not be terminated. Alternative programs now being implemented, the Rural Development Act and Revenue Sharing Program, combined in total, may not have as much impact on the overall development of the State of Alaska as the record achieved by the Public Works and Economic Development Act of 1965. These programs are basic projects that provide essential improvements in areas of America that have too long lacked the rudimentary necessities of life that have been enjoyed elsewhere in our country for many years.

I strongly urge the continuance of these vital EDA programs.

STATEMENT OF HON. JACK WILLIAMS, GOVERNOR OF THE STATE OF ARIZONA

The monies Congress has appropriated to the Four Corners Regional Commission has been an ideal Economic Development Revenue Sharing program for the small communities, isolated areas and Indian Reservations. This type of revenue sharing through the Offices of the Governors has been an excellent method of furthering economic growth desired by local government and should be continued by direct appropriation to each of the four States comprising the Commission.

The present organizational structure of the Four Corners Regional Commission should be disbanded and replaced by a small Federal liaison staff. There is no need for a large Four Corners Regional Commission staff nor a Commission staff based in the Region.

The recent development by the Commission of the Excess/Surplus Property program has been an extremely valuable contribution to the Four Corners Commission Region. The economic impact of the dollars spent in the supplemental grant programs have been greatly increased by the Excess/Surplus Property program. Over \$8,750,000 of excess/surplus property has been procured by the Federal Cochairman's office to further economic development in the region. Each has been a complement to the other resulting in a far greater return per dollar. A small liaison office in Washington would be necessary to continue this needed program.

This concept of Federal Economic Development Revenue Sharing would better serve the Federal-State partnership in its efforts to assist the distressed economic areas of the Four Corners Region.

I wish to thank Chairman Jones and this Committee for the privilege of submitting this statement.

STATEMENT OF HON. CECIL D. ANDRUS, GOVERNOR OF THE STATE OF IDAHO

I am sure you are aware that the immediate discontinuance of the Public Works and Economic Developments Administration Act of 1965 will seriously handicap Idaho's program in this area. I wish to lend my support to the passage of H.R. 2246 as an immediate vehicle to continue for one year the Public Works and Economic Developments Administration Act of 1965.

I further urge study of a method to replace this program should it be eliminated July 1, 1974.

STATEMENT OF HON. KENNETH M. CURTIS, GOVERNOR OF THE STATE OF MAINE

The threatened demise of the Economic Development Administration and the Title V Regional Commissions is a budgetary blow which will fall especially hard on States like Maine which have been left behind in several respects by the changing pace of our nation's economy.

My State is just now beginning to emerge from a dismal period of economic deterioration with the familiar multiple plant closings and high unemployment. The Economic Development Administration (EDA) and the New England Regional Commission (NERCOM) have played no small role in turning this tide.

I. Title V Commissions have drawn a good deal of criticism in recent years. Poorly conceived projects, diffuse programs focus, even irresponsible administration have doubtless impaired the proper operations of each of these groups at one time or another.

Those of us who participate in the New England Regional Commission knowing, even before the President's budget message, that these failings had occurred, have already taken steps which will, I believe, produce effective reform. The intentions of the New England Governors in this respect are spelled out in a resolution appended to this statement.

As that document recites, not all of the flaws in NERCOM's performance are traceable directly to shortcomings on the part of the commission or its staff. The commission budget has been designed year after year with the expectation that the full statutory authorization for NERCOM would eventually be appropriated. When in those years only a few million dollars were made available, the natural result was a dilution of program effort and staff responsibility in each of the functional areas thought appropriate for a \$25 million operation. The commission was permitted to spread itself thin in this way so that a foundation might be prepared for full-scale operations at a later time.

Only recently, however, did it become clear that Federal funding in that magnitude could not be realistically expected. Our response, as you can see, has been to revise plans for the indefinite future by tailoring projects to a more limited, \$7 million scale. While we will thus undertake a less ambitious, more concentrated role in regional development, I believe strongly that such a revised approach will, nonetheless, be the effective instrument for change Congress sought to create in 1965.

I am convinced that Congress was correct in selecting a regional mechanism to address the special problems found in areas of economic decline, and I say this with confidence on the basis of the work which NERCOM, despite its weaknesses, has already been able to accomplish. Let me use Maine as a case in point.

In Maine, where a healthy economy depends so heavily on a modern and efficient transportation network, NERCOM has focused part of its effort in developing adequate air, sea and rail transit systems to serve the special needs of the area. This has been of special importance to our State because many local officials are unable or unwilling to absorb the entire burden of regionally significant developments when the benefits of such projects are commonly distributed over a much larger population. NERCOM's presence in the region has provided the financial incentive needed to get regional airports, such as those in Houlton or northern Aroostook County, and the International Airport at Bangor underway. Similarly, the recently-approved containerization facility at the Port of Portland will soon propel that seacoast city back into the mainstream of foreign trade shipping. With that, of course, will come a marked enhancement of economic potential in nearby areas of Massachusetts and New Hampshire as well as in Maine.

To place these briefly stated instances in perspective, I have attached for your information a summary of all NERCOM grants specifically related to Maine. You will quickly note that I have mentioned here but a few of the several important NERCOM undertakings in the State.

In addition to specific demonstration projects directly affecting individual States, however, several NERCOM sub-agencies, including the energy policy staff, the rail transportation office, the Nashua River project, the nonprofit housing development corporation and the industrial resources development center, to mention just a few, have also contributed handsomely to the resolution of many problems endemic to New England. These sub-agencies represent not only fertile sources for innovative concepts and technique, but they also have the capacity to serve as important policy-making entities on matters touching regional interests. The tremendous results that can be procured through interstate cooperation nurtured in this way by Federal support can not be sacrificed.

Of course, interstate agreements are always possible, but rarely can they reach efficacious proportions without adequate funding. With the general reduction of Federal aid to States now planned by the Nixon Administration, the role of the Regional Commission appears even more critical than it has in the past. Pressures on Governors and Legislators to use State revenues and unfettered Federal contributions to meet locally-perceived priorities will inevitably diminish the chance for State funding of any program designed to respond to a "regional" problem.

To the extent regionalism is a necessary strategy, and I have no doubt that it is, Federal financial support of regional commissions appears indispensable, without properly funded regional entities similar to the Title V Commissions, there seems little which will prevent the "new federalism" from becoming, in effect, a "new parochialism", with each State fending for itself, indifferent to its neighbors.

II. With nearly \$30 million in loans, grants and technical assistance invested over the life of the program, both for public works and for private enterprise, EDA has contributed substantially to Maine's effort to save its failing business and to attract development of new ones. Difficult as our situation now appears, it frightens me to imagine where we might be today if EDA had not been here.

My staff is now in the process of developing a summary of EDA activity in Maine which I will submit for the record as quickly as possible. For present purposes, however, I think a brief review of major project areas might be helpful:

Transportation facilities and planning, including \$1 million for Bangor International Airport, \$480,000 for the Northern Regional Airport in Frenchville, \$750,000 for boat landing and pier facilities at Milbridge, Lubec and Jones Port and a \$243,000 loan for a deep water pier at Rockland;

Water and sewer construction and planning involving at least 11 major projects and more than \$2 million in grant aid;

Industrial park siting, planning and development, providing nearly \$1 million in grants and technical assistance to municipalities;

General planning capability grants, including more than \$500,000 for regional planning agencies in three areas of the State which now suffer acutely from economic distress.

Perhaps even more important has been EDA's direct aid and loans for businesses with special financial needs and for new ventures offering promise. Well over \$20 million in loan and working capital guarantees have made it possible for some enterprises to continue and others to start by enabling investments which would not otherwise have been available. An entity with the financial assets EDA possesses is therefore essential if States like Maine are to capitalize on the sizable opportunities involving risk that occasionally come their way.

EDA's capability and NERCOM's essential role in the region lead me to advocate at this time your favorable consideration of the proposed one-year extension for each. With a year's study, any problems with either organization can be detected and resolved, hopefully without the drastic step of outright termination.

NEW ENGLAND REGIONAL COMMISSION RESOLUTION NUMBER —

A RESOLUTION OF THE NEW ENGLAND REGIONAL COMMISSION CONCERNING PROGRAM AND ADMINISTRATION CHANGES

Recognizing that the New England Regional Commission, as established by the Public Works and Economic Development Act of 1965, is responsible for developing, implementing and coordinating economic development programs and plans designed to develop and maintain the New England economy at the highest possible level, and

Recognizing that we have designed the fiscal year 1973 budget and previous budgets since the inception of the Commission on the expectation that the Commission would be funded at the authorized level of 25 million dollars or more and, that until recently some may not have recognized the seriousness of New England's economic problems, particularly in the manufacturing sector, and

Recognizing that the Commission cannot have a substantial impact on New

England's ailing 50 billion dollar economy with 7.7 million dollars scattered among a myriad of programs, and

Recognizing that the Commission has not fully and entirely fulfilled its expectations and that there have been certain shortcomings in the implementation of our programs, and

Recognizing that the program has been beneficial and helpful to the New England States and must continue, we are taking the following actions:

1. We direct the Federal Cochairman and State Cochairman to immediately commence an evaluation of existing programs and subagencies with a view towards reducing their number and redirecting them into priority areas of need having the most immediate promise of economic growth.

2. The Commission staff will be under the direct supervision of the Federal Cochairman and State Cochairman. To assist the State Cochairman in carrying out this additional responsibility, there shall be made available from each year's budget an appropriate allocation to provide necessary staff assistance to the State Cochairman.

3. The Commission staff shall, subject to the supervision of the Federal Cochairman and the State Cochairman, immediately implement the following procedures:

(a) Annual review by full commission of administrative budget including salaries, performance, and staff utilization.

(b) More timely monitoring of contracts and grants to assure that the terms of the agreements are satisfied.

(c) Perform cost and price analysis on contracts and grants when adequate competition is not present.

(d) Support all contract and grant actions by improved documentation for the files.

4. Institution of an immediate freeze on the hiring of new personnel and salary increases.

5. The Executive Committee shall report to the Commission at its next meeting on the implementation of these decisions.

This Resolution is effective immediately.

Adoption certified by the Commission:

RUSSELL F. MERRIMAN,
Federal Cochairman.
DEANE C. DAVIS,
State Cochairman.

*New England Regional Commission Summary of Maine Grants Through
Fiscal 1972*

A. Supplemental grants:

Bangor International Airport.....	\$425,000
1972	360,000
1969:	
Wastewater Institute.....	20,000
Augusta sewage interceptor facility.....	250,000
St. Agatha sewage system.....	29,340
Calais sewage treatment plant.....	82,500
1970: Portland Ferry Terminal.....	200,000
1971: Northern Aroostook Regional Airport.....	74,800
1972: Brewer Industrial Park.....	60,000
Total	<u>1,501,640</u>

B. Demonstration projects:

1969:	
Wastewater Institute.....	25,000
1971	50,000
Oil import testimony.....	7,000
1970:	
Drug abuse councils.....	8,000
Aquaculture planning conference.....	5,000
Housing demonstration.....	53,000

*New England Regional Commission Summary of Maine Grants Through
Fiscal 1972—Continued*

B. Demonstration projects—Continued

1971:

St. John-Aroostook R.C. & D. project-----	\$500
1972 -----	500
Threshold to Maine R.C. & D. project-----	500
1972 -----	500
Bangor growth center-----	500,000
1972 -----	¹ 450,000
Fort Williams Marine Research Center-----	16,700
1972 -----	75,000
Greater Portland Council of Governments-----	4,000
GPCOG Comp. code enforcement training program-----	14,500
Newton Municipal Airport—Jackman, Maine-----	8,000

1972:

Ocean disposal of rubber tires-----	35,000
Marine Fisheries Development Corp.-----	30,000
Maine State personnel project-----	4,000
School health curriculum development-----	3,800
Title IV-A—Community coordinated child care-----	25,542
Washington County solid waste project-----	11,500
Elderly health program-----	40,900
Operation Healthmobile-----	44,350
Biddeford Airport-----	4,000
Houlton Airport-----	3,000

Total -----	<u>1,420,292</u>
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C. Studies:

1967:

State public investment plan-----	39,657
1968 -----	59,657
1969 -----	59,957
1970 -----	51,920
1971 -----	51,680

1969:

Occupational skills study-----	25,247
Cold weather construction survey-----	15,000
Machiasport evaluation-----	10,000
Food industry, economic analysis-----	8,753

1970:

Maine coastal study-----	30,000
Management of thermal effluents study-----	10,000
Bloodworm culture study-----	6,000
1972 -----	6,000

1971:

Growth center evaluation-----	2,500
Maine coast natural areas inventory-----	30,000
Coastal zone management-----	20,000
1972 -----	8,000

1972:

State management grant-----	100,000
Transportation planning-----	70,000
Maine Medical School-----	40,000
Maine energy policy study-----	24,000
State airport system plan-----	50,000

Total -----	<u>718,371</u>
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¹ Includes \$360,000 listed as Bangor International Airport supplemental grant.

Note: Breakdown by type of program:

Action (78 percent)-----	\$2,620,000
Planning (16 percent)-----	540,000
Studies (6 percent)-----	180,000
Total-----	<u>3,340,000</u>

Addendum to summary of grants in Maine, fiscal year 1973 funding to date

Portland container port facility.....	\$75,000
University of Maine (Portland-Gorham) Research Center Development.....	25,000
Allagash group trailer park design competition.....	5,000
Department of Sea and Shore Fisheries Bloodworm project.....	6,000
State management grant.....	100,000
Subregional opportunity grants.....	¹ 125,000

¹ Subject to reprogramming.

STATE OF MAINE,
OFFICE OF THE GOVERNOR,
Augusta, Maine, March 14, 1973.

HON. JOHN A. BLATNIK,
Chairman, Committee on Public Works,
U.S. House of Representative, Washington, D.C.

DEAR CONGRESSMAN BLATNIK: Enclosed herewith are materials supplementing my written statement dated March 1, 1973, in support of H.R. 2246.

Sincerely,

KENNETH M. CURTIS,
Governor of Maine.

Enclosure.

EDA GRANTS IN MAINE

	Date obligated	Amount
Pride Inc., Brewer, Maine (planning grants):		
(01-05-11017).....	June 28, 1968	\$52,000
(01-05-11017-01).....	June 15, 1969	57,000
(01-05-11017-02).....	June 30, 1970	28,000
(01-05-11017-03).....	Dec. 18, 1970	53,000
(01-05-11017-04).....	Dec. —, 1971	53,000
Maine Forest Service, Augusta, Maine, aerial forest inventory (01-06-09098): Technical assistance.....	Apr. 23, 1968	35,000
Eastern Fine Paper Corp., Brewer, Maine, Feas/St Fine Paper Corp. (01-06-09148): Technical assistance.....	Sept. 8, 1969	2,000
PENOBSCOT		
Lincoln Pulp-Paper Co., Lincoln, Maine, Manufacturing tissue paper (01-03-00460): Business loan.....	Mar. 12, 1971	2,000,000
WASHINGTON		
Town of Milbridge, Milbridge, Maine, Commercial Pier/Road, (01-01-00465) Public works grant.....	May 19, 1971	114,000
AROOSTOOK		
Northern Regional Airport, Frenchville, Maine, Construction/airport (01-01-00353): Public works grant.....	Mar. 5, 1971	369,000
Terminal Bldg.....	Oct. —, 1972	114,000
Taterstate Frozen Foods, Washburn, Maine, potato processing (01-03-00010): Business loan.....	June 30, 1966	1,063,000
Easton Development Corp., Easton, Maine, potato processing (01-03-00067): Business loan.....	Aug. 6, 1965	575,000
Maine Sugar Industries Inc., Easton, Maine, cane sugar (01-03-00139): Business loan.....	June 30, 1966	2,250,000
Morgan Guaranty & Trust, Easton, Maine, WC for Maine sugar (01-04-00153): Wrk/Cap Guarantee.....	do	1,800,000
Chase Manhattan Bank, Easton, Maine, WC for Maine sugar (01-04-00153-01): Wrk/Cap Guarantee.....	Feb. 13, 1967	1,800,000
North Maine Regional Planning Commission, Presque Isle, Maine, planning grant:		
(01-05-15005).....	June 20, 1967	31,000
(01-05-15005-01).....	June 17, 1968	31,000
(01-05-15005-02).....	June 14, 1969	34,000
(01-05-15005-03).....	June 30, 1970	32,000
(01-05-15005-04).....	June 30, 1971	30,000
(01-05-15005-05).....	June —, 1972	30,000
Rural Area Development Committee, Presque Isle, Maine, potato processing (01-06-09061): Technical assistance.....	May 3, 1967	8,000
Presque Isle Council, Presque Isle, Maine, Skyway Industrial Park (01-06-09099): Technical assistance.....	Sept. 27, 1967	28,000
OBD/Maine Sugar Industries, Aroostook County, Maine, TA/Maine Sugar Industries: (Technical assistance):.		
(01-06-09158).....	Oct. 29, 1968	14,000
(01-06-09158-01).....	May 16, 1969	4,000
(01-06-09158-02).....	June 25, 1969	137,000
OBD/Maine Sugar Industries, Aroostook County, Maine, Study/sugar beet industry: (Technical assistance):.		
(01-06-09173).....	Jan. 16, 1969	39,000
(01-06-09173-01).....	Dec. 3, 1969	10,000
Houlton industrial air park study: Technical assistance.....	Feb. —, 1973	9,000

EDA GRANTS IN MAINE—Continued

	Date obligated	Amount
BIDDEFORD-SANFORD AREA		
Biddeford, City of Biddeford, Maine, industrial park (01-01-00053): Public works grant	May 25, 1966	\$371,000
Saco Valley Independent Development Corp., Saco York Co., Maine, manufacture shock absorbers (01-03-00362): Business Loan	Dec. 30, 1970	3,544,000
York County Regional Planning Commission, York, Maine (planning grant):		
(01-05-15000)	June 24, 1966	24,000
(01-05-15000-01)	June 29, 1967	21,000
EDA, Biddeford, Maine, new products, shoe/furniture (01-06-09016): Technical assistance	Jan. 31, 1966	2,000
BOOTHBAY HARBOR AREA		
Wiscasset Industrial Development Corp., Wiscasset Maine, recreation and development (01-06-09038): Technical assistance	June 15, 1967	14,000
Master Machine Co., Bristol, Maine, management assistance (01-06-09080): Technical assistance	Dec. 7, 1966	1,000
Boothbay Harbor, Maine, water systems improvement (01-06-10099): Technical assistance	Oct. 19, 1966	1,000
CALAIS-EASTPORT AREA		
Calais Maine, Calais, Maine, roads/utilities industrial park (01-01-00075): Public works grant	June 17, 1966	91,000
Passamaquoddy Reservoir Authority, Pleasant Point, Perry, Maine, sewer collection system/water mains (01-01-00269): Public works grant	May 3, 1968	254,000
Passamaquoddy Reservoir Authority, Princeton, Maine, water district/sewer treatment/collection (01-01-00271): Public works grant	May 23, 1968	150,000
State of Maine, Milbridge plus Lubec, Maine, boat landing and factory (01-01-00333): Public works grant	Oct. 17, 1969	184,000
Maine State Park, Jonesport, Maine, public landing and boat factory (01-01-00348): Public works grant	June 30, 1970	455,000
Passamaquoddy I-resv. Passamaquoddy, Maine, sewer collection/treatment—water distribution: (01-01-00349): Public works grant	Nov 5, 1970	436,000
School Administration District 37, Harrington, Maine, waste treatment plant (01-02-00243): Public works supplement	June 30, 1967	43,000
Passamaquoddy Reservoir Authority, Pleasant Point, Perry, Maine, sewerage treatment (01-02-00270): Public works supplement	June 30, 1968	30,000
Washington County Economic Development Corp., Machias, Maine, establish house prefab plant (01-03-09129): Technical assistance	Feb. 4, 1969	15,000
Eastport Memorial Hospital, public works employment impt. project (01-11-00545): Public works grant	Dec. 27, 1971	110,000
Passamaquoddy Tribal Council, Washington County, Maine, Economic Dev/Lands/ Reso. (01-06-09197): Technical assistance	June 25, 1970	13,000
City manager and council, Eastport, Maine, 3-site study industrial development (01-06-09206): Technical assistance	June 30, 1970	3,000
Lubec, Maine, commercial feasibility study; Technical assistance	Jan. 3, 1972	1,000
DOVER-FOXCROFT AREA		
Brownville Economic Development, Brownville, Maine, inventory yellow birch (01-06-09030): Technical assistance	Sept. 2, 1965	2,000
ELLSWORTH AREA		
Deer Island Granite Co, Stonington, Maine, granite quarrying (01-03-00166): Business loan	Nov. 19, 1966	68,000
Brooksville, Town of, Hancock County, Maine, Dock Marina Cape Rosie (01-06-09076): Technical assistance	Apr. 11, 1967	2,000
Deer Island Granite Co., Stonington, Maine, operation assistance (01-06-09079): Technical assistance	Mar. 15, 1967	8,000
FORT KENT AREA		
Fort Kent, Town of, Fort Kent, Maine, sewage collection system (01-01-00273): Public works grant	May 6, 1968	308,000
Fort Kent, Town of, Fort Kent, Maine, sewerage system (01-02-00272): Public works supplement	June 30, 1968	178,000
Fort Kent Fence Co. Inc., Fort Kent, Maine, wood products manufacturing (01-03-00242): Business loan	May 6, 1968	77,000
HOWLAND AREA		
Dead River Co., Penobscot County, Maine, engineering study (01-06-09136): Technical assistance	June 28, 1968	3,000
Sewer System, Greenville (01-01-00585): Public works grant	June —, 1972	660,800
LEWISTON-AUBURN AREA		
Lisbon Water Department, Lisbon, Maine, water line/pumping station (01-01-00256): Public works grant	June 26, 1967	107,000
Auburn Water District, Auburn, Maine, water lines (01-01-00257): Public works grant	Aug. 22, 1967	95,000
Maine Research Corp., Lisbon, Maine, electronic components (01-03-00016): Business loan	Dec. 3, 1966	1,583,000
First Manufacturers National Bank, Lewiston and Auburn, Maine, Wc/Maine Research Corp. (01-04-00240): Wrk/Cap Guar	Sept. 28, 1966	540,000
Androscoggin Valley Commission, Lewiston, Maine, plan assist grant OEDP (01-05-15007): Planning grant	Aug. 30, 1967	19,000
EDA, Lewiston, Maine, employment opportunity (01-06-09017): Technical assistance	Feb. 11, 1966	18,000
Redevelopment Commission, Lewiston, Maine, consulting service (01-06-09029): Technical assistance	Sept. 24, 1965	10,000

EDA GRANTS IN MAINE—Continued

	Date obligated	Amount
PATTEN AREA		
Katahdin Valley Development Authority, Patten, Maine, develop tourism (01-06-09002):		
Technical assistance.....	Apr. 25, 1966	\$12, 000
ROCKLAND AREA		
Knox Pier Inc, Rockland, Maine, deep water pier (01-01-00066): Public works loan.....	May 28, 1966	243, 00
Rockland, City of, Rockland, Maine, industrial site (01-01-00155): Public works grant.....	June 23, 1967	56, 000
Waldoboro Sewer District, Waldoboro, Maine, sewage treatment/pumping station (01-02-00170): Public works supplement.....	June 30, 1967	60, 000
Waldoboro Sewer District, Waldoboro, Maine, sanitary sewer/collection system (01-02-00171): Public works grant.....	Feb. 10, 1967	119, 000
Waldoboro Sewer District, Waldoboro, Maine, sewage treatment/pump station (01-02-00170-01): Public works supplement.....	Mar. 31, 1968	24, 000
Thomaston, Town of, Thomaston, Maine, Sewage/Treatment/Sewers (01-02-00221): Public works supplement.....	June 30, 1967	161, 000
Knox Mining Corp., Rockland, Maine, diamond drilling process (01-06-09000): Technical assistance.....	Apr. 21, 1967	86, 000
Lime Products Corp., Union, Maine, management market assistance (01-06-09125): Technical assistance.....	May 16, 1968	5, 000
Knox Pier Inc., Rockland, Maine, feasibility study Knox Mill (01-06-09126): Technical assistance.....	June 3, 1968	1, 000
LINCOLN AREA		
Lincoln Pulp Paper Co., Lincoln, Maine, paper mill (tissue) (01-03-00299): Business loan.....	June 21, 1968	4, 550, 000
North Penobscot Pulpwood Co., Lincoln, Maine, supplier of pulpwood (01-03-00299): Business loan.....	June 24, 1969	145, 000
BANGOR-BREWER DEVELOPMENT CENTER		
Bangor, City of, Bangor, Maine, airport terminal (01-01-00284): Public works grant.....	June 20, 1968	1, 652, 000
Arrivals Building (01-01-00577-25): Public works grant.....	June 6, 1972	360, 000
City of Brewer, Brewer, Maine, industrial park/80 acres (01-01-00323): Public works grants.....	Aug. 15, 1969	388, 000
Mattawamkeag Wilderness Park (01-11-00525): Public works grant.....	Feb. 3, 1972	367, 000
City of Bangor, Bangor, Maine, install sanitary sewer (01-01-00454): Public works grant.....	June 11, 1971	77, 000
Bangor Brewer Development Corp, Brewer, Maine, production fine papers (01-03-00292): Business loan.....	Sept. 16, 1968	1, 550, 000
Chapman Precision Products, Bangor, Maine, precision machine parts (01-03-00309): Business loan.....	Mar. 10, 1969	300, 000
Canal National Bank, Penobscot, Maine, W/C Eastern fine paper (01-04-00337): Wrk/Cap Guarantee.....	June 30, 1969	270, 000
Maine Department of Economic Development, Augusta, Maine, established Eastern Maine EDD (01-05-11011): Planning grant.....	June 21, 1967	43, 000
Maine Department of Economic Development, Augusta, Maine, Continuing plan grant: (01-05-11011-01).....	June 29, 1968	22, 000
Maine Department of Commerce and Industry, Life Sciences Park: technical assistance.....	Nov. —, 1972	48, 000
Maine Department of Commerce and Industry, Woodchip, total utilization project (01-61094-44): Technical assistance.....	Mar. 3, 1972	30, 000
University of Maine, Bangor, Maine, Aeronautical educational program (01-06-09167): Technical assistance.....	Jan. 29, 1969	3, 000
City of Bangor, Bangor, Maine, international air industrial park (01-06-09180): Technical assistance.....	June 26, 1969	9, 000
Penobscot-Passamaquoddy Indian planning grant.....	Feb. —, 1973	32, 000
Pending approval in Washington:		
Penobscot Neighborhood Facility, public works grant.....		118, 000
Passamaquoddy Neighborhood Facility, public works grant.....		118, 000
Penobscot Indian Sewer System, public works grant.....		50, 000
Penobscot Indian Treatment Plant, public works grant.....		88, 000
Lewiston, Maine, industrial park expansion, public works grant.....		350, 000
Passamaquoddy Basket Co-op., technical assistance.....		36, 000
AIDE (Portland), technical assistance.....		60, 000

STATEMENT OF HON. BRUCE KING, GOVERNOR OF THE STATE OF NEW MEXICO

I truly believe that the *Four Corners Regional Commission* and its programs have gone a long way in promoting economic growth. The State of New Mexico had \$1.5 million available this fiscal year for supplemental and technical assistance grants from the Title V program.

Of particular interest in New Mexico are the supplemental grants whereby federal money for a project such as a sewer or an airport granted directly to a municipality can be substantially increased.

I have found that the supplemental grants have been extremely important to those communities where local or state monies were not sufficient to match the

basic federal grant, resulting in the supplemental grant becoming the "Key" to whether the project would become a reality or not.

Therefore I earnestly solicit your support in obtaining federal legislation to continue the Title V Commissions particularly the supplemental grant program. House Bill 2246 or Senate Bill 467 would certainly help the states during the transition from categorical grants to revenue sharing.

Thank you for your consideration and your able help.
Attachment.

STATE OF NEW MEXICO,
OFFICE OF THE GOVERNOR,
Santa Fe, N. Mex., February 20, 1973.

HON. MANUEL LUJAN,
*Longworth Building,
Washington, D.C.*

DEAR CONGRESSMAN LUJAN: I truly believe that the Four Corners Regional Commission and its programs have gone a long way in promoting economic growth. The State of New Mexico had \$1.5 million available this fiscal year for supplemental and technical assistance grants from the Title V program.

Of particular interest in New Mexico are the supplemental grants whereby federal money for a project such as a sewer or an airport granted directly to a municipality can be substantially increased.

I have found that the supplemental grants have been extremely important to those communities where local or state monies were not sufficient to match the basic federal grant, resulting in the supplemental grant becoming the "Key" to whether the project would become a reality or not.

I have listed some of the projects funded so far this fiscal year by key supplemental grant and total project cost:

Project	Supplemental grant	Total project cost
Southwest Valley Health Clinic.....	\$120,000	\$375,000
Isleta Canal lining.....	12,000	88,000
Chama water system.....	68,500	253,000
Canyon water system.....	21,000	114,000
Roswell Industrial Air Center.....	50,000	674,000
Bloomfield water system.....	18,500	137,900

Some of the projects funded last fiscal year (1971-1972) were as follows:

Project	Supplemental grant	Total project cost
Espanola Hospital additions.....	\$100,000	\$750,000
Jemez Springs sewage treatment.....	76,000	275,150
North Valley water system.....	250,000	2,400,000
Acequia Madre Canal lining.....	15,000	50,000
Boys' School vocational-educational equipment.....	4,000	16,600
Espanola neighborhood facility.....	75,000	665,000
Bernalillo industrial park site.....	48,500	485,000

Some of the projects funded the previous fiscal year (1970-1971) were as follows:

Project	Supplemental grant	Total project cost
Pecos sewage collection facilities.....	\$39,810	\$189,809
Carrizozo Municipal Airport.....	35,780	149,987
Colfax County Hospital.....	250,000	1,915,811
Taos sewage treatment system.....	75,000	495,000
Santa Fe area technical-vocational school.....	358,000	1,981,000
Tres Piedras water system.....	10,500	35,000
Gallup Municipal Airport.....	126,490	553,000
Pietown water system.....	4,000	10,000

I believe that these types of projects will go a long way toward meeting the many needs of New Mexico's people and communities in providing for a safe, healthy and prosperous life.

Therefore it is with great expectations that I solicit your support in obtaining federal legislation to continue the Title V Commissions particularly the supplemental grant program. House Bill 2246 or Senate Bill 467 would certainly help the states during the transition from categorical grants to revenue sharing.

Thank you for your consideration and your able help.

Sincerely,

BRUCE KING, Governor.

STATEMENT OF HON. JIMMY CARTER, GOVERNOR OF THE STATE OF GEORGIA

(Prepared for the House Committee on Public Works in support of HR 2246, HR 2247, HR 3061 and related bills, to amend the Public Works and Economic Development Act of 1965 to extend authorizations for a one-year period.)

The idea of well planned, coordinated economic development is not new to Georgia. I have previously testified before the Senate and House Public Works Committees as to the value of this concept in orderly growth and development. The State of Georgia has been a leader in the establishment of substate regional planning bodies and has utilized these organizations in identifying local needs, goals and priorities. I have seen planned economic development at work in the Coastal Plains Region of my State which covers 86 counties in South Georgia. Many of the innovative and successful projects developed to date would not have been possible without the Coastal Plains program which made possible the transition of ideas into realities. The Economic Development Administration program has worked in conjunction with the Coastal Plains program and joint funding of economic development related projects has not been uncommon.

At the National Governors' Conference in Houston last year, I was appointed Chairman of a Task Force on National Development Policy and Regional Development. In Atlanta on February 23, 1973, a meeting was held of Cochairman Governor Representatives of Title V Commissions to discuss National Development Policy and Regional Development.

I would like to pass along the findings of that group at this time.

FINDINGS

The Title V Commissions provide a *structure* by which the democratic *process* ensures immediate and often innovative *action* on the problems facing our people, i.e., the system of Title V Commissions:

(A) Provides a unique Federal/State/local partnership that complements the traditional Federal/State/local methods of operation.

(B) Provides a formal structure for the three levels of government to explore innovative approaches to problem solving.

(C) Insures an upward flow of ideas (local to state to regional to national) in the ultimate establishment of regional and national priorities.

(D) Insures decision sharing partnerships between State, local and Federal governments so that public resources are better matched to the needs of our people.

(E) Encourages interstate planning, cooperation and information sharing on common problems.

(F) Consolidates a myriad of disparate local problems, first at the State level and ultimately regionally, into clearly understood and recognizable priorities of need, thus serving as a barometer for changing national priorities.

(G) Is a proven workable management mechanism for returning power to the State and local governments.

(H) Guarantees, through regional strength, that rural and urban problems are treated equitably.

(I) Allows the targeting of resources to specific regional needs which stimulate the economic development of that region.

(J) Provides the means to dampen the "natural political process" (through established criteria for funding and the Federal presence).

The Task Force also provided a list of specific examples of advantages of the Title V Commissions. I will not presume to speak in behalf of other Title V

Governors, and accordingly, I will enumerate only on those examples which pertain to the Coastal Plains Regional Commission of which Georgia is a member. Those examples are:

FLORICULTURE

This innovative flower raising program to create new jobs and satisfy a demand for quality flowers was started in Georgia and later adopted by South Carolina.

BLUEBERRIES

A cash crop for farmers to replace other crops of diminishing importance, such as tobacco and corn.

SCHEDULED AIR SERVICE

A demonstration project to provide airline service to smaller towns has proven successful in Georgia. As a result, service has been extended to South Carolina and other parts of Georgia.

INCENTIVE ORIENTED HOUSING

This innovative program to attract the private sector to provide low-income housing has attracted the interest of other states (specifically, Virginia and North Carolina).

COASTAL EMERGENCY MEDICAL SERVICE

A county-operated emergency medical service as part of a six-county coastal area emergency medical system to satisfy a critical need.

MOBILE DENTAL UNIT

To furnish dental care and education; to motivate participants in dental hygiene over a seven-county area south of Columbus, Georgia.

ARTIFICIAL REEFS

To enhance sport fishing and the local economy, fishing reefs have proven successful.

OYSTER RESTORATION

A program to reestablish a once thriving industry is underway.

WESTVILLE

A historic 1850 village at Lumpkin, Georgia will enhance the economy with additional jobs in the village as well as tourist related jobs. A culture will be preserved for posterity.

INDUSTRIAL DEVELOPMENT TASK FORCE

A tri-state committee to pursue industrial development in the member states. This committee has taken under consideration such issues as: shell buildings to attract industry; feasibility of a superport on the southeastern coast of the United States.

AGRICULTURAL ADVISORY COMMITTEE

A tri-state committee to pursue agricultural and forestry development in the member states. This committee has taken under consideration such issues as: a regional agri-business cannery; forest management and rehabilitation (make marginal land productive).

MARINE FACILITIES AT SKIDAWAY

A capital investment program to establish facilities for research and demonstration to enhance the fisheries industry.

Innovative projects such as these can not be brought about by categorical grants-in-aid, nor can they be provided by revenue sharing. Accordingly, it has been with alarm that I have seen the President veto, during October of last year, HR 16071 which would have extended the Public Works and Economic Development Act of 1965, and then in January, release a budget which would terminate EDA and Title V Commission programs.

I advocate the simple extension of these programs for one additional year so the states and all concerned can be afforded ample opportunity to conduct a critical analysis of their impact.

The CHAIRMAN. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Mr. Chairman, our colleague, Mr. Davis of Wisconsin, has sent to the committee a Senate joint resolution from the Wisconsin Legislature. And I would ask unanimous consent that it be included in the record after the request of the gentleman from Alabama.

The CHAIRMAN. Without objection, it is so ordered.
(The document referred to follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 26, 1973.

ECONOMIC DEVELOPMENT SUBCOMMITTEE,
HOUSE PUBLIC WORKS COMMITTEE,
*Rayburn House Office Building,
Washington, D.C.*

DEAR SIR: As per your conversation with David Kehl of my staff today, I would appreciate you making the attached resolution a part of the Committee record with respect to the Public Works and Economic Development Act.

Very sincerely yours,

GLENN R. DAVIS,
Member of Congress.

WISCONSIN LEGISLATURE,
SENATE CHAMBER,
Madison, Wis., February 22, 1973.

DEAR MEMBER OF THE UPPER GREAT LAKES REGIONAL COMMISSION: Upon direction of the Wisconsin Legislature we are enclosing a copy of Senate Joint Resolution 13, which respectfully urges Congress and the National Administration to extend the life of the Upper Great Lakes Regional Commission.

We thank you for your consideration and assistance.

Sincerely yours,

WILLIAM P. NUGENT,
Senate Chief Clerk.

Enclosure.

THE STATE OF WISCONSIN

1973 SENATE ENROLLED JOINT RESOLUTION 13: MEMORIALIZING CONGRESS AND THE PRESIDENT OF THE UNITED STATES TO CONTINUE THE UPPER GREAT LAKES REGIONAL COMMISSION

Whereas, 36 Wisconsin counties within the upper great lakes region possess similar human and natural resource characteristics important to addressing problems and potentials of economic development; and

Whereas, the upper great lakes region of Wisconsin has experienced chronic unemployment and underemployment and has lagged behind most other regions of the country in meaningful economic growth and resource development; and

Whereas, regional economic development under joint sponsorship of the federal government and states has demonstrated the potential to improve the quality of life for millions of Americans; and

Whereas, considerable progress has been made by existing regional development commissions in planning for future economic advances, an accomplishment evidenced in the upper great lakes regional commission 5-year regional economic development plan and 5-year program; and

Whereas, the program of the upper great lakes regional commission has demonstrated the effectiveness of state-federal cooperation in regional resource development; and

Whereas, regional economic development is an essential supplemental effort to the concept of federal revenue sharing, an effort that assures much needed attention to areas that evidence similar characteristics of economic depression; and

Whereas, the concept of multistate economic development regions has fostered

cooperative, innovative interstate approaches to human, economic and environmental problems and policies; now, therefore, be it

Resolved, by the senate, the assembly concurring, That the legislature of the state of Wisconsin recognizes the desirability of continuing regional economic development programs authorized by Title V of the Public Works and Economic Development Act of 1965; and, be it further

Resolved, That the legislature of the state of Wisconsin respectfully urges congress and the national administration to extend the life of the upper great lakes regional commission so that its work and potentials may be adequately evaluated and its potential fully realized; and, be it further

Resolved, That duly attested copies of this resolution be transmitted to the president of the United States, to the secretary of the U.S. senate, to the chief clerk of the U.S. house of representatives, to the governors of the 29 Title V states and to every member of the congressional delegation from Wisconsin, Minnesota and Michigan.

WILLIAM P. NUGENT,
Chief Clerk of the Senate.

THOMAS S. HANSON,
Chief Clerk of the Assembly.

The CHAIRMAN. Next, we have our colleague, Congressman David Bowen of Mississippi.

Congressman, you have been standing by most of the afternoon. We appreciate your patience and your cooperation and for permitting us to interrupt your scheduled appearance to hear the Governors.

STATEMENT OF HON. DAVID R. BOWEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI, AND HON. HOWARD STAFFORD, MAYOR OF PONTOTOC, MISS.

Mr. BOWEN. Mr. Chairman, I would like to ask Mayor Howard Stafford of Pontotoc, Miss., here to join me. He is also listed on the agenda for the afternoon.

He is not a constituent of mine. He is a constituent of our colleague, Congressman Jamie Whitten, but I would be very proud to have him in my district. I believe he has to leave the city very shortly, and I would be very grateful if the committee could ask him to join me.

The CHAIRMAN. Mayor Stafford, would you join the Congressman? You have been sitting by all afternoon. Thank you for your patience and your cooperation.

Mayor STAFFORD. Thank you, Mr. Chairman. I have enjoyed it. My few remarks are documented in my prepared statement, which I offer for the record.

The CHAIRMAN. Without objection, so ordered. Your prepared statement will appear at this point in the record.

(Statement referred to follows:)

STATEMENT OF HON. HOWARD STAFFORD, MAYOR OF THE CITY OF PONTOTOC, MISS.

The Pontotoc Story Made Possible With the Assistance of the Economic Development Administration

We are a small community located in the red hills of Northeast Mississippi. We are from the country that was one hundred years late in receiving foreign aid, and maybe North Viet Nam won't mind waiting a few years for theirs. Prior to the year 1965, and the birth of the Economic Development Administration, a seven course meal in my town consisted of a possum and a six-pack. The graduating class' exercises were held at 8:00 o'clock a.m., so that the graduates could catch the 10:00 o'clock a.m. bus North for employment.

The average family income was less than \$2,000.00 and during the 1950's our county population dropped from 22,000 to 17,000. This was brought about by mechanized and subsidized farming which dropped the farming employment population from approximately forty (40%) per cent down to the present farming employment population of less than seven (7%). The minority population rate was less than twenty-five (25%), which was mostly farm labor, and only thirteen (13%) per cent having water and sewer services.

Our City sewer system had been condemned by the State Health Department. We only had one deep well to supply a population of 2,000 people. In 1965, when I took office as Mayor of the City of Pontotoc we only had 560 industrial jobs throughout the County with these people working only part time and drawing a minimum wage.

Today, I can give you a much brighter picture thanks to the Federal Government and the Economic Development Administration. Today the average family income, 1972 Census, is \$4,977.00. The poverty level has been reduced from seventy (70%) per cent to approximately thirty-two (32%) per cent. There are 2,700 people employed by industries within the City of Pontotoc and several hundred employed by industries within the County. Sales taxes within the City are up from the year 1965, when they were approximately \$70,000.00 annually, to over \$175,000.00 annually in the year 1972, and a one (1) per cent sales tax. Water revenues have more than tripled in the past seven years. We now have four deep wells, and there has been an average of more than one hundred new homes constructed annually within the County of Pontotoc for the past seven years.

Due to industrial growth and a healthy economy, we were able to go from one hundred (100%) per cent segregation to one hundred (100%) per cent integration without any problems. (Working people are happy people; idleness breeds violence.) We have been able to acquire a three-quarters of a million dollar Vo-Technical Training School; we have two new high schools that were constructed in the County; we have two new branch banks built within the City; we have an airport, a new sixty-four (64) unit motel, and a 190 acre lake and recreation park constructed within the City of Pontotoc. South Central Bell Telephone Company has spent a million dollars throughout the County giving approximately ninety-five (95%) per cent of the people telephone service.

All of this has been made possible by the development of these industrial jobs, and it has involved all elements of civic and legal leadership throughout the County and City.

If we could place our success story on one project, it would be the assistance we have been given from the Economic Development Administration beginning with a \$750,000.00 Water and Sewer Grant in the year 1967. Then, a \$25,000.00 grant for a pilot project which was named the Pontotoc Economic Development Planning Agency, which, in turn, brought about another grant in the sum of \$110,000.00 for the development of an Industrial Park within the City of Pontotoc on 70 acres of land, which is now completely filled by industry and furnishes employment for 2,700 citizens.

Eighty (80%) per cent of the streets within the City of Pontotoc have been hard-surfaced. Within the next thirty days, we will begin ground breaking for two additional industries and for the expansion of two present factories within the City which will give an additional 200 industrial jobs and help further the lowering of the unemployment, and give an additional boost to our economy.

This story would not be possible without the concern, planning, supervision, and counselling of personnel of the Economic Development Administration with leaders in our City and County which enabled us to accomplish our present economic condition and enjoy better housing through the help of the Farmers Home Administration and the Department of Housing and Urban Development, enjoy lower fire insurance rates, and enjoy a higher standard of living for all of our people. Construction within the City and County for the year 1970 was over \$2,000,000.00; and for the year 1972 was over \$4,000,000.00.

Let me, on behalf of not only the people in my City and County, but also on behalf of the citizens of my State and the South, thank you gentlemen for the past services you have rendered us, and particularly thank you for giving me the time to tell you this story made possible only by your long-range foresight and concern for us, the American people.

May I further state that the commitments made by the City of Pontotoc to present industry which is now in operation within our City and those industries

who are moving into our City this year will create a hardship on our people without the continued further assistance from Federal sources, because, in my State, approximately seventy (70%) per cent of all tax revenues go to the operation of our educational system for our young people. It is not my purpose to sway you in your daily decisions that you are being compelled to make. I am here primarily to thank you for your past assistance and to assure you that the Pontotoc Story in the South could be repeated hundred times or more by other small towns within our category. It is my belief and conviction that no Federal funds can be spent in any other manner that will give a greater return per dollar. (For the \$1,000,000.00 that the Economic Development Administration has invested in the City of Pontotoc, Mississippi, we now have over 2,000 jobs for citizens who want and need employment.) This generates a 17,000,000 payroll.

I believe that the small towns, utilizing their local resources and receiving assistance from the Federal Government, is the only way that we can eliminate the blights created by over population within metropolitan areas. Our County has grown and prospered from bigness. I believe we have reached the point where not only decentralization of wealth, but also decentralization of power is the solution that will come nearer solving our nation's major problems.

Let me again thank you for the assistance you have given us in the past, and for the time and attention you are giving us now in listening to our stories, and for the consideration that you will give us in the making of your future decision.

MAYOR STAFFORD. Thank you, Mr. Chairman. I have enjoyed it. My few remarks are documented in my prepared statement that I offer for the record.

But being from the poorest State in the Nation and one of the poorest counties in the State, there is no way that I have time to explain to you gentlemen the impact that EDA has had on the city of Pontotoc.

During the 1950's, we lost from 22,000 population down to 17,000 and they added to the metropolitan area blight. When EDA was created in 1965, we had 560 industrial jobs in the county.

In the last 5 years we have increased that to 2,700. EDA gave to the city of Pontotoc in the way of a grant approximately a million dollars and this brought about the creation of 2,000 additional jobs with an annual payroll of over \$17 million.

Now, I can't see where these people employed, paying State and Federal income taxes, sales taxes—and our sales taxes increased from \$70,000 annual to \$175,000. This, I think, is return on investment bar none of the other Federal agencies in operation.

Another thing, no Federal agency was available to give the city of Pontotoc the services of water and sewer that EDA could give us.

FHA turned us down. HUD could only give us a loan. We were so poor that EDA gave us a grant plus a guaranteed loan. We got our water and sewer installed, got us an industrial park.

And in that industrial park, we have in the last 4 years completely filled it up with industry and added 2,000 people to our industrial payroll. The creation of industry for other people—in 1970 we had about \$3 million additional construction for homes, businesses. In 1972 we had over \$4 million.

So no Government agency to my knowledge can create as much interest in a small community, as poor as my town was, than EDA has given us.

I think this is the best way I know of to eliminate the blight in the highly populated metropolitan areas, keeping our people at home where they want to stay, provided there is employment than create the problems and the ills that we have in the bigger towns.

Also, from the sideline, being from the South, by people being employed, we went from 100-percent segregation to 100-percent integration without no problems at all.

Without the employment or the industrialization and the enthusiasm among our people, both black and white, there would have been a bloodbath in our town when the schools were forced to integrate had not the employment been made available.

This story can be told a hundred times over in small towns like mine in the State of Mississippi and in the South.

Your consideration in getting these programs through, I think is the American way of life, and I would hate to see one man that I heard testify this morning ride roughshod over you gentlemen that have made these jobs and living worthwhile and possible.

Thank you.

The CHAIRMAN. I am certainly impressed with your statement. This is a real-life situation.

You didn't find the EDA to be inflationary in your area, did you, mayor?

MAYOR STAFFORD. We were poor as Job's turkey. As I have in my statement there, a seven-course meal in my town before 1965 was a possum and a six-pack. [Laughter.]

We were so used to poverty, we were about like the tomcat that went out with the skunk, we enjoyed about all we could stand.

[Laughter.]

MR. COCHRAN. Mr. Chairman.

The CHAIRMAN. The gentleman is recognized.

MR. COCHRAN. Mr. Chairman, I think I should be in a peculiar position to welcome Mayor Stafford before our committee today.

I was part of the outmigration problem in Pontotoc County. I spent the first 5 years of my life in Pontotoc County, and although I never did have enough money to live in town, I am familiar with Pontotoc County and the town of Pontotoc.

I want to take this opportunity to congratulate Mayor Stafford for contributing a great deal to the economic development of that town and that county.

He is indicative of a lot of mayors throughout the State of Mississippi who have taken advantage of the good programs that are provided under the Economic Development Act.

And that is one of the main reasons that I joined with other members of this committee in cosponsoring this legislation.

I want to thank Mayor Stafford and my distinguished colleague, David Bowen, for being here today to voice our concerted view that this program ought to be continued.

The CHAIRMAN. Thank you. Are there any questions on my right?

MR. JONES. Mr. Chairman?

The CHAIRMAN. Mr. Jones.

MR. JONES. Mr. Chairman, I would like to congratulate the mayor. Evidently you read the book "Strangers in America," I am sure the demographic revelations you made to us today are worthwhile and helpful to the committee.

MAYOR STAFFORD. One statement a colored lady made to me when we got the water and sewer to her house, she said that EDA was the best thing that happened to Pontotoc since the invention of 7-Up. [Laughter.]

The CHAIRMAN. I am going to keep you on as our prize witness.

Mayor STAFFORD. I would like to stay, but the council only allowed me 1 night's lodging up here. I have to catch a plane.

The CHAIRMAN. No further questions? Thank you ever so much, more than we can adequately say. I thank you for your extremely helpful remarks, Mr. Jones.

Mr. JONES. Mr. Chairman, Mr. Bowen is one of our newcomers to the House of Representatives, I am quite sure is going to have a distinguished career. He is a man of splendid intellect.

It is a great honor for me to introduce somebody that joins my district that is going to take the heed of a great leader.

I think that the gentleman from Mississippi is certainly welcome here today to give us his observations on what has been occurring in the district he represents. It is one of the poorer districts. It has been in economic despair for years and years.

I am quite sure that his enthusiasm for this program will be meaningful not only to him but to the people he represents. Thank you.

The CHAIRMAN. Congressman?

Mr. BOWEN. Thank you, Mr. Jones, Mr. Chairman, certainly I appreciate those kind words. And it is a privilege for me to have an opportunity to represent a district which has previously been represented by the first chairman of this committee, Mr. Will Whittington, and by Mr. Frank Smith.

I would at this time like to direct my remarks primarily to the planning funds of EDA and to economic development districts and the role which they play.

The districts, I think, in our State, which I played a role in establishing while serving as Federal-State coordinator for Mississippi and special assistant to Governor John Bell Williams during the last 4 years, have been very instrumental in eliminating waste and overlapping and duplication in programing.

These districts were established pursuant to urgings and instructions contained in BOB and now OMB circular A-95. As I think all of you know, that circular now requires that federally funded programs be reviewed and commented upon by these substate district clearinghouses.

This, I think, is a welcome innovation and represents an important step forward.

Most of the districts of our State, 7 out of the 10 substate planning and development districts which we have are funded for their staff grants by EDA planning grants. Three of them are funded by Appalachian planning grants.

And this represents the primary, and in some cases sole, support for the staff of those districts.

I found in talking with our planning and development district directors, both in Mississippi and in other States, that they are greatly concerned about the possible demise of EDA and the source of these planning funds.

The real problem lies in the fact, I think, that these districts have been established at the insistence of the White House and the Office of Management and Budget. They have built up a significant image within the States and significant role.

And now the only funding source to provide staffing for these districts is proposed to be eliminated.

The administration has, I understand, suggested that HUD 701 funds might be used as an alternative for staffing of the economic development districts.

I would like to suggest that heretofore HUD 701 funds have been used for other purposes and are generally not expended by the Department of Housing and Urban Development for the broad multipurpose planning and development activities carried on by the development districts.

They have been used for specific contractual relationships entered into for land-use planning or zoning or community facilities. And the philosophy and orientation of that particular agency has been quite different.

Therefore, these funds do not appear at this time to be suitable for this kind of planning.

Working in a Governor's office for 4 years, I am certainly very sympathetic to that point of view and to the need and importance of tying substate planning activities to overall State planning activities.

But if the funds for planning through EDA are cut out at this stage, it would create severe disorder within State and substate planning activities.

I would like to urge the consideration of the committee for the needs of substate planning districts. This has provided the first opportunity in many years to try to eliminate a great deal of the waste and the overlapping and the duplication to be found in Federal and State and local programing—and I think is an important step forward in increasing efficiency in Federal programing.

I would certainly hope that the Federal Government would keep faith with these districts.

I would like to indicate also that these districts provide an opportunity for local citizenry to have a significant input into planning and development decisionmaking; whereas other sources of funding, such as HUD 701 funds, do not operate with that local board basis.

This has been an important democratic innovation, in my opinion, an opportunity to have county and district committees make decisions not only in the hiring of staff but in terms of programing. And it has been a notably successful one.

I contend that in the State of Mississippi it has been a valuable opportunity for local citizens to become committed to programing to develop the areas. It is tied to State planning. It has helped to reverse the outmigration which has been commented upon by several speakers previously. And has provided, I think, a very effective kind of balance between the popular role, the citizen's role in relation to Federal programing, and the role of professional staff and Federal agency involvement.

So I would like simply to close my statement today, Mr. Chairman, by urging that the committee give favorable consideration to H.R. 2246 and similar bills.

For many reasons I am certainly supportive of what is contained in that legislation, but at this point I think I will limit my comments to the substate planning activities which have been financed by EDA.

The CHAIRMAN. Any statement you have, Congressman, will appear in the record in its entirety. You will have permission to attend and revise your remarks.

And since you are obviously very impressive and effective, experienced right in the field, statewide and substate, your comments are most significant and very helpful and we shall certainly review them with special interest.

Mr. JONES?

Mr. JONES. Yes, Mr. Chairman. Do I understand you to say that within the State, these divisions of planning organizations would be established by the State?

Mr. BOWEN. The district designations have been made by the Governor's office. In fact, during the period when I served as special assistant to the Governor, we set up the system statewide.

And therefore it has the designation of being an official substate system.

Mr. JONES. Are they allocated by counties?

Mr. BOWEN. You mean in multicounty groupings? Yes, sir, that is right, they are.

They vary in size from something like six counties to 15 counties. There are 10 districts.

Mr. JONES. It has been disconcerting where districts have been established, and they work up programs, and the State comes along and takes half the counties out and puts them in another district. The new district has to start all over again.

We have had too much repetition of that. It means a uniform approach or continuity of effort is lost.

It seems to me that once these districts are established, they should not be molested by the State government.

I have one area of four counties that has been together on health programs. The State comes along and makes a division of them—it splits them in half. Everybody is unhappy with it.

They have got to start all over again.

Mr. BOWEN. That is a problem in some States. I have found that in Mississippi there has been very little change. In fact, I can think of only one minor county change that has taken place in these districts after they have been designated.

I do believe the provision of Federal funds for the organization of districts of this kind does provide an incentive for State cooperation.

And it is quite possible that ways may be explored to provide even more incentive for establishing uniform districts.

Mr. JONES. If you got a good thing going, why tamper with it?

Mr. BOWEN. Well, that in fact is what we have throughout America, a good thing going, I believe, quite honestly, in terms of the economic development districts, which are in operation.

If the funding falls out from under these districts, which would happen if this legislation fails to pass, then, of course, we would have a chaotic situation.

We would have what is now, I think, an effective movement toward consolidating these many dozens of different kinds of districts, administered both by the State governments and Federal agencies—we would have that movement reversed.

Mr. JONES. We have the situation in Appalachia when they set up these areas of development, the State came along and chopped up the development districts and consequently had to reorganize.

Nothing but injury is done to the cause.

Mr. BOWEN. I will agree with that position. We have simply been fortunate in our State in coming into several of these programs a little later than Alabama and some other States, so that there has been no change, or virtually no change, within the districts once they have been set up.

Some have gone through an experimental process in which they have set up one kind of district configuration, and then they have seen the need to change later.

I am not suggesting that that is desirable, to engage in several changes in these boundaries.

The CHAIRMAN. Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Mr. Chairman, thank you Congressman Bowen for a very fine statement. As I understand it in Mississippi, your planning districts are coterminous with A-95 designations and that is by virtue of the State government designating them as such.

Mr. BOWEN. That is correct.

Mr. HAMMERSCHMIDT. Do you have the responsibility for any other type planning? For instance comprehensive health care?

Mr. BOWEN. Yes, sir; we are doing precisely that. We have made several of these districts our 314-B agencies for areawide health planning.

We have made every effort to use these districts as the vehicles for substate planning activities.

Now, there is a long way to go, both in our State and in most other States, I understand, in doing that, because in many instances you have established State agencies administering programs that they have administered for decades, which are using other kinds of boundaries.

And it is a little difficult to require every State agency overnight to conform its substate planning to one uniform system.

But I think a great deal of progress is being made in that direction, so that the efforts of various State and local and Federal agencies may support each other, rather than being in competition, as it were.

Mr. HAMMERSCHMIDT. Are you suggesting that within these economic development districts, that you may have the ideal vehicle to carry on many other sorts of planning that would accommodate itself to States' needs.

Mr. BOWEN. That is precisely true, Mr. Hammerschmidt. I would say that one of the attractive aspects of the administration of these planning grants by the Economic Development Administration has been that they have given the flexibility that has been so badly needed at the local level in the administration of programs.

You see, the usual pattern that we encounter on the part of Federal agencies, is that every Federal agency wants to make a planning grant to a local body or a State body exclusively for the purpose of planning and administering that agency's programing.

Now, the enlightened aspect of EDA's administration is that they have been willing to make grants to be used to plan for many different kinds of Federal, State and local activities, not exclusively for the administering of EDA public works grants and business loans and technical assistance grants.

What is so direly needed in State and substate planning activities in this country is unfettered, unrestricted planning money which is not

tied in some parochial fashion to the administering of a specific agency's program.

And every agency that I have encountered in the 4 years that I served as Federal-State coordinator, almost every agency, is inclined to want to take its money, pass it out to set up its own little house on one side of the street to administer its programs and its own set of boundaries, and not to want to make grants for the broad purpose of assisting local governments to solve their problems.

Mr. HAMMERSCHMIDT. As I understand the structure of an economic development district, it is comprised of local entities of government and local citizens acting as a board of directors, is it not—with a professional and highly capable staff?

Mr. BOWEN. Yes, sir.

Mr. HAMMERSCHMIDT. That can deliver a pretty good product.

Mr. BOWEN. That is quite right.

Mr. HAMMERSCHMIDT. So contrary to the earlier statement we heard from the Secretary today, really what you are suggesting, rather than being duplicative in effort and overlapping, it goes exactly in the opposite direction and you gain more efficiency in planning and less vested Federal agency interest in planning?

Mr. BOWEN. That is my opinion. I believe that once you bring together the representatives of local governments and the representatives of private citizens and business groups and various economic and social groups in that bloc of counties, and you let them participate in decisionmaking over coordinating all the various planning activities and over the administration of many grant programs, and in the review and comment procedures of circular A-95, they have an opportunity to see what is going on in a broad area.

And this decidedly brings in a strong note of efficiency in the programing.

And I frankly don't see how it would be replaced if this legislation fails to pass.

Mr. HAMMERSCHMIDT. Congressman Bowen, we thank you for your good help.

Mr. JONES. Any questions. Mr. Dorn? Mrs. Burke? We are certainly grateful to you and may we lean on you for more information.

I have for the record a letter from the mayor of Moulton, Ala.

(Letter referred to follows:)

OFFICE OF THE MAYOR,
Moulton, Ala., February 23, 1973.

HON. ROBERT E. JONES,
*Chairman, Subcommittee on Economic Development,
House Committee on Public Works, Washington, D.C.*

DEAR MR. PRESIDENT: I hope you will take time to read a plea from a small city mayor in North Alabama (population 2,470). I would like to tell you a few things that has been accomplished through the help of the Economic Development Administration here in Moulton.

I took the Chairmanship of our water department in 1945, we had a large spring that was the only source of water for our city of 200 water customers, as we grew to 500 customers our spring would not supply us in the summer and fall months. For several years we had to ration water in these months. We borrowed money and dug wells which many were not sufficient, but in 1948 we found a well that we thought would supply our needs for several years, so we borrowed \$100,000 dollars, built a larger filter system and we felt that we were in good shape for water at this time but by 1957 we had grown to around 750 customers and began to run out of water again even though we kept our springs and was using all they would supply in addition to our well. Many, many times if for

some reason we had a fire in the business part of our town the whole city would have burned down. We dug more wells but to no avail. In 1965 Housing and Urban Development and Economic Development Administration was created, we immediately applied to them for loans and grants to build another water system. We had to have grant money because we were still paying on the other two bond issues and could not sell enough bonds to finance the building of a dam, lake and another filter system to supply our people with water.

We would have lost our two small industries had we not received this help from Economic Development Administration to get an adequate water supply. Now we have an adequate water supply, both of these industries have expanded and we have been able to obtain four more industries due to this help from Economic Development Administration.

Now the western section of our rural Lawrence County has obtained a loan and grant to build a water system in that rural section and we will be able to furnish the source of water for them. I have gone into details on this to let you know the tremendous good and the marvelous development we have had due entirely to these grants from Economic Development.

We have over 1,000 jobs that would not have been possible to have obtained without this help. Our people would have had to go away to find work. We are now approved for another grant to help us develop a 72 acre Industrial Park so that our young people coming out of school each year can find work without leaving our city and county.

I am sure many, many more small cities need this help as we did.

Won't you please keep Economic Development Administration alive to help the small cities and towns that have no other way to grow and develop.

I sure hope I haven't made this too long but I felt you needed a little background information in order to see the tremendous impact Economic Development Administration is having on our community and how much it has helped our economy.

This is an earnest, sincere plea for your help and consideration and I surely hope the people who screen your mail will let you see this letter.

Sincerely yours,

H. A. ALEXANDER, *Mayor.*

Mr. BOWEN. Thank you, Mr. Chairman, it is a real pleasure to be with you.

Mr. JONES. Thank you very much. Mr. Ralph L. Tabor, director of Federal Affairs, National Association of Counties.

Mr. Tabor, it is a pleasure to have you here, sir. We welcome you here today.

**STATEMENT OF RALPH L. TABOR, DIRECTOR OF FEDERAL AFFAIRS,
NATIONAL ASSOCIATION OF COUNTIES; ACCOMPANIED BY JOHN
MURPHY, LEGISLATIVE REPRESENTATIVE**

Mr. TABOR. Mr. Chairman and members of the subcommittee, my name is Ralph Tabor, director of Federal Affairs for the National Association of Counties—NACo. It gives me a great deal of pleasure to appear before you to represent the interests of the Nation's 3,106 counties. Accompanying me today is John C. Murphy, legislative representative for the National Association of Counties. We will both be available for any questions the subcommittee may have at the conclusion of my prepared statement.

National Association of Counties has long supported economic development and public works programs designed to reduce substantial and persistent unemployment and underemployment and to provide a better opportunity for all areas to obtain their fair share of the Nation's present and future economic growth. In recognition of the association's deep interest in this matter, representatives have appeared before the House Public Works Committee in 1965, 1969, 1970, and

1972 to strongly endorse public works and economic development programs.

A provision of the American county platform, adopted by the membership of the association at its annual meeting in June 1972 crystalizes our position:

A more balanced national distribution of population and economic growth is needed to help assure development consonant with the social and economic health of both rural and urban areas. To further this objective the federal government is urged to establish a program of incentives for locating new business and industry and provision of the necessary concomitant public facilities in new and revitalized communities as well as the principal growth centers of rural America.

This subcommittee is well aware that the administration's proposed fiscal year 1974 budget reflects termination of the Economic Development Administration and transfer of its rural development functions to the Department of Agriculture. In the words of the Budget:

These lower priority programs are being curtailed in 1973 and terminated in 1974 as part of a government-wide effort to reduce non-essential expenditures. Terminating these programs now is required to avoid unnecessary inflationary pressures during the next 2 years or more. The rural development objectives of these programs will be assumed by the Department of Agriculture as part of its activities under the Rural Development Act * * *. (Budget app. p. 235.)

In response to budget cutbacks such as this and Presidential impositions of funds, the National Association of Counties Board of Directors met here in Washington early this month, and, after long deliberation, adopted a policy statement. The statement in part said:

The National Association of Counties is deeply concerned about the disastrous impact on county government of constantly increasing inflation. We strongly support the efforts of the President to reduce unnecessary spending to control inflation. We accept the ceiling of \$250 billion on the 1973 Budget and a \$269 billion ceiling on the 1974 Budget as proposed by the President and indorsed by the Congressional leadership * * *.

[However] * * * we are concerned that counties, cities and states now are being asked to absorb approximately \$15 billion in proposed cuts in domestic programs. This is more than the General Revenue Sharing authorization for this year. Moving from the present system to "New Federalism" will cause some very severe problems if there are insufficient funds or too short a transition time in the change over * * *.

It is with the transition period of the proposed phaseout of EDA programs that concerns us. We concur with the distinguished Chairman of the House Public Works Committee, Mr. Blatnik, who said in a floor statement upon introduction of H.R. 2246 that "an additional year [of authorization] is needed to allow for an orderly transition to new programs if better ways are found to relieve economic hardship and unemployment in our depressed communities * * *". The bill before you would continue authorization of EDA programs for 1 additional year at current funding levels to enable the Congress to undertake a reexamination and reevaluation of the present programs. It is for this reason that National Association of Counties supports H.R. 2246.

We do not, however, concur with the statements in the budget that EDA program expenditures are of lower priority or nonessential. Some 966 counties currently participate in the EDA program. In nearly every instance these counties have found EDA assistance essential in combating the problems of unemployment, underemployment, and a declining quality of life. Neither do we believe that such problems are confined to rural areas as the budget seems to imply. Many EDA designated counties are in urban areas.

In summary, Mr. Chairman, National Association of Counties supports H.R. 2246 as necessary to enable sufficient time for reevaluation and reexamination of public works and economic development programs with an eye toward their improvement. National Association of Counties wishes to fully participate in such reevaluation and reexamination.

I have for the record, a statement adopted by National Association of Counties Board of Directors, February 9, 1973, regarding Presidential impoundments and the 1974 budget.

The CHAIRMAN. Without objection, the statement you offer will appear at this point in the record.

(Statement referred to follows:)

STATEMENT ADOPTED BY THE NATIONAL ASSOCIATION OF COUNTIES, BOARD OF DIRECTORS, FEBRUARY 9, 1973

PRESIDENTIAL IMPOUNDMENTS AND THE 1974 BUDGET

The National Association of Counties is deeply concerned about the disastrous impact on county government of constantly increasing inflation. We strongly support the efforts of the President of the United States to reduce unnecessary spending to control inflation. We accept the ceiling of \$250 billion on the 1973 budget and a \$269 billion ceiling on the 1974 budget as proposed by the President and endorsed by the Congressional leadership.

We are particularly supportive of the President's idea of returning power and decision making to state and local governments. We consider the very heart of that effort to be general revenue sharing.

While county officials favor these goals we are also most anxious to keep uppermost in everyone's mind that we must not turn our backs on the poor, the disadvantaged, the weak, the aged, and the others of our fellow citizens who have genuine needs. We would add that education should always be a priority item in our country.

This Association strongly supports the President's proposed consolidation of categorical grants or special revenue sharing amounting to \$6.9 billion. These proposals will allow elected policy makers to determine their priorities in relation to locally determined needs. However, in determining fund allocations under such consolidation proposals, there must be adequate allocations of funds to county government programs.

It was the clear understanding of county officials that the general revenue sharing program would not be a substitute for other federal categorical aid programs. This was a commitment made by the President, the Vice President and their Administration.

We are, therefore, concerned that counties, cities and states now are being asked to absorb approximately \$15 billion in proposed cuts in domestic programs. This is more than the general revenue sharing authorization for this year. Moving from the present system to New Federalism will cause some very severe problems if there are insufficient funds or too short a transition time in the change over.

The National Association of Counties has for more than a decade been in the forefront of a national effort to reform and restructure the nation's hodgepodge welfare program. We consider it imperative to the future of the federal system that the utmost priority be placed upon welfare reform by the President of the United States and the Congress.

We are also particularly concerned that partnership programs administered with state and local government not bear an unfair burden of budgetary cut-backs. We urge particular Presidential and Congressional scrutiny of the military budget and the size of the federal bureaucracy.

GUIDES FOR THE TRANSITION PERIOD

In the movement toward a total restructuring of the federal systems, we hope that the Congress and the President will be guided by these concepts:

(1) In all partnership programs that impact on city, county and state government, elected officials from these levels should be intimately involved in all

aspects of the priority setting and decision making. We particularly are concerned about added services and costs mandated by federal legislation and regulations without an accompanying increase in financial support.

(2) The Administration and the Congress must recognize the present and future role of county government as a regional and subregional unit that has great viability in administering partnership programs.

(3) Wherever possible new federal funding should come through expanded general revenue sharing or block grant consolidation. We fully support the transition from categorical grants-in-aid to block grants (so called special revenue sharing), but only if the transition period is reasonable in length and does not disrupt the provision of local services financed in whole or part by existing federal grants.

(4) A major emphasis of the Administration and the Congress should be upon increasing the general administrative capability of state and local governments. We particularly urge the Administration to reallocate current available funds to provide separate "transition funds" to assist local governments in easing difficult transition problems.

Mr. JONES. Mr. Tabor, your organization went on record in favor of the general revenue sharing proposal.

Mr. TABOR. Yes, sir.

Mr. JONES. Now, the Secretary comes up and testifies that the programs you want to see continued can be handled partially by special revenue sharing.

Are you still of the opinion that revenue sharing is the answer?

Mr. TABOR. Well, Mr. Chairman, our board was very strongly in support, reiterated their support, of general revenue sharing.

We also came out strongly in support of the four proposed special revenue sharing bills.

But we don't see that affecting the EDA program.

Mr. JONES. How do you reconcile the inconsistencies? Are you just going down the line on every program that comes up?

Mr. TABOR. No, sir. The point is that the EDA program is not even being included in this special revenue sharing, so there is not going to be anything to replace it.

Mr. JONES. Did you hear the Secretary's testimony this morning?

Mr. TABOR. I think the Secretary had to draw pretty heavily to try to find a relationship between special education—

Mr. JONES. He did.

Mr. TABOR. We don't see that, Mr. Chairman. And going further, there are a lot of statements in the budget about the Rural Development Act to replace some of the programs of EDA.

The money isn't there in the Rural Development Act. It is a loan program that is being proposed in the budget. The grants are out.

Mr. JONES. Of course, they are out. The proposal that the Secretary made under special revenue sharing does not retain these programs.

Mr. TABOR. Well, sir, in the four areas that the President outlined, we could go along with those as far as special revenue sharing.

But we still feel that in other areas that won't be directly affected—

Mr. JONES. Well, identify the four that you will go along with.

Mr. TABOR. The manpower special revenue sharing, education, law enforcement, and community development.

But that does not take care of EDA nor does it take care of the Emergency Employment Act.

Mr. JONES. If you are for revenue sharing, then, why aren't you opposed to the impoundments of funds made for education, for library services, for vocational training programs, manpower training?

Do you object to the President withholding those funds?

Are you opposed to him withholding \$2.8 billion of highway construction moneys?

Mr. TABOR. We are opposed to them obviously.

I suppose, Mr. Chairman, if we had our choice, we would like to have a lot more programs folded into different special revenue sharing programs, but the problem is that there are only some of the programs that would be redirected.

Mr. JONES. What has been so wrong with the normal method of appropriating funds. It makes full accountability to the taxpayers of this country in making appropriated amounts rather than revenue sharing.

What is wrong with it? I don't want to get into an argument with you about revenue sharing.

Mr. TABOR. Well, Mr. Chairman, I don't think we are objecting to the accountability process involved in appropriations.

What we really have been concerned about for many years is the redtape that is coming out from the bureaucrats in Washington.

Mr. JONES. There is no more redtape in the Federal Government than there is in the management by local county commissions, you know it as well as I do.

They can act with the same deliberateness and the same reservation and the same speed. There is less bureaucracy than you have in county commission government.

I think I represent a district that has very splendid and outstanding gentlemen that serve. Of course, they have the obligation of trying to spread a little bit of money over a great distance.

I can't for the life of me see where there is that redtape that you talk about or where it has hindered the program.

Name me one.

Mr. TABOR. Well, sir, in the community development is one that we will be supporting. We have got about seven different programs here, each with a long list of guidelines. Every time we turn around, we are going to have to get other Fed's to review each step along with the application.

And we feel if we did have something like special revenue sharing—

Mr. JONES. Why don't we just have a directive issued by EPA to the Department of Transportation that before you can construct a highway you have to submit about a 300-page acquittal to the effect that you are not injuring the environment.

That is retroactive to those projects in the highway department and it has got to be approved.

Don't talk to me about redtape.

Now, how do you think that a bunch of county commissioners are going to get up here and make a persuasive argument about the environment to construct a bridge over a small stream?

Now, that is redtape for you.

Mr. TABOR. Well, Mr. Chairman, I really think it boils down to the fact that we think that elected county officials and city officials are in a position to make some of these decisions that Federal bureaucrats have been trying to make for them.

Mr. JONES. They make all the decisions. Since when did the Bureau of Public Roads, the Department of Transportation, tell the people in Jackson County where they wanted to build a road?

You know and I know that they don't do that. Nobody can have a project without making an application for it.

Mr. TABOR. You know the hoops we have to go through to get that money approved, Mr. Chairman.

Mr. JONES. How are you going to diminish it if the local people want the project and apply for it?

I don't see why the attack on the Federal Government is going to be very valuable in determining whether or not we are going to have the federalism we talk about, like the Appalachia program and the other seven commissions.

For the life of me, I can't see where there is any great harm done by the Federal Government.

Mr. TABOR. I suppose, sir, that even though we can very strongly agree on the EDA program, there are going to be a few philosophical points where we may disagree. Our people want a lot more control over these programs, more flexibility in terms of their own priorities and less dictation from Federal bureaucrats.

We have no problem with the way the laws are written. It is what happens after the laws are written.

Mr. JONES. Well, it is inherent in EDA, it is inherent in all the others. So give us some notions as to what we can do in scoring up this bill, as to how we can eliminate those hazards that you speak about.

Mr. TABOR. We would like to work closely with the committee on that, Mr. Chairman.

Mr. MURPHY. Excuse me, Mr. Chairman, if I might just add something to that. It seems to me that there is a bit of a misunderstanding.

We heard from Secretary Dent this morning—at least to our knowledge the first time, that the urban special revenue sharing was designed to replace EDA.

That has never been our understanding in any of the discussions that we had either with the Congress during the past session or with the administration.

EDA is a separate categorical program. It is designed primarily for rural areas, although there is some application of it to urban areas.

But the urban community development special revenue sharing bill is basically a physical development activity designed primarily to replace the model cities and urban renewal programs that were in existence up until the time they were terminated on January 5.

And we don't see where the urban community development special revenue sharing proposal will in any way be designed to take care of basically the job needs that EDA has been addressing itself to.

So on the one hand, by saying that we support the urban community development special revenue sharing bill—that is basically a physical development proposal for those urban areas that have been conducting programs, such as urban renewal, model cities, and water and sewer and things of that nature.

Whereas EDA, in being directed at job-producing-type activities, is designed really for a separate purpose.

So that is why we can support, on the one hand, the urban community development special revenue sharing and then, on the other hand, the EDA.

Mr. JONES. Thank you very much.

The CHAIRMAN. Thank you very much for waiting all day long, Ralph. The National Association of Counties was not only one of our original supporters, but they helped us develop and shape the program on the basis of their experience out in the field, so that we could make this as workable and as creditable as possible.

I think you have made some great progress. I am not going to go into any debate on revenue sharing because, while I voted for the bill last year reluctantly, as a request from back home similar to this one, I find out now that that was used as a come-on leader to lop off the other programs.

Am I correct, then, Mr. Tabor, that the National Association of Counties does support the EDA program, the 1-year extension we have before us now?

Mr. TABOR. Yes, sir. We feel that if there is going to be a reexamination, like you had said in your introductory remarks, then more time is needed. You just can't cut that program off the day after you announce it. We have got too much going on out there and it just can't happen that way.

The CHAIRMAN. We shall reexamine the program. But under the guise of saying there is some dead wood—I am sure there is in any program—you don't cut down a whole tree. To prune it, you cut off a few dead branches.

We found out that this is the most effective way so far, though this is not saying it can't be improved. But with a minimum of redtape, the program is able to shoot these projects right into the area where the need is the greatest, where unemployment was the greatest, and it encourages municipalities to develop local committees. It encourages their own initiative. It has built up quite a backlog of planned public works where they are needed to improve the quality of life in the communities.

Thank you very much for standing by all day long, and for your statement in support of this 1-year extension of EDA.

Any further questions on my right? On my left?

Mr. MURPHY. Mr. Tabor, thank you very much.

Mr. TABOR. Thank you very much, Mr. Chairman.

The CHAIRMAN. The next witness ought to be given a medal for service far beyond the call of duty, Mr. Carson Porter, executive director of the Heart of Georgia Planning and Development Commission, Dublin, Ga.

Mr. Porter, thank you for standing by. You probably have been here all day long.

STATEMENT OF CARSON PORTER, EXECUTIVE DIRECTOR, HEART OF GEORGIA PLANNING AND DEVELOPMENT COMMISSION, DUBLIN, GA.

Mr. PORTER. Mr. Chairman, I haven't enjoyed a day any more in a long time than I have enjoyed this one.

I have prepared for the record a statement. I will try to paraphrase it a little bit instead of reading it entirely.

I will say with some pride that Mr. Ginn represents part of my area, so you can verify what is wrong down there through him real quickly.

I will also say with a lot of gratification that the floricultural project referred to by Governor West was created in our area. We now find we have fathered one and if Mr. Jones does not hurry I think Tennessee is going to beat him to the punch on their creating one through nuclear power.

The heart of Georgia is a nine-county area, one of the 18 multi-county district programs in the State of Georgia.

In square miles we approach the size of the State of Connecticut, but we only have 100,000 people. And yet we have outmigrated since 1940 approximately the same number.

This has come about primarily because we are agriculturally oriented. Fifty percent of our people were farming as their major occupation in 1950; only 12 percent were farming in 1970 as their major occupation.

And our projections, based on our present crop mix, is that we will only have 3 percent of our people farming as their main occupation by the year 1990.

Now, this simply means this, that for people to exist in an area like ours, they must have jobs. And EDA has been the only agency which has helped us create or seek these jobs.

A good example of what can be done is the town of Cochran. Cochran has a population of 5,100 people and is the county seat of Bleckley County which has a total population of 10,200. Since 1967 the city and county (1) built a new water system partly financed by HUD, (2) built a hospital partly financed by Hill-Burton, (3) built a country club with a loan from Farmers Home Administration, (4) built an airport partly financed by the Federal Aviation Authority, (5) built a solid-waste disposal system, (6) are building a new sewer system partly financed by HUD, and (7) are building a new vocational high school in cooperation with an adjoining county partly financed by HEW and supplemented by the Coastal Plains Regional Commission.

These improvements could not have been made without the help of the various Federal agencies involved, but please remember that the cost to the people of Bleckley County is also high and shows a willingness on their part to invest in the future of their community.

Now, if you will notice, EDA did not put a dollar into the public works of any of those projects. But had it not been for the EDA financing of the multicounty district, none of those projects would have existed.

I went to the heart of Georgia in 1966, we gathered the city fathers and other interested people of Cochran and Bleckley County to talk about their priorities, what they needed and what they could do—and, of course, naturally, one of the first things they said was they need an industry, they haven't had a new one in 35 years.

Well, where are you going to put it? And we looked at a 30-acre tract that somebody had dedicated for industry some 20 years ago that we couldn't even get on—it was grown up in bushes.

And then they began to realize that they needed community facilities and community services before they could attract someone else to live in their town.

So through our planning efforts, through their dedication, we went to work and these things were accomplished.

I am very happy to say that within the past year, an industry has come to Cochran employing 800 people. And the president of that industry told me that he had looked at over 400 towns in the Southeastern part of the United States and he chose Cochran because of the community services and facilities which they had.

Gentleman, the illustration just made could be made on a number of communities within our area, with certain variances.

But if these vital services are needed in depressed areas to create jobs, EDA and only EDA can generally fund the programs that are needed to help them.

Their grant programs for public works, their business loan programs for industry, their technical assistance programs, and their manpower training programs can and do respond quickly.

We look at the Environmental Protection Agency, say, for a sewer service. And they are charged specifically with cleaning up pollution, and pollution, generally speaking, is in the large metropolitan areas.

How do we get their funds for a sewer system in a community of 5,000 people.

Look at HUD, and HUD sewer grants specifically—we apply 1 year for a planning grant, to plan for a sewer system, we do the plan the second year, the third year we can file an application and wait for it to come to the top, which takes from 2 to 5 years after that.

If an industry is coming to town and they must have sewers, I don't know of any industry that will located anywhere without having sewers today. They are not going to wait 5 years or longer in order to get them.

The Farmers Home Administration, with the grants that they do give, generally give to the worst off, regardless of any other consideration.

We look upon the Rural Development Act as having real potential to help but as our distinguished Senator from Georgia has said:

The Rural Development Act was not meant to replace but to supplement the Economic Development Act. An effective Rural Development Act requires a fully funded Economic Development Act as well as a fully funded Rural Development Act.

The CHAIRMAN. You probably heard in testimony this morning from the Secretary of Commerce, Mr. Dent, that they would more or less replace EDA, they called EDA a duplication. He called it too slow to get started.

I like your illustration about HUD. It takes you 5 years. They use the same application form for a community of 7,000, about the size of my hometown, as they do for the twin cities areas where they have 700,000.

Mr. PORTER. This is correct, Mr. Congressman. And it is my opinion that the multicounty districts were formed in Georgia simply because our small towns did not have the technical expertise to take care of applications for HUD and some of the other Federal agencies.

We have a situation right now in the city of Dublin. Dublin is a town of 15,000 people. It has been very progressive. It has done about everything you could to help itself, including the raising of a million dollars locally to create an industry of its own.

This, by the way, was helped along with a loan from EDA.

Now, right now, the people in Dublin have raised a million dollars to buy 1,400 acres of industrial land, looking forward to their future—and remember this is in a town of 15,000.

They have three industries willing to locate there that would create 900 jobs, \$15.5 million in capital improvements. And EDA would be the only place where they could go for a grant in time to secure these jobs.

These companies are not going to wait any great length of time.

What alternatives do we have? Revenue sharing? Well, won't this treat all communities alike regardless of whether or not they have had the leadership or the will to develop themselves?

We have found a number of occasions that you can pour money into communities which are not interested, and you haven't done anything but poured it in there.

I won't call the name of it, but we have one community in our area that we actually had to mail the letters. We sent letters down, we would write them for the mayor. We would have to go down there and get him to sign them. We later had to go down and put a postage stamp on it and mail it to get them a grant that we thought was going to help that town.

And we did clean up a little pollution. We managed to get a paper company to give the town an industrial tract, and we can't get them to cut the weeds off.

It is a town that shows a willingness to help itself that needs the help, and this is where EDA has played such a great part.

Gentlemen, extend it please. Improve it, if you can. Thank you.

The CHAIRMAN. We thank you for your excellent statement and support. We will certainly make every effort to extend EDA and hopefully we will be able to work out a program that will meet some of the objections being raised.

Certainly we just can't see the justification for abolishing a total program in such an abrupt and unilateral fashion.

Any questions on my right? Mr. Ginn?

Mr. GINN. Mr. Chairman, may I say that up until recently, Dublin was in the district that I have the honor of representing and the legislature in its wisdom removed it from my district and added it to another.

But we are still close friends and good neighbors. I want to personally attest to everything that Mr. Porter has said today.

I have known him for many years. He is one of the outstanding executive directors of the area planning and development commissions in my State of Georgia.

He has done more than just about anybody I know to promote the programs of EDA in our entire area.

Since I was working with Senator Talmadge at the time he was drafting the Rural Development Act, I can also personally recall that the Senator did not intend for the Rural Development Act to replace EDA.

So you were again correct, Mr. Porter, in what you had to say.

You are an inspiration to me as a person and as an official of an area planning and development commission. And I am just delighted to remain here to hear your testimony.

I want to thank you for coming in.

Mr. PORTER. Thank you so much. Could I add one other thing, and this is just a side comment?

The CHAIRMAN. You certainly may, Mr. Porter.

Mr. PORTER. This is to the title V. The Coastal Plains Regional Commission has been one of those—one of the very few that we like to call loose.

You know, we run into problems that are specific maybe to an area. And one of the things which we ran into in our area was no air transportation below Atlanta.

Now, you have got an industrial prospect coming in from Chicago and he lands in Atlanta and it is 2 hours down the road to Dublin and he is thinking I have spent an hour in the air and I am spending 2 or 2½ hours driving, I am going, to have other management people coming down, I am going to have people going up to that plant—first thing you know, he is right back in a metropolitan area with his plant.

Now, we talked this to every Federal agency and almost anybody else who would listen to us for years. And finally Coastal Plains listened.

And Coastal Plains put, as a demonstration grant, air service into our town and in Statesboro. I am very happy to say that it has been a success. We have proven that 15,000-people cities will support air service.

But HUD, most of the other programs, they laugh at you when you talk about something of this sort.

Thank you.

The CHAIRMAN. Any other questions? Hearing none, thank you, Mr. Porter.

Are there any other witnesses?

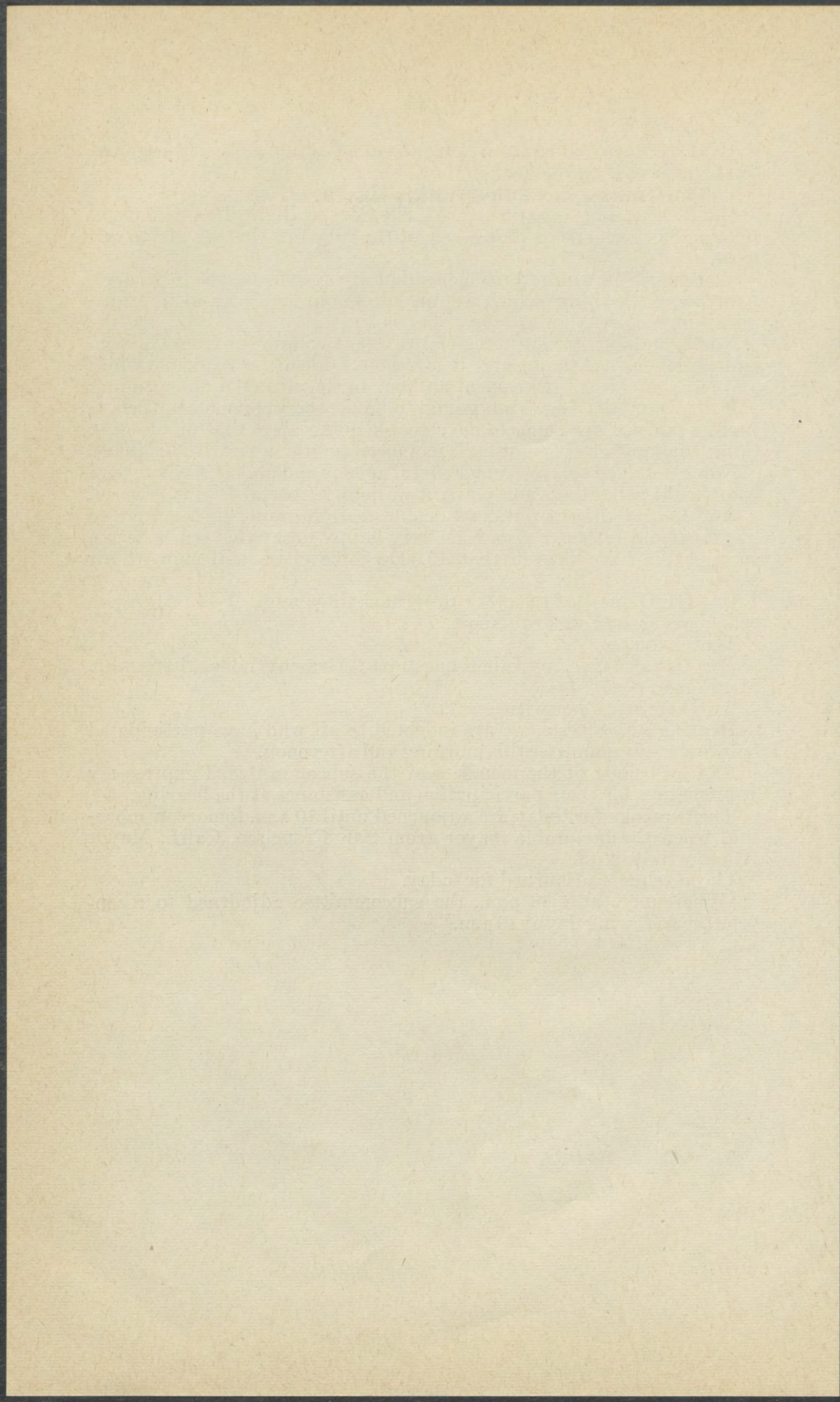
Hearing no requests, we are indebted to all who have participated before the subcommittee this morning and afternoon.

And on behalf of the members of the subcommittee, I express my appreciation for their participation and assistance at the hearing.

The hearings for today are adjourned until 10 a.m. tomorrow morning, when the honorable mayor from San Francisco, Calif., Mayor Alioto will lead off.

The hearing is adjourned for today.

[Whereupon, at 4:58 p.m., the subcommittee adjourned to reconvene the following day at 10 a.m.]



PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT AMENDMENTS OF 1973

WEDNESDAY, FEBRUARY 28, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 10:07 a.m., in room 2167, Rayburn House Office Building, Hon. Robert E. Jones (subcommittee chairman), presiding.

Mr. JONES. The subcommittee will come to order, for the continuation of the hearings on H.R. 2246 and related bills pending before the committee to extend the Economic Development Act.

We are indeed fortunate today to have as our first witness the distinguished mayor of San Francisco, Mr. Joseph Alioto. Mr. Alioto has distinguished himself as Special Assistant to the Attorney General in the Antitrust Division, Department of Justice in Washington.

He is on the Board of Economic Welfare in San Francisco. He is also distinguished as a member of the American Bar Association, and I could go on and on, enumerating a vast number of your accomplishments, but I think the greatest, Mr. Mayor, is that which you make in your presentation.

Mr. ALIOTO. Thank you very much, Congressman.

Mr. JONES. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

I want to take this opportunity to welcome our good friend from northern California, the mayor of San Francisco, Mayor Alioto, who has taken a real interest in the welfare of our people in the State of California, particularly northern California, and San Francisco.

He has been a very fine lawyer, and a very fine mayor, and he has helped us with many of our problems in northern California as a lawyer, setting up some good programs within certain endeavors out there that proved real beneficial to northern California, especially to the rice industry.

We want to thank you for that, too.

I am glad, I hear you are going to give us your sentiments here on behalf of the EDA program.

Thank you.

Mr. ALIOTO. Thank you very much, Congressman Johnson.

Mr. JONES. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

I am confident that today's hearings will be as enlightening and productive as yesterday's, when we heard from the Secretary of Com-

merce, five Governors, five Members of Congress, and other interested officials and representatives of organizations.

The record that this subcommittee is compiling will be useful in demonstrating to all the Members of Congress the effectiveness of EDA and the extent of its support from those affected. It appears to me at this point there is broad encouragement to extend the act.

I welcome you all to our hearings this morning, and it is a great honor to have Mayor Alioto, of San Francisco.

STATEMENT OF HON. JOSEPH L. ALIOTO, MAYOR, CITY OF SAN FRANCISCO, CALIF.

Mr. ALIOTO. Thank you very much, Mr. Chairman, and Congressmen.

Because our witness list is long, I will ask that my written statement be filed, and I will synopsize it the best I can.

Mr. JONES. Without objection, it will appear in its entirety in the record at this point.

[The statement referred to follows:]

STATEMENT OF HON. JOSEPH L. ALIOTO, MAYOR, CITY OF SAN FRANCISCO, CALIF.

City officials across the country are outraged at the cuts in domestic assistance programs proposed in the President's budget for fiscal year 1974. We have begun to carry our message to the Congress, and we want to work with the Congress to restore funding to critical city programs.

In spite of the President's rhetoric supporting the "work ethic," his actions speak much louder than his words. The "work ethic" is irrelevant if there are not enough jobs available for those who can work.

And the proposed budget seems to me to be aimed at deliberately creating greater unemployment in our cities. We cannot allow this to happen.

The President's decision not to request funding for the programs of the Economic Development Administration is clear evidence that he either is not aware of the human benefits of these programs or that he does not feel that the creation of new jobs in our cities is important.

Congress must countermand this decision.

We are gratified that you and your colleagues, Mr. Chairman, have moved rapidly to provide the necessary extension of authorizations for the EDA programs. It is also particularly noteworthy that you have strong bipartisan support for your bill.

It may seem somewhat strange that the Mayor of San Francisco would be so concerned about the Economic Development Administration and programs for industrial development and job creation. In that connection, let me discuss several images which have been projected about San Francisco. One image is that of the cosmopolitan, cultural center without the problems of the large eastern cities. Unfortunately, this is simply not true. While we do take great pride in our accomplishments, we are very much aware of and concerned for the serious unemployment situation in our city.

We also are viewed in some quarters as a city which does not need to grow. In reality, we must have continued economic growth of a nature that will provide jobs which are not categorized as "white collar".

Total employment in San Francisco has been declining since 1969. Between 1969 and 1971, the number of people employed in the city dropped by five percent.

More importantly, employment in the category of manufacturing fell more than 22 percent in the 14 years from 1958 to 1971. In 1959 manufacturing made up 14½ percent of our total civilian employment; now it is down to 10 percent.

Although the decline is almost universal for every type of manufacturing job, there has been a slow erosion within two major segments of our major industries: printing and food processing. Employment in the printing industry in San Francisco is down 22 percent from its 1960 peak; and there has been a reduction of 29 percent in food processing since that year.

Perhaps declining manufacturing employment can be expected in a compact urban area such as our city. But wholesale and retail trade, which has always

been of major importance to us, has also fallen, and now provides fewer than one of every five jobs. Wholesale trade employment has dropped eight percent in the past 10 years; retail trades employment peaked in 1968 but since has dropped almost five percent.

While the dramatic losses have resulted from the closing of large downtown department stores, much of the loss has come from the closing of small retail establishments throughout the City.

This drop in available "non-white collar" jobs is particularly critical in the many areas of our city which contain those citizens who have literally been left behind in economic terms. We have always drawn a large number of immigrants of various backgrounds to San Francisco, because each group has its own community within which it is comfortable here. These "newcomers", however, are even more in need of the type of job which we have been losing, particularly because they lack adequate English language skills.

We cannot continue to sustain these losses. Our unemployment rate is estimated to be above six percent citywide. Among black San Franciscans, however, the rate is 10.4 percent, and the percentage of young blacks between 16 and 21 years of age who have no jobs is about 30 percent. For our city's many Spanish-surname residents, the jobless rate is 7.5 percent.

We must turn around the employment decline and find ways of creating jobs to employ the estimated 20,000 San Franciscans now unemployed.

We are convinced that we must engage in sustained analysis to find and encourage the location of businesses which will offer the types of jobs we must have.

The Economic Development Administration has recently agreed to cooperate with us in this endeavor. Specifically, EDA has awarded us a grant of \$120,000 so that we may establish an Office of Economic Development within my office. With this grant we hope to develop a genuine economic development capacity to work hand-in-hand with our Chamber of Commerce; to bring order to our overall city priorities as they affect economic development; to create an "ombudsman" in City Hall to help private industry deal with governmental problems; and to work in every way to strengthen the economic base of our city.

How tremendously sad it would be to lose the fundamental federal EDA support for this program just as it is getting underway.

This kind of activity on the part of EDA, we believe, can truly influence and assist the creation of jobs in our community.

Nationally, EDA has supported similar undertakings through technical assistance grants in some 20 major cities.

The concept of coordinating economic development activity through the mayor's office has been proven, and we are anxious to show it will work equally well in San Francisco.

We have specific needs, in addition, for EDA public works grants to undertake several projects in our Model Cities area, a new industrial park, and our Chinese community. The type of assistance for these activities now available through EDA is not to be found anywhere else.

Through its public works grants, business loans, and technical assistance grants, EDA has performed an important function among the maze of federal assistance programs. Its treatment of economic considerations has provided a vital ingredient that is often missing in other federal categorical programs. With relatively small investments compared to other massive federal programs, EDA has achieved multiplier effects beyond expectations. These investments have also contributed to the performance of Model Cities programs and community development corporations funded via other federal sources. EDA programs have often provided a strategic "missing link" to pull together the larger programs of HUD, Labor, and the other federal departments.

If EDA is allowed to die, it will not be long before it becomes apparent that some structure is necessary to carry out activities formerly performed by EDA. It makes no sense to destroy an existing expertise which could take years to rebuild.

In terms of federal budgetary priorities, the continuation of EDA and its success in creating jobs for our unemployed is essential.

Mr. ALIOTO. First of all, let me restate again that the position of the Conference of Mayors and the League of Cities is that there ought to be a ceiling on congressional spending. We think there ought to be a ceiling on Federal spending, but we feel very, very strongly about the

fact that under that ceiling the Congress of the United States should really set the priorities, and there ought not to be any artificial methods, such as impoundments, which set the philosophical tone of the Nation.

We understand that there has to be some consideration for the taxpayers, and very dramatic consideration.

All we are saying is that under that ceiling the matter of priorities ought really to be set by the Congress. This is where it constitutionally is entrusted, and this is where it ought to reside.

We believe that under that ceiling it is not necessary to cut the heart out of the city programs. We have already made reference to the fact that we felt we had a commitment in connection with general revenue sharing, and the general revenue sharing funds would not be used as substitute money, or as a device to cut other city programs.

That commitment was denied by Secretary Weinberger on Meet the Press on Sunday, but yesterday, however, the Director of the President's Domestic Council acknowledged that the commitment was made, and he had taken back that language in the budget which specifically states that revenue sharing was to be used to cover certain city programs.

He said, "That is unfortunate language," and he finally said it was incorrect language. He also confirmed that the President did make the commitment which we alluded to as mayors, which Secretary Weinberger denied, and the President intended to keep that commitment.

Now, with respect to this specific matter, we are talking about a budget for EDA which last year was \$367 million. Basically, we are not talking about a "phaseout." This is a "washout."

Now, there is some reference to the fact that we might pick up some of these things from community development revenue sharing, which itself is to be phased in after a full year. But realistically, most of the cities are going to use that community revenue sharing for community development, housing, urban renewal, and that type of activity, for which it was intended.

In our opinion it was not intended to be used on this other basis. We do not wish to make invidious comparisons as to where \$367 million stands in connection with the tremendous aid which has been given to corporations in the form of subsidies, loans, et cetera, such as in the case of Lockheed, and the Penn Central situation, or others.

We think that is good economic development. We think when private enterprise breaks down, for whatever reason—and we all feel that private enterprise is the best system ever invented by man to produce the most goods for the most people, but even the most ardent among us recognize that there are certain issues that cannot be filled by competitive capitalism—that there is a role for Government. Now, in comparison to some of the governmental subsidies for private industry, we believe the \$367 million for EDA is very well spent.

Let me give some examples.

San Francisco is generally regarded as a relatively prosperous city, in relation to Newark, Detroit, Cleveland, and New York, for example.

Our problems are thought by many to be less serious than those in other cities.

Nevertheless, what is happening in cities like San Francisco is that while we are gaining employment in the white collar situations, we are losing the jobs for the blue-collar workers. In the last 4 years our average has been the loss of about 1,000 manufacturing jobs a year.

While a general level of employment indicates that we have nationally $4\frac{1}{2}$ percent unemployment, in San Francisco it is approximately 6 percent. But even that is misleading, because in the ghetto areas, or in those areas where the disadvantaged live, that unemployment figure is closer to 30 percent.

We are not talking about this money as a substitute for free enterprise funds. This money is meant to trigger things with which free enterprise cannot begin to cope with.

Approximately \$10 million of EDA money was spent at the Port of Oakland. We know what that has been in terms of developing the Port of Oakland, because we are competitive with the Port of Oakland.

We have one of the great ports of the world in terms of physical facilities, or physical layout. We are not asking the Government to spend money we are not willing to spend ourselves, and we are presently spending \$34 million of city money, backed by city bonds or port bonds, for the purpose of building a container facility for our port. We mean by that to create a good deal of employment activity.

This is a place where the city is doing what we are asking to be done on a much more modest basis throughout the country. That port can generate a large number of jobs.

As we see it, we are approximately 15,000 to 20,000 jobs short in San Francisco of full employment. This is why we take up the fight on cancellation of the public employment programs, and fight the cavalier attitude that the Federal Government should cancel this program, but free enterprise will absorb the rest of them. That is not so.

We are about 15,000 to 20,000 jobs short in San Francisco alone, and we are forced to fire those under the Emergency Employment Act, which we are going to have to do if the budget goes through as it is. There is no place in private industry where they are going to be absorbed, including that considerable number of Vietnam veterans who have just come back, some of them from prisons in North Vietnam.

Let me give some other examples of why this EDA assistance works out, and why it is very effective, considering the relatively small amount of money that we are talking about.

We place very, very stringent regulations now on what can be put into the sewers for industrial waste. We made very, very tough regulations, and the meatpacking industry is finding it difficult to comply with these rules. New treatment facilities must be built in order for the industry to remain in the city.

No one of the plants can handle it on their own, and in the nature of things in competitiveness, they would not get together to do it jointly. This is where a little money could trigger a good deal, and enable us to keep a vital industry.

You have heard about Haight Asbury in San Francisco, and some of the problems we have there. There are those of us who think a little bit of economic development in that shopping center, for example, would spur a little more, and bring private enterprise in, where the free enterprise system would operate automatically.

We hear a good deal today, you know, about the work ethic, but that gets to be kind of bitter rice when you figure that there are as many as 20,000 people in San Francisco who do not have work, and no reasonable opportunity of getting it, unless there is some encouragement of these things we are speaking about.

One of the economic development programs that we are speaking about in San Francisco, which is, again, characteristic of most American cities, is an economic development program of an industrial park with smokeless stacks, close by our efforts at Hunters Point, so we can put housing in about the same vicinity and make it a complete complex. These things, for example, might require a landfill in that area that no single company, no single plant operating under a market principle, would undertake. But if the Government can handle just that feature of it, then it makes it possible to have a whole industrial park close by where we have this program.

So the basic suggestion we are making, is that this is not a substitution for the competitive free enterprise principle. What it is basically is supplying just that trigger money that then spurs all of these other things.

The developments around the Chicago stockyards, and the Port of Oakland, are two very conspicuous examples of what a small amount of money can do to spur a good deal of activity which contributes jobs which are badly needed. These are blue-collar jobs which we are losing in the cities, and which we must bring back. We must stem the tide of their moving out of the cities by the kind of economic development that we are speaking about here.

We are speaking about \$367 million in the budget. There is a zero amount in the budget as of now for this program, which is a "wash-out," and we would ask you to keep that \$367 million, because we believe it does a great deal of good, particularly when compared to the vast subsidies which are given to private industry in many, many phases of governmental activity.

Thank you very, very much, Mr. Chairman.

Mr. JONES. Thank you.

Mr. Ginn.

Mr. GINN. Thank you, Mr. Chairman.

Mr. Alioto, I want to thank you for your statement, and thank you for coming and adding your voice to efforts to keep EDA.

Thank you.

Mr. ALIOTO. Thank you.

Mr. JONES. Mrs. Burke, do you have any questions?

Mrs. BURKE. Just one question.

Again, may I just add our thanks for your coming here, Mayor Alioto, but there is one thing that is kind of puzzling to us, because yesterday we heard the testimony from the Secretary of Commerce, who led us to believe that the urban programs were in fact going to be shifted to special revenue sharing, and that that was his anticipation, and I have been trying to get some clarification in my own mind of this, so I did ask this specific question.

What programs previously covered by EDA were to be transferred, and how much it amounted to?

He gave me a general statement of \$30 million.

Now, I asked if there were any programs that they were suggesting to remain, or being transferred to some other department, other than special revenue sharing, and his statement, I thought, was very specific; that there was no intention to transfer any of those urban programs, contrary to what he was planning in the rural programs, where it was

anticipated that some of those programs would be transferred to the Department of Agriculture.

So there is some breakdown in communication.

Mr. ALIOTO. Mrs. Burke, let me say that the statement that they might cover a partial development in special revenue sharing is not realistic.

I happen to have headed up the committee in the Conference of Mayors where we negotiated first with Secretary Romney on this whole question of special revenue sharing.

We are having the hardest time with the "hold harmless" concept, which is something that Vice President Agnew created.

We held the position that the special revenue sharing ought not result in a lower level of funding than we were getting under the categorical grants. We are having a hard time under the mechanics of the proposed special revenue sharing just holding ourselves equal on housing, open space, and everything else, and there is no possibility—if we ever get special revenue sharing—that any of that money can be diverted to take up the slack of this \$367 million which is being cut out this year in what I think is a particularly worthy program. Nothing at all.

I think it is more than a phaseout, it is a washout.

Mr. JONES. Mr. Shuster.

Mr. SHUSTER. I have no questions, Mr. Chairman, but I would like permission to insert my statement in the record at this point.

Mr. JONES. Without objection.

Mr. SHUSTER. Thank you.

[The statement referred to follows:]

STATEMENT OF HON. E. G. SHUSTER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF PENNSYLVANIA

Mr. CHAIRMAN. I find myself strongly opposed to attempts to eliminate, reduce, or transfer the responsibilities and activities of the Economic Development Administration. Unlike so many of the pure give-away programs of the Federal government, EDA is a program to help people help themselves. Its primary objective is to create jobs where jobs are most needed and I know that it has been quite successful in that aim in my district in Pennsylvania, as well as in many other districts across the nation as our witnesses have testified. As we have heard, very often seed money is required to trigger the kind of economic development in an area where jobs are desperately needed. No other program is so ideally suited to provide that seed money, nor is any other program so well suited to target the money exactly where it is needed. If Americans are to shoulder the responsibility for their own destinies, as the President asked in his inaugural speech, then this is the least we in the Congress can do in helping them to help themselves. No other program is specifically targeted on the American who really wants to work instead of living off welfare. We must support this program if for no other reason than to keep faith with those Americans and to keep our credibility when we berate the give-away programs.

Furthermore, Mr. Chairman, I also am opposed to the proposed transfer to the Rural Development Administration. The Secretary has testified that such a transfer would necessitate a minimum 16-month hiatus between the closing down of EDA and the start up of EDA activities in RDA. I am concerned also with the loss of expertise, gained in seven years operating experience by EDA personnel, that would result from the transfer. And I question the economies resulting from the closing down of an on-going program only to incur new start-up costs in another agency. I will not deny that EDA has had some problems in the past or that some of the criticism is not justified. But I think the correct response is not to discard an essentially good concept because of some deficiencies in its rendering. Rather, we should correct the deficiencies to make

the rendering truer to the concept so that we may obtain the benefits to be derived from that good concept.

Finally, I think it should be emphasized again that the issue here is not whether to spend or not to spend. Rather, this is a management question. Secretary Dent, in his response to my earlier question, acknowledged that. The question is not whether EDA funds will be spent. The Administration already has said it would spend EDA funds, in higher amounts, through RDA. So the real issue before us is who will manage the program and who will do the spending, EDA or RDA. I think we should keep this point clearly in mind during our deliberations. My choice is EDA. Thank you, Mr. Chairman.

Mr. JONES. Ms. Abzug.

Ms. ABZUG. Thank you, Mr. Chairman.

I am very pleased to have heard the testimony of the mayor of San Francisco.

As you know, we have been very interested in the EDA program, because we feel it has been one that includes overall, integrated planning for economic development and jobs, as you indicated in your testimony.

I think that Mrs. Burke's question directs itself to the major issue.

We, in New York, have found the EDA program, which was originally a rural program has been very helpful, to us.

I think the act, as it has been developed, recognizes that there are some concerns common to urban areas and rural areas. It is an integrated program, and it would make a big difference nationally if it were fully funded.

Mrs. Burke is quite right that there is no administration interest in the continuation of an urban program, although there is some superficial interest in continuing the rural program by placing it in another department.

I just wanted to make certain for the record that it is your view, and it seems to be shared by others, that there would be no possibility, even if there were some kind of special revenue sharing, of committing any sizable sums of money to this program.

Mr. ALIOTO. None at all, in our opinion.

As I say, this is a washout, and we ought to treat it as such. There is not any chance. We are going to have enough trouble just in maintaining our urban renewal, public housing, rehabilitation type programs at any level, let alone having any money left over for this function.

Mr. ABZUG. Well, I suppose the reason for that is that the social services ceiling in the General Revenue Sharing Act has cut down the amount of money that has been available to the cities.

Is that correct?

Mr. ALIOTO. That is correct, and this is what the major fight is, and the major issue which we have already started discussing in the Conference of Mayors.

Ms. ABZUG. Well, I want to compliment you and the other mayors for recognition of the fundamental need for a Federal program that would address the problems that are being neglected so seriously, in the projected budget. I want to thank you particularly for coming before this committee, as a mayor of an important city, to show that the program for economic development is a program that is necessary for both the rural and the urban areas.

We deal a lot with the problem of outmigration, and it is only correct that as people go from one place to another, and San Fran-

cisco is one of the places to which they go, that an integrated economic development program takes into consideration the fact that we want to provide a national employment picture that makes sense and a national encouragement of business to create jobs. Areas, including urban areas, which are interrelated with rural areas from which there is outmigration should have an opportunity to have an economic development program.

I think that this committee is to be highly complimented for having recognized the interrelationship between economic development in rural areas and urban areas, such as yours. I am sure your testimony will help us reenact the EDA program, and with support like that, I hope we can get it passed in the Congress and overridden, if there is a veto.

Mr. ALIOTO. Thank you, Ms. Abzug.

Let me add that I have been testifying up to this point for the League of Cities and the Conference of Mayors, and what I have said about San Francisco is typical of all cities, but we do have a special problem in San Francisco.

Under current Federal policy—with which we do not argue—a large number of Chinese are coming into San Francisco, whole families. They do not speak the language, and they tend to congregate in the Chinese areas, especially in Chinatown. This has resulted in a housing problem and an employment problem to the young Chinese who come in. We have no objection to the Federal policy, we think it is a fine, humanitarian purpose, but it seems to me that if these problems are created in the cities, then Federal funds should help us meet those problems.

Up to this point there have been no special funds, such as for the Cubans in Florida, and in San Francisco we have not had special funding for the Chinese. We are absorbing that problem pretty much on our own, but the matter of migration has the distinct feature for the west coast that is unique of this country.

Mr. JONES. Thank you.

Mr. Cochran.

Mr. COCHRAN. I have no questions, Mr. Chairman.

Thank you.

Mr. JONES. Mr. Roe.

Mr. ROE. Mr. Chairman, the mayor made an excellent presentation. I think, in a nutshell, Mr. Mayor, what the Secretary said yesterday, which was astounding to me, was that the administration is going to innovate this special revenue sharing program that has been hashed over in the last couple of days. In effect, what he was saying was that we should allow the administration to abolish the EDA program and they would put in a new program to take its place, namely, special revenue sharing.

He stated that revenue sharing would provide more flexibility to the States, whereas it is my understanding that the EDA program provides economic aid in the areas of need which would not be the case, in my judgment, if in lieu, funds were given to the States to distribute without regard to the EDA guidelines.

It would seem to me that this is not a partisan issue. It is the only real legislation in the country that relates at all in any substance to the areas requiring development, and we are inundated by good

citizens in our respective districts urging us to help. May I give you a charge: We need help from the people of America to come back and say to the President and the executive branch that we want this legislation. That is the only way it will prevail.

Mr. ALIOTO. Thank you very much, Congressman.

It is really true, it does not matter with the majors we are meeting with, Democrat or Republican, small areas or large, they all see this as a tool to cover the gap which is not covered by the free enterprise system.

Mr. JONES. Mr. Harsha.

Mr. HARSHA. Mayor, you made a most excellent political speech, but unless I missed it in all the rhetoric, you did not tell us what the EDA had done for San Francisco.

Can you tell us that?

Mr. ALIOTO. Yes, I would be delighted to tell you that.

This is part of my filed statement, Mr. Congressman.

Precisely, it has permitted us to make a study of building an industrial park immediately adjacent to our housing project at Hunters Point, which is one of the large ghetto areas in San Francisco, and which will allow us to build plants with smokeless stacks. We received \$120,000 just 2 weeks ago to set up a staff that will plan the priorities on those economic projects which are most desperately needed and will serve the most immediate need.

Again, let me point out that there is no—what you may call “political rhetoric,” Congressman. There is no attempt on the part of anybody, to diminish the importance that we all feel for the competitiveness of the free enterprise system.

It is recognized that there are certain gaps which are not filled, a certain amount of things that trigger a lot of other development, and that is what we are talking about. And this is not rhetoric concerning San Francisco.

Mr. HARSHA. Up to now you have had just the planning money?

Mr. ALIOTO. That is right.

The Port of Oakland has had a \$10 million grant and loan and the result has been a tremendous development which has generated a lot of jobs, which has modernized that port for the container facilities, for example. And we are doing the same thing on our own.

We are spending \$34 million of our own money, and there are other things that can generate jobs in the Port of San Francisco as well as Oakland.

Mr. HARSHA. You said you are losing 20,000 jobs a year.

Why is that?

Mr. ALIOTO. Our greatest losses are in the food industry and printing industry.

We are losing blue-collar jobs, because there is a tendency to go where the land is cheaper when you are building a plant of almost any kind. But without assistance such as that from EDA, we cannot, for example, keep a meatpacking industry in San Francisco unless we build a common sewer system for all of them which meets the environmental standards which we have imposed upon ourselves.

Another very practical example, which is what you have asked for, is our automobile dismantling industry which is indispensable to any large city.

Most automobiles are not driven into automobile dismantling places. They are abandoned on the street, and they have to be picked up. But this automobile dismantling industry cannot put itself together. It is made up of small units, made up of black and Chicano businessmen, as well as Chinese.

Acting together, they could not assemble a site for building a new area that they must go to, because our planning has zoned them out of their existing areas.

EDA, with a relatively small investment, can keep 30 small businesses alive in San Francisco, prevent them from moving away where the service to citizens would not be nearly as good.

I think it is a desirable thing, which complements the competitive capitalistic system and is not antagonistic to it.

Mr. JONES. Mr. Dorn.

Mr. DORN. No questions, Mr. Chairman.

I just wish to compliment and comment the mayor for his statement.

Mr. ALIOTO. Thank you.

Mr. JONES. Mr. Johnson.

Mr. JOHNSON. I want to thank you, mayor, for a very fine statement. I have read through your prepared statement here, and it has some very good comments in the statements.

And as I interpret your proposed stand here, you are in favor of the continuation of the EDA for at least 1 year.

Mr. ALIOTO. Yes.

Mr. JOHNSON. You have heard of the three different proposals that were made here yesterday by Secretary Dent on behalf of specialized revenue sharing, amounting to about \$7 billion is the figure he used.

As we understand it, that legislation has not been submitted. I do not know whether it was submitted to your Mayors Conference when you met with the administration and explained it to them. But, in any event, this would be about 1 year in coming.

Mr. ALIOTO. Right.

Mr. JOHNSON. And, as you state here, it is going to be a washout if we do not continue the program.

Mr. ALIOTO. That is correct, Congressman.

Those of us who have looked at the special revenue sharing that they are talking about, who have had conferences with the administration going back 2 years on it, are convinced that there is no way of getting economic development progress in special revenue sharing.

We are going to have a hard enough time in holding on to our housing and community development programs without EDA.

Mr. JOHNSON. Thank you.

Mr. JONES. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Mr. Chairman, I note the mayor talks about 15,000 to 20,000 jobs short in the San Francisco area. And it is a factor that might be considered of national concern and yet here is a mayor trying to tackle the unemployment problem with local ideas, local capital. I think that is what EDA is all about.

As I have gone through your statement, Mr. Mayor, I do not really see any concrete results from programs, but perhaps you really are not into the program stage in economic development as much as planning; are you?

Mr. ALIOTO. In San Francisco we have not gotten into the actual development stage.

Ours is planning and development, but the Port of Oakland and the Chicago Stockyards, such things as that, are shining examples of what a little bit of money following the planning can do to spur a lot of natural development.

Mr. HAMMERSCHMIDT. On the Port of Oakland, the container port, how did EDA enter into that?

Did they with a grant or planning, or how were they involved?

Mr. ALIOTO. They came in with a grant for \$6 million and an additional \$4 million as a loan. We do not believe that the various elements of private enterprise could have put the package together without that little trigger money that was necessary.

Mr. HAMMERSCHMIDT. I see.

Do you have any figures on jobs created and the payroll on that?

Mr. ALIOTO. I will certainly supply those to the committee but the Oakland Port and the Chicago Stockyards is a shining example, and I will get the figures with respect to the Bay Area Port and how many jobs have been supplied. And we know there are very many because we feel the competitive effect in the Port of San Francisco. And this is an excellent example, because of the \$10 million you put in the Port of Oakland and what you developed there, this forced San Francisco to pass a bond issue of \$34 million to build a competitive and more modern container facility on the other side of the Bay.

This is how it works. It has a multiplying effect. This is why it would be a shame to take this \$367 million out of the budget.

Mr. HAMMERSCHMIDT. As I understand your statement it refutes testimony we heard yesterday from downtown, that EDA is not successful and that it tends not to encourage participation in the private sector.

Your remarks are to the contrary.

Mr. ALIOTO. It spurred \$34 million across the Bay that was not Federal money.

Mr. HAMMERSCHMIDT. Thank you, Mr. Mayor.

Mr. JONES. Mr. Mayor, yesterday the Secretary presented us with a paper and discussion of some of the problems that he felt were inherent in the operation of the Economic Development Act.

Particularly he was fearful of a continued bureaucracy.

Is it the consensus of the U.S. Mayors Conference that by the continuation of EDA the bureaucracy will be so strong that it will not succeed?

Mr. ALIOTO. There is less bureaucracy involved in EDA than almost any other Government program we are dealing with.

We deal with an Assistant Secretary, and then the bureaucracy processes those decisions which have been made at that level.

Bureaucracy has not been a particularly serious problem in connection with EDA, and I suspect that there is more bureaucracy involved in economic development with respect to large corporations and to some of the other industries, like transportation, or subsidies to the airlines.

I think there is more bureaucracy involved there than in EDA, where we find a minimum, in fact.

I think this is one of the programs where you deal at a top level here, and the other items are processed at lower levels.

Mr. JONES. The Secretary was also fearful that the continuation of EDA would be a trespass on the local sovereignty.

Are you going to dissipate local political livelihood by the continuation of EDA?

Mr. ALIOTO. The answer to that is no, Mr. Congressman. And let me give you an example of why I think it is no.

In the EDA programs, most of the mayors have marshaled the most conspicuous business talent in the community as advisory committees. Then we have decided what ought to be done in a local area, which of those things should be given priority to spur the most employment. And I certainly have not been aware of any check on sovereignty so far as economic development is concerned, or any attempts to dictate what ought to be done.

There is always the possibility that the party from whom you receive money is going to ask you a lot of questions and hold you to accountability. And if that is a loss of sovereignty, that is the only thing they can talk about. But we do not think so.

Mr. JONES. Is there anything in EDA, in your opinion, that would restrict the local communities from establishing the priorities of needs?

Mr. ALIOTO. We have felt none at our level, and I know of no mayor who feels that anybody dictated to him things he did not want to do.

One of the most successful programs in the country is that of Mr. Daley, and I do not feel that Mr. Daley has felt his sovereignty impinged upon in the way he runs the city of Chicago.

Mr. JONES. That is for sure. [Laughter.]

I have experienced it. [Laughter.]

Mr. Mayor, we are certainly grateful to you for your appearance today and the contribution you have made to the committee. And we want to express our gratitude on behalf of the committee to you and the Conference of Mayors, who have always participated in the deliberations of this committee. And it has always been wholesome, worthwhile, and wise.

Mr. ALIOTO. Thank you very much.

Mr. MIZELL. Mr. Chairman.

Mr. JONES. Mr. Mizell.

Mr. MIZELL. Thank you, Mr. Chairman.

And I, for one, who have visited your city on a number of occasions, back in the early days of the New York Giants locating out in San Francisco, and having pitched in Candlestick Park a number of times—

Mr. JONES. About two innings each time. [Laughter.]

Mr. MIZELL. Well, as they say, it is in the record, Bob, so I cannot dispute what you might think, but I am sure you are going to use far more wisdom in locating this industrial park than you did in locating Candlestick Park for baseball. [Laughter.]

Mr. ALIOTO. Here again, Congressman, is a very good example of economic development.

Very recently, we put up an additional \$17 million down there and, in time, it will come to \$30 million of city money into completing Candlestick Park. So, we built a huge wall around the entire area there to keep all of that wind out that you used to see on television occasionally, or when you would visit the place.

Mr. MIZELL. Well, if you had eliminated the wind, I would not have had any excuse for not lasting more than two innings, as the Congressman said. [Laughter.]

Mr. ALIOTO. Well, if you come out, you will see what EDA has done to spur development there.

Mr. JONES. Thank you, Mr. Mayor.

Mr. ALIOTO. Thank You.

Mr. JONES. Our next witness is Mr. Nick Salazar, president of the National Association of Development Organizations.

We are certainly pleased to have you, sir, and we are looking forward to your testimony.

STATEMENT BY NICK SALAZAR, PRESIDENT, NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Mr. SALAZAR. Mr. Chairman, I, too, have submitted a statement to the committee.

(The statement referred to follows:)

STATEMENT OF NICK L. SALAZAR, PRESIDENT, NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT

Mr. Chairman and members of the Committee, I am Nick L. Salazar, President of the North Central New Mexico Economic Development District. I also serve as President of the National Association of Development Organizations. It is in these capacities I would like to present testimony today. Let me first say I appreciate the courtesies extended to me since 1969—or for the past four years—permitting me to testify before Public Works Committees and Sub-Committees of both the U.S. Senate and House of Representatives as hearings have been conducted in Washington and in the field on the Public Works and Economic Development Act of 1965.

We are deeply troubled with a feeling of anxiety as we read where the President in his budget, advocates the phasing out of the Economic Development Administration. Items in the press credit the President with the statement that EDA is one of the "so-called social programs" that have not been effective or has been less than successful. I don't know who is advising the President but it appears to me he is being misinformed somewhere along the line. If there is one thing EDA was never intended to be that is a social program.

Mr. Chairman, a week ago today I testified before the Committee on Public Works of the U.S. Senate. The Honorable Secretary of Commerce appeared before that Committee the same day and advised the Committee EDA would terminate one-third of their employees by the end of June this year—which would reduce their personnel down to 600. Another 250 would be dropped before June and December. Senator Randolph advised the Secretary he should not go through with these plans until Congress made their decision as to whether EDA should be continued.

Mr. Chairman, I am very concerned about the fact that the Administration is proceeding to dismiss employees and close down the agency despite the fact that Congress has informed the Administration that it is considering extending EDA for another year. Such action seems to indicate that the Administration intends to do away with EDA regardless of what Congress decides. This could be the death knell of 44 of 120 multi-county development districts whose source of funding depends almost entirely on the EDA Planning Grant. We hope that Congress will not let this happen but will instead see to it that the intent of Congress shall be carried out.

The Secretary of HEW appearing on national television last Sunday, referred to the Administration cutting out programs that were not job creating and instituting programs to put people to work. If there was ever a program that is job creating that is the Public Works Program of EDA.

I hope to give testimony here today showing what the Public Works Program of EDA has done for our eight-county area but more specifically for my own county—Rio Arriba—in Northern New Mexico. Ours is an 80-20 county which

as you Gentlemen know, signifies there is no more economically depressed area. In my testimony today I will endeavor to keep it "local".

To further strengthen my contention that Revenue Sharing helps metropolitan America and forgets rural America, let me quote this Committee some statistics. The first year's Revenue Sharing for my county was \$390,539. Broken down it was \$10,396 for Chama, a Village of 1100; and \$84,148 for Espanola, a municipality of 4,136. To the county government went the amount of \$292,995. In three years through the Public Works Program of EDA there were grants in the county and to Indian Tribes totaling \$6,436,000 which resulted in the creation of over 600 long term jobs. To be more specific, I pinpoint these grants in the Espanola area and some of the ramifications from the three:

(1) Construction of Espanola Vocational Education Facility—\$795,000.

Results of the Project: A total of 45 new jobs have been created in forms of teachers, maintenance people etc. At present, a total of 172 day students are enrolled, a total of 194 night students are enrolled.

Employment Results: An 88% job placement for those students graduated. A total of 155 students have been placed at a per capita income of \$5,500. This in a county that has a per capita income of \$1,520. Contribution to the economy of the Espanola Valley of \$852,500.

(2) Rehabilitation and Expansion of Espanola Hospital—\$1,634,000—Total cost—\$2,940,000.

Project Included: New two-story wing with basement. New mechanical plant and equipment. Remodeled most of existing hospital.

Results of the Project: Increased bed capacity from 65 to 100. Provided all new heating and air conditioning system. New Clinical Laboratory with modern technical equipment. New Physical Therapy Department. New Medical Library. New Business Offices.

Personnel added to payroll since completion of the project: Fifty employees. Total annual payroll increase of \$250,000.

(3) Construction and Improvement of 28.1 miles single-lane Clara Peak Road (logging)—\$1,005,000.

Results of the Project: Duke City Lumber Company has 30 new jobs created because of the Clara Peak Road; totaling an additional annual payroll of \$180,000. Jackson Lumber Company has employed an additional 105 employees due to the Clara Peak Road project; totaling an additional annual payroll of \$630,000. In addition to the above, residents utilize the road for a tourism road.

In addition, Espanola received an EDA grant of \$759,000 for construction and improvements to their water and sewer system, making available not only utilities to upgrade substandard housing, but also to service industries, public facilities such as education and hospitals, etc. It would take many years of Revenue Sharing to equal the \$4,191,000 received through these EDA grants.

I point out these statistics not to belittle Revenue Sharing. The local government units in our District need all the funds they can get to offer minimum services to the residents. More do I point out the above to show there is a definite need for a Public Works Program.

I only wish the other 134 Districts created under Part B of Title IV of the Public Works and Economic Development Act of 1965 could appear before this Committee. Every District has received many Public Works grants that have either made rural America a better place in which to live or created long term permanent employment that has made job opportunities available to disadvantaged or minority group Americans—some for the first time. I cannot understand President Nixon's thinking in doing away with Economic Development Administration and at the same time funding Appalachia. Is this class legislation where the only Americans entitled to these benefits must live in Appalachia? Is the Appalachia program more successful than EDA? If this is so could it be because Appalachia has been funded at 100% while EDA has been funded at 20 to 25%?

I would be the last one to say that EDA is perfect. The process needs speeding up and other items could be corrected, but gentlemen, you don't cut off your leg because you have a corn on your toe. Many kinks and wrinkles have been ironed out since the passage of the Act of 1965. There is no better teacher than experience. Some expertise has been developed in the delivery vehicle of EDA. Should this be discarded—at a savings of \$314.2 million and at the same time fund or "start up" the Rural Development Act with \$200 million for community, commercial and industrial development; \$110 million for community facilities; \$600 million or 30% increase in SRA's Business Loan programs to stimulate private investment? The Administration claims Rural Development Programs as a whole will increase and will permit greater state and local control over invest-

ment decisions. Mr. Chairman, the EDA program throughout the 41 states is truly one of the first programs wherein local autonomous groups are formed for the benefit of local people to do local planning for local projects to accomplish economic development within multi-county areas.

There have been problems and additional problems will undoubtedly exist in the future; but these Economic Development Districts are equipped, through their citizen participation, to work with these problems by the process of trade-off, compromises, state legislation, and coordination on the part of local citizens. The areawide action program is planned by the District Board of Directors and carried out by the local citizens and political jurisdictions. These 135 Districts tend to be irreparably harmed by the discontinuance or phasing out of the EDA program.

In the Development Districts we stress the wide and active involvement of many people in the planning process because we feel that the comprehensive view of development means that the school, the library and the training center, can be as important as the Industrial Park in bringing greater prosperity to the community. Therefore, the labor official, the educator and the minority group spokesman need to be involved just as well as the banker, the businessman and the public official. For instance, our District contained deplorable statistics relative to housing needs and conditions. In past years this was a result of poor or non-existent water and sewer systems which left a number of homes without inside facilities. Today, our situation on water and sewer has improved but the need for decent housing still exists.

As a result of our District acting in its capacity as a Regional Housing Authority, as well as an Economic Development District and Area Planning Organization, we were successful in bringing 1300 units of low income housing to six of our counties through the utilization of Operation Breakthrough systems. Not only did this furnish decent housing to 1300 families in our District—some for the first time—our activities also resulted in the establishment of an industry within the District that is in the process of building and will be employing from 75 to 100 people. These employees will be persons from the area who are unemployed and underemployed and trained for their jobs.

Public Works Grants in our District totaled \$16,612,000. These grants have resulted in the creation of in excess of 700 new jobs. Of these grants, approximately \$6,000,000 went to projects that have not been completed. Once these are completed we are looking at the creation of over 1,000 more jobs. These are some of the benefits we have derived from the Public Works and Economic Development Act of 1965.

Mr. Chairman, I sincerely appreciate the opportunity to offer my testimony to your Committee and hope what I have said will be of some value to you and the U.S. House when they are considering HB2246. I will conclude by saying that economic development is similar to a kaleidoscope. It can be turned a number of ways to give a different picture but the ingredients of the picture are always the same. They include people, schools, hospitals, public roads, utilities, airports, recreation, homes, water, involved citizens, dedicated public servants, good laws and money.

Thank you.

[HOUSE RESOLUTION 1—LAWS 1973]

THE LEGISLATURE OF THE STATE OF NEW MEXICO, 31ST LEGISLATURE, 1ST SESSION

INTRODUCED BY REPRESENTATIVES NICK L. SALAZAR, EUGENE R. CINELLI, DON L. KING, LEO C. WATCHMAN, REYNALDO (REY) S. MEDINA, E. BRYAN, JR., WALL, ABEL E. MCBRIDE, BEN ROYBAL, RAYMOND GARCIA, JAMES H. KOCH, JOHN R. TOMLIN, RALPH D. HARTMAN, LEROY BACA, SAMUEL F. VIGIL, THOMAS P. FOY, H. B. BARNARD, DANIEL M. PROVENCIO, ALVINO E. CASTILLO, CHRIS M. LUCERO, WILLIAM O'DONNELL, AND BOBBY F. DURAN

A RESOLUTION Requesting the President and the Congress of the United States to continue the provisions of the Public Works and Economic Development Act of 1965 to permit continued funding of projects necessary to the future well-being of the State and Nation

Whereas, the Public Works and Economic Development Act of 1965 has caused the investment of more than forty-three million, one hundred fifty-one thousand dollars (\$43,151,000) by the economic development administration and the four corners regional commission in the economic development of New Mexico; and

Whereas, the economic development administration and the four corners regional commission investments, by their catalytic utilization, have resulted in the investment of additional millions of dollars from other public and private sources; and

Whereas, these economic development programs have resulted in many worthwhile job-generating projects, including vocational-technical training facilities and other public works, business loans and technical assistance and planning; and

Whereas, this financial assistance, geared to helping underdeveloped communities help themselves, has been responsible for the creation of thousands of job opportunities in many parts of our great state; and

Whereas, excess property valued at more than two and one-half million dollars (\$2,500,000) has been obtained for these economically distressed communities through the four corners regional commission; and

Whereas, a substantial number of projects to enhance the future economic development of New Mexico are now pending or in the development stage and depend upon funding under the Public Works and Economic Development Act of 1965, which expires on June 30, 1973, and bills have been introduced in congress for the extension of that act: Now therefore, be it

Resolved by the House of Representatives of the State of New Mexico, That it expresses its continued strong support for programs resulting from the Public Works and Economic Development Act of 1965 and respectfully urges the Congress to authorize and the president to approve the continuation of the provisions of such act, as well as ample appropriations to permit the continued funding of projects necessary to the future well-being of this State and nation; and

Be it further resolved, That the New Mexico congressional delegation be requested to vigorously support the bills introduced into congress for the continuation of the Public Works and Economic Development Act of 1965; and

Be it further resolved, That copies of this resolution be transmitted to the president of the United States, the presiding officers of both houses of congress, the honorable Frederick Dent, secretary of the department of commerce, the chairmen of the public works committee in each house of the congress and to each member of the New Mexico state legislature.

Mr. SALAZAR. Mr. Chairman and members of the committee, I am Nick L. Salazar, president of the North Central New Mexico Economic Development District. I also serve as president of the National Association of Development Organizations.

Today, like many of you, I am here on a 2-day pass from the legislature where I serve as a legislator, and the State thought it was worth the cost to come and testify before your committee, not only for the counties but the State and the Nation as a whole.

This last Friday, I introduced a resolution in the house of representatives which was passed unanimously, endorsing and forwarding the EDA act for another year, which I would like to make a part of my testimony here today.

Let me first say I appreciate the courtesies extended to me since 1969, or for the past 4 years, permitting me to testify before Public Works Committee and subcommittees of both the U.S. Senate and House of Representatives as hearings have been conducted in Washington, and in the field on the Public Works and Economic Development Act of 1965.

Now, Mr. Chairman, we are deeply troubled with a feeling of anxiety as we read where the President, in his budget, advocates the phasing out of the EDA, or a washout as the mayor from San Francisco put it. I have heard the statement that EDA is one of the so-called social programs that have not been effective or has been less than successful.

Mr. Chairman, to me a social program is a program whereby the Federal Government completely subsidizes its people, welfare, and

that sort of thing. I might add, under the EDA of 1965, under the Public Works Act, this money allocated for the various communities throughout the country, it does not come cheap.

In our particular case we are an 80-20 district, where at least five of our counties in the district are 80-20 percent matching funds.

Now, 20 percent, to a lot of people in our area, is a lot of money, but I will endeavor to keep my testimony local as I am going to try to point out to you why I feel it is not a so-called social program.

Mr. Chairman, I think the Congress should be complimented due to the fact that they have sent people out in the field to make an examination of what public works was doing throughout the country. I think the committee could do this to find out whether it is a social program and whether it is failing.

Mr. Chairman, a week ago today, I testified before the Committee on Public Works of the U.S. Senate. The Honorable Secretary of Commerce appeared before that committee the same day and advised the committee that EDA would terminate one-third of their employees by the end of June this year—which would reduce their personnel down to 600. Another 250 would be dropped before June and December.

Senator Randolph advised the Secretary he should not go through with these plans until Congress made their decision as to whether EDA should be continued.

Mr. Chairman, I am very concerned about the fact that the administration is proceeding to dismiss employees and close down the agency despite the fact that Congress has informed the administration that it is considering extending EDA for another year. Such action seems to indicate that the administration intends to do away with EDA regardless of what Congress decides. This could be the death knell of 44 of 120 multicounty development districts whose source of funding depends almost entirely on the EDA planning grant.

We hope that Congress will not let this happen but will, instead, see to it that the intent of Congress shall be carried out.

The Secretary of HEW, appearing on national television last Sunday, referred to the administration cutting out programs that were not job creating and instituting programs to put people to work.

If there was ever a program that is job creating, that is the public works program of EDA.

I hope to give testimony here today showing what the public works program of EDA has done for our eight-county area but more specifically for my own county, Rio Arriba, in northern New Mexico.

To further strengthen my contention that revenue sharing helps metropolitan America and forgets rural America, let me quote this committee some statistics.

The first year's revenue sharing for my county was \$390,539. Broken down, it was \$10,396 for Chama, a village of 1,100, and \$84,148 for Espanola, a municipality of 4,136.

To the county government went the amount of \$292,995. In 3 years through the public works program of EDA, there were grants in the county and to Indian tribes totaling \$6,436,000, which resulted in the creation of over 600 long term jobs.

To be more specific, I pinpoint these grants in the Espanola area and some of the ramifications from the three.

There is the construction of the Espanola vocational education facility, which costs \$795,000. And the results of the project were 45 new jobs which were created in forms of teachers, maintenance people, et cetera. At the present time, there is a total of 172 day students enrolled, and a total of 194 night students enrolled.

The results of the employment is that there is an 88 percent job placement for those students graduated. And a total of 155 students have been placed at a per capita income of \$5,500. This is in the county that has a per capita income of \$1,520. The total contribution to the economy of the Espanola Valley is \$852,500.

The second item is the rehabilitation and expansion of the Espanola Hospital which cost a total of \$2,940,000, which resulted in increased bed capacity from 65 to 100, which also created 50 new jobs with a total annual payroll increase of \$250,000.

The point I am trying to make, Mr. Chairman, is that revenue sharing could never replace EDA.

I only wish the other 134 districts created under part B of title IV of the Public Works and Economic Development Act of 1965 could appear before this committee. However, they cannot.

I hope to testify here on behalf of the other 134 districts throughout the country.

I cannot understand the thinking in doing away with the Economic Development Administration and, at the same time, funding Appalachia.

Mr. Chairman, for this year Appalachia has been funded already, and according to the statement made by the Secretary last week, that Appalachia would continue to be funded.

Now, they claim that Appalachia has succeeded.

Now, we must face up to the fact that Appalachia is funded 100 percent. I think there are 13 States involved, and I think the total allocation for them is \$100 million. And this \$300 million generates, of course, additional funds, and I think they have a total operating budget of more than \$100 million. EDA has been funded at 25 or 30 percent of its funding so you could see that there is a gap there.

Mr. JONES. You are not interested in taking away from Appalachia, are you?

Mr. SALAZAR. No, sir.

What I am saying is that I believe that EDA could stand more funding because not all the towns throughout the country are covered by EDA as it stands now.

In our particular State we only have two economic districts in our State that are functioning because the others have not been funded for planning, is what I am saying.

Very definitely not. I think Appalachia needs it.

Mr. JONES. And you are for the continuation of the other commissions?

Mr. SALAZAR. Yes, sir. I am for the continuation.

Mr. JONES. That is part and parcel of what we are considering here now, the continuation of the other commissions that have been heretofore established.

Mr. SALAZAR. Oh, yes, in fact, on testimony last year we gave in the Senate for a bill that would have regionalized the country for Title V Commissions, I think, was a very good idea.

To this day, the Title V Commissions do not cover all the States.

Mr. JONES. The invitation has been out to form other commissions since we created the Ozarks Commission.

Mr. SALAZAR. Yes.

Now, in reference to what other things that the administration is thinking of doing, let us go back to the Rural Development Act.

I think the administration is contemplating funding the Rural Development Act at close to \$1 billion.

Now, here I say something of why sacrifice EDA at a total expenditure of \$367 million, and I think that was mentioned awhile ago, for a program that has not been tried, and with an expenditure of \$1 billion, and I do not see any savings at all.

Now, we have had our problems with EDA, and there will be additional problems, which will undoubtedly exist in the future, but these economic development districts are equipped through their citizen participation, to work with these problems by the process of tradeoff, compromises, State legislation, and coordination on the part of local citizens.

The areawide action program is planned by the district board of directors, and carried out by the local citizens and political jurisdictions. These 135 districts tend to be irreparably harmed by the discontinuance or phasing out of the EDA program.

In the development districts we stress the wide and active involvement of many people in the planning process because we feel that the comprehensive view of development means that the school, the library, and the training center, can be as important as the industrial park in bringing greater prosperity to the community.

Therefore, the labor official, the educator, and the minority group spokesmen need to be involved, just as well as the banker, the businessman, and the public official.

For instance, our district contained deplorable statistics relative to housing needs and conditions.

In past years this was a result of poor, or nonexistent water and sewer systems which left a number of homes without inside facilities.

Now, I might add that today our district enjoys a 1,300 unit for housing for low-income people. Our activities also resulted in the establishment of an industry within the district that is in the process of building, and will be employing from 75 to 100 people.

These employees will be persons from the area who are unemployed at the creation of over 1,000 more jobs.

Public works grants in our district totaled \$16,612,000. These grants have resulted in the creation of in excess of 700 new jobs.

Of these grants, approximately \$6 million went to the projects that have not been completed. Once these are completed we are looking at the creation of over 1,000 more jobs.

These are some of the benefits we have derived from the Public Works and Economic Development Act of 1965.

Mr. Chairman, I sincerely appreciate the opportunity to offer my

testimony to your committee, and hope what I have said will be of some value to you and the U.S. House when they are considering H.R. 2246.

I will conclude by saying that economic development is similar to a kaleidoscope. It can be turned a number of ways to give a different picture, but the ingredients of the picture are always the same. They include people, schools, hospitals, public roads, utilities, airports, recreation, homes, water, involved citizens, dedicated public servants, good laws and money.

Thank you.

Mr. DORN (presiding). Any questions?

Mr. RONCALIO.

Mr. RONCALIO. Mr. Salazar, I was not here for your full statement, but I will read it. I thank you for your testimony, and I am sure it will help those people about whom you testified.

Mr. SALAZAR. Thank you.

Mr. DORN. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

I thank Mr. Salazar for his helpful statement.

As I understand it, you are the president of the board in New Mexico?

Mr. SALAZAR. Yes, sir.

Mr. HAMMERSCHMIDT. You are not the executive director. You come from the private community sector, do you not?

Mr. SALAZAR. This is very true, sir.

Mr. HAMMERSCHMIDT. Well, I am interested in your statement, and I know you wear at least two hats, in economic development positions.

In your NADO hat you represent many districts throughout the country, 120.

Mr. SALAZAR. Yes, sir.

Mr. HAMMERSCHMIDT. I know of your interest in all of those districts but your testimony was directed to your own district, was it not? The other hat, so to speak.

Mr. SALAZAR. Yes, sir.

Mr. HAMMERSCHMIDT. I do not know if your district is typical. I assume not because of the high cost per job statistic in your testimony, I do not think this is typical of EDA's nationwide experience.

Mr. SALAZAR. No, I might add, Congressman Hammerschmidt, that the jobs which have been created, those projects are already completed.

Now, in the completion of other projects we will create something like 1,600 or 1,700 jobs.

Now, according to, I think, EDA criteria, before a project or program is justified it has to be on the basis of a new job for every \$9,000 expended.

Now, I might add that you have to remember that twice percent comes from the local people, and I might add here that in the expansion of the Espanola Hospital we had people who pledged 25 cents a week to \$1 a week in order to be able to match those funds needed for the hospital.

Mr. HAMMERSCHMIDT. So when you have open participation financially, you know you have the interest of the local citizens in there participating.

Mr. SALAZAR. Yes.

Mr. HAMMERSCHMIDT. Does your district do jobs other than economic planning?

Do you have health care and/or A-95 planning?

Mr. SALAZAR. We have A-95, yes. However, our district does not handle the manpower program, and does not handle the health planning programs.

We do have programs that do handle those projects, and I think, as in the February 28, according to the latest memorandum we got from the administration, again, is that those programs will be phased out immediately.

This is one case where they did not give you 6 months. We were granted a grant of something like \$164,000 for a two-county area under OEO to carry out this program. We proceeded to do this.

We got this memorandum that our funds would be cut come February 28, just like that.

Mr. HAMMERSCHMIDT. How many districts are there in New Mexico, economic planning districts?

Mr. SALAZAR. We have seven planning districts.

Mr. HAMMERSCHMIDT. And are they all coterminous with A-95 planning districts?

Mr. SALAZAR. Yes; they are, sir.

Mr. HAMMERSCHMIDT. Which is determined by your State government?

Mr. SALAZAR. Yes.

Mr. HAMMERSCHMIDT. That is all I have.

Thank you Mr. Chairman.

Mr. DORN. Thank you, Mr. Hammerschmidt.

Any other questions on my left?

Mr. Salazar, thank you very much for your testimony, which is deeply appreciated by the committee.

Mr. GINN. Mr. Chairman, may I ask one question?

Mr. DORN. Yes.

Mr. GINN. I am particularly interested in better services for rural areas, areas such as yours, and I do see you are funded by Espanola.

Were there any efforts to get these funds from the Hill-Burton program?

Mr. SALAZAR. Yes; but there is such a long waiting list for Hill-Burton moneys. I think moneys gotten from them would have taken 5 years.

Mr. GINN. So you can say that without EDA you would not have gotten this hospital?

Mr. SALAZAR. Very definitely, sir.

Mr. DORN. Thank you, Mr. Salazar.

The next group to be heard from is the National Association of Regional Councils, and the main witness is Mr. Martin A. Hagerstrand, and you have some gentlemen with you, Mr. Hagerstrand.

If you would present them now, or at your discretion, you may proceed.

STATEMENT OF MARTIN A. HAGERSTRAND, MEMBER OF BOARD OF DIRECTORS, NATIONAL ASSOCIATION OF REGIONAL COUNCILS; MEMBER, BOARD OF DIRECTORS AND PAST PRESIDENT, EASTERN OKLAHOMA DEVELOPMENT DISTRICT; ACCOMPANIED BY HON. ORRIN P. JUEL, MAYOR, BROOKING, S. DAK., CHAIRMAN, FIRST PLANNING AND DEVELOPMENT DISTRICT, WATERTOWN, S. DAK.; BILL LANGORD, EXECUTIVE DIRECTOR, DEEP EAST TEXAS COUNCIL OF GOVERNMENTS AND ECONOMIC DEVELOPMENT DISTRICT, JASPER, TEX.; DAVID H. WHITLOCK, LAKES COUNTRY REGIONAL PLANNING AND ECONOMIC DEVELOPMENT COUNCIL, REPUBLIC, MO.; AND L. V. WATKINS, EXECUTIVE DIRECTOR, EASTERN OKLAHOMA DEVELOPMENT DISTRICT, MUSKOGEE, OKLA.

Mr. HAGERSTRAND. Thank you, Mr. Chairman.

I will present some of the witnesses a little bit later. However, there is quite a collection behind me here of representatives from all over the United States, and it might take up quite some time to introduce all of them, and incorporate their distinguished biographies.

Consequently, I have furnished to the clerk of the committee a list of those persons present.

This will be an informal presentation at this time, Mr. Chairman.

We will present formal statements confirming the testimony at a later time.

There are 600 regional councils in existence in the United States today. Another 200 would cover the rest of the United States.

Especially in rural America, local governments have been able to relate to the regional and State agencies better than ever before.

The National Association of Regional Councils represents these regional councils across the land, whether they be from large metropolitan urban areas, or whether they are from rural areas.

Now, we believe, as an association, that local government is closest to the people, and local elected officials are closest to their constituents, of course.

Regional councils are voluntary associations of these elected officials from the communities, and the counties, and they are controlled by the elected officials of these counties and communities.

They become more than planning bodies but are management tools for the managing officials. And this is particularly true in the rural areas. And we serve a very vital function for these agencies, most of whom cannot afford the sophisticated management techniques and planning requirements of today.

The economic development districts about which we are particularly concerned today are one form of the regional councils that we represent; and they cover the 135 economic development districts primarily funded and organized through the EDA operation, which cover depressed rural counties in rural States at this time. So we believe that rural America will not develop realistically by loans and grants without some kind of an effective short- and long-range planning management guide, at least.

Approximately 5,000 of these concerned public officials and representatives are giving their time and effort voluntarily to this regional effort and regional programs, and since the local elected officials constitute at least 51 percent of the boards or the membership of these councils, we believe that through these bodies we can realistically effect some reasonable coordination of comprehensive development in non-metropolitan America.

Now, the legislation under which these nonmetropolitan councils were originally founded, the development of the rural development program, and special revenue sharing certainly have indicated and recognized the broad scale need for regional planning and management.

I think previous testimony has referred to this, but a serious problem has developed, and our traditional fund sources are either frozen or cut off.

New funds, at least in part, do not seem to be provided for or will not be provided for in time to make the transition while awaiting new funding.

The problems created by this transition period are somewhat self-evident. One of the most important, of course, is the matter of public confidence, not only in government but in the staffs and the activities of the regional councils that are attempting to coordinate the activities within rural American areas which are so dependent on this kind of planning and coordination. It has taken quite a long time to build this confidence in the people of the areas across the Nation where regional councils are not some form of supergovernment or not some form of agency that is superimposed upon the local governments and cities, in the communities, and so on.

This confidence, we think, is now in existence, at least in a large part, but it has taken a long time to develop.

Accordingly, we are very concerned with the failure of the public confidence in these programs as a result of a transition period in which everything stops or largely stops for whatever period of time it takes to develop programs, guidelines, funding and so on, after the termination of the EDA program.

I think it is self-evident that it takes time to build staffs, it takes time to develop plans, it takes time to coordinate with new guidelines, new agencies, and in the meantime, nothing happens, so we are greatly concerned with this.

Now, special revenue sharing and rural development programs have not been refined and honed up to this point, at least to pick up this slack.

The Rural Development Act does have a provision for planning for this kind of rural development. However, that provision, I believe, \$10 million, or whatever the amount was, was deleted from the President's budget for 1974, and certainly has not been replaced to our knowledge to date.

Anyway, we have an immediate need for additional planning and management funding to serve this transitional period.

Our recommendation today, of course, is the obvious one, to extend an existing organization for at least 1 year. This, we believe, is the most consistent course, certainly the most efficient one, and there will

be the least lost motion in transferring to another type program in operation.

The National Association of Regional Councils has been meeting for 3 days now in Minneapolis, Minn., in their national convention. Approximately 1,000 citizens from across the United States, representing the regional councils, met and debated and discussed all of the various positions that the National Association has adopted as points of action for 1973 and extending on to the future.

We adopted unanimously several resolutions, one of which is directed specifically to this particular problem, and I would like, with the permission of the Chairman, to read this:

Whereas, the National Administration has recommended the termination of the Economic Development Administration on the grounds that its functions are being adequately replaced by increased Small Business Administration activities and the implementation of the new Rural Development Act, and

Whereas, the Administration has not provided for the funding of the planning and grant sections of the Rural Development Act, and the Small Business Administration does not further orderly economic growth through planning and interagency coordination and cooperation, and

Whereas, the Congress, recognizing the need for economic planning and incentives to guide the allocation of economic activities, have introduced bills extending the Public Works and Economic Development Act of 1965, as amended, and have requested a complete evaluation to determine appropriate action in support of a national economic development effort.

Now, therefore, the National Association of Regional Councils resolves to support the continuation and funding of economic planning and development functions until adequate consideration has been given to a more comprehensive national economic planning and development program, or sufficient time has been given for the transition of present efforts.

Mr. HAGERSTRAND. Now, you will gather from the reading here that we support the extension of EDA. However, we are not committed to any particular agency as such. We are committed to the continuation of the planning effort and the funding effort which is so vital to the development of rural America.

A further resolution has to do with impoundment of funds. I will read the resolved portion of this resolution:

Now, therefore, be it

Resolved by the National Association of Regional Councils, That the President is urged to release available funds including those which have been impounded and provide acceptable FY 74 funding levels which will permit essential needs to be met, and further that the Congress be called upon to expedite the reforming of the grant-in-aid system to assure that our critical national goals will be met while utilizing to the maximum degree the total capability of our Federal system.

Mr. HAGERSTRAND. I think that is generally known to cover the waterfront.

There are other resolutions which I will submit to the clerk of the committee as time goes on.

Mr. Chairman, I would like to call upon some of my colleagues here from different parts of the country who will present, in a very informal way, some specific case histories, as it were, of how the program or the termination of this program will affect them. And I would like to call first on Orrin P. Juel, who is from Watertown, S. Dak., First Planning and Development District. He is district chairman, and he is mayor of Brookings, S. Dak., and a retailer by profession.

Mr. Juel.

[Mr. Jones reassumed the chair.]

Mr. JONES. Mr. Juel, mayor, we are pleased to have you, sir.

Mr. JUEL. Thank you, Mr. Chairman, and members of the committee.

Just to correct the record, I am the mayor of Brookings, S. Dak., but our first district is at Watertown. And I would like to address you as to the effect of EDA on what we term model rural development in South Dakota. This is a new concept out there.

In the formulation of an economic development district is a new concept in South Dakota.

During the fiscal year 1973, two new districts have been organized, and the organization has been developed around broad citizen participation. And the people are vitally concerned in this for two reasons.

First of all, the economic development is possible through EDA.

As you know, South Dakota is not a wealthy State, and one of our problems is outmigration. And we are finding industry is looking very favorably on South Dakota at this time, and we are floundering around to gear ourselves to bring industry in there. We need any assistance we can get in making it more attractive for industry. And I feel that EDA would be one of these mediums to help us hold our citizens and eliminate some of this problem that you are getting in the cities due to the outmigration from States like South Dakota to the cities, and causing unemployment problems.

The other factor of EDA is that it will enable us to continue our model rural development program, as we call it out there, the regional councils as we are speaking of here.

Since this concept is new in South Dakota, the curtailment of EDA after only 1 year, I feel, would give the whole planning concept in South Dakota a black eye because we have just got the thing off the ground. And if we take this small funding away from the planning districts, I am afraid they will flounder.

If we can have just 1 year of time for adjustment, I feel that funding could be provided through other means, such as local, State or Federal means that would enable us to continue the regional councils.

Earlier in the day, one of the gentlemen raised the question of just what had we done or what had you done with the FDA funds. And I would point to, for example, Rapid City.

You all heard the problem there they had with the flood there this last year.

Rapid City, as a result of the flood disaster, has filed for EDA funds which are vitally needed to rebuild this city and take care of the damage done there. This damage is so severe that they cannot wait for Federal funds that will come within a year or two. They must be done immediately, and this is one of the important things in the State, although it is not in the district where I am chairman.

I would point to three of the items that we have done in the first district in South Dakota, and I point to them with pride at what a few dollars invested can do for the citizenry.

For example, we have a program we call "PRIDE."

Now, this has eliminated from the countryside thousands upon thousands of abandoned automobiles. I heard that brought up today. This was done through a medium that started in the model rural development district, and they got private money to provide the equip-

ment, and as a result we have eliminated from the State of South Dakota thousands upon thousands of these automobiles at no cost whatsoever to the city or the State or the Federal Government.

This is done through private enterprise, and, strangely enough, with all we are talking about cost of removing automobiles today, this has been done to the profit of the man who put together this machine, and it has brought about the means of ridding the countryside of this blight.

Too, we have instituted a solid waste program within a 10-county district, and a study has been made as to how we can assist the small community that cannot afford to have a solid waste plant or grounds or equipment.

This study will take place in about, oh, a year's time, and we hope to come up with a way of showing how the small community, a town of 2,500, how they can become part of an overall program that will show them how to dispose of the solid waste without burning or littering of the countryside, and these programs are coming about as a result of the region councils, and this is why I again stress the need for the regional council.

Perhaps one of the greatest examples, though, is the matter of lakes.

We are a 10-county district, and each county has one or more lakes in it. These are glacier lakes. They are not deep. They are, oh, from 12 to 15 feet deep, but there is a certain amount of putrefication which has taken place that makes them undesirable.

Now, to get representatives from 10 counties to sit down and decide which lake shall be first insofar as which one would be the key project, is like getting 10 mothers together with a 2-year-old daughter, and trying to decide which one is the most beautiful.

You know what would happen there.

Well, through model rural development we were able to send out a questionnaire, the questions concerning the lakes, and the various questions, and by answering these we came up with a rating of the whole lake system as applied to the 10 counties that was acceptable to all parties, and only through the medium of the model rural development—without this medium we could never have agreed among ourselves which lake to start on first.

And so you see these few dollars invested are paying off, because as a community of 10 counties we have found it much more profitable to work together, rather than fight each other.

I thank you, gentlemen.

Mr. JONES. Thank you very much, Mr. Juel.

Mr. Hagerstrand.

Mr. HAGERSTRAND. I would like to continue with Mr. David Whitlock, who is from Republic, Mo.

Mr. JONES. We are pleased to have you, sir.

Mr. WHITLOCK. Distinguished Chairman, and most especially, Congressman Taylor, who is my Congressman, believe it or not, for a former politician to be speechless is real unusual.

I am sure you are aware of that.

Up until this moment I was perfectly cool, calm, and collected, but now, looking at your distinguished countenances, I am finding words difficult to come by.

Mr. JONES. Well, you will not have any difficulty here. We will just treat you like homefolks. [Laughter.]

Mr. WHITLOCK. Since 1969 I have been involved in the Lakes Country Regional Planning and Economic Development Council.

The Lakes Country District is situated in Missouri, in a setting primarily of Ozark in nature.

Missourians, by birth, reputation, and in truth, are "show me" type individuals.

When the planning processes began—the concepts of planning for local action—

Mr. JONES. That is not true about Missouri. The Missouri football team is showing other people how to play. [Laughter.]

Do not tell me you are a "show me" State. You show them.

Mr. WHITLOCK. Well, this, we have always tried to do. [Laughter.]

When the planning process began to sift down into our country I was in—at that time I was in a public office. I was appointed by the Governor to go around our 10-county area which had been designated by the Governor as a district, and try to sell fellow public officials on the possibility of getting together as a group and forming a planning commission that would help us determine our own destiny.

As the thing progressed, and the reality of the organization was finally arrived at I found myself sitting in the very dubious honorable position as being its first chairman.

We had no funds, we had no idea of how we could get funds from the various organizations of government that were demanding that we form—but some one pointed out to us that we met the requirements for becoming an economic development area.

EDA furnished us the original funds by which we could organize, pay the rent, hire some technical staff, which was at that time one technical director, and myself.

Now, I was not hired by the region. It just fell on my lot as chairman to put a lot of time in. As time has gone on we have taken on the A-95 review responsibility with no additional funds.

We now have grown to a staff of five. We have been able to disseminate information within our 10-county area, and have come to achieve a great deal of cooperation from our local jurisdictions within our boundaries.

We still have not required any more economic development money than the original amount for which we asked, which was some \$18,000.

However, it still helps us to maintain a portion of our staff, and pay the administrative expenses, and continue the planning process.

I am not here today to tell you how to spend, nor where to set the priorities, as far as the many programs for which you are responsible for funding, but I am here to ask you, and to plead with you, that you might extend the funding at least 1 more year of the EDA, and give us the chance to reorganize and to look in other directions for future funds.

We are hopeful that we should not always look to the Federal Government for funding. We are hopeful that the new special revenue sharing will open up new avenues for funding, but I feel that it would approach disaster if the bill should end at the time it is scheduled to do so.

Let me say again that I am here to identify myself, but I am here strictly as a citizen.

I am not an executive director. I am not an office holder at this time, and do not intend to be one at any future time.

I am strictly——

Mr. JONES. You were very persuasive. [Laughter.]

Mr. WHITLOCK. I learned that from my Congressmen friends.

I have no further comments.

Mr. JONES. Thank you very much, Mr. Whitlock.

It is a pleasure to have you.

Mr. Hagerstrand.

Mr. HAGERSTRAND. Mr. Chairman, I would like to call Mr. Bill Langford, who is from the Deep East Texas Council of Governments and Economic Development District, from Jasper, Tex.

He will present another phase of this.

Mr. JONES. Mr. Langford, we are pleased to have you, sir.

Mr. LANGFORD. Thank you, Mr. Chairman.

One thing that I think that you need, that I would like to point out, as one of the Congressmen who just came to Washington, Charlie Wilson, from our congressional district, was the first president of our economic development district when it was established in 1966, and at that time it was only an economic development district, but this provided the emphasis——

Mr. JONES. I am glad you were able to get him elected. [Laughter.]

Mr. LANGFORD. We feel like, as you have heard from these other gentlemen, once you get people sitting down and talking to each other, that you begin to get more cooperation, and this spurs the idea of a coordinating agency, such as a retail council.

We feel there is a great need for the regional concept, particularly in rural areas.

One thing that Congressman Wilson would tell you if he was here himself, he is tremendously proud of the job that has been done on the only Indian reservation in the State of Texas, the Alabama Reservation.

Through money from the EDA, materials have been developed there to the point that they announced last year that they actually had an operating profit.

The Alabama Indian Reservation is located in the big thicket area of Texas.

In our area, as a council of government and economic development district, we are also in the State of Texas as designated as a State planning region, State region 14.

Through this process there is the Council of Governments and a State planning region, and we are able in the State of Texas, we feel, to accomplish what all of you are interested in, and that is coordination, avoiding duplication of programs, et cetera.

To give you some idea of what they cover, our particular region is 11,000 square miles, which is approximately the same size as the State of Rhode Island, but in this 11,000 square miles, there are only 200,000 people, with Lufkin having 22,000, and I think you would agree with me that we have to extend the operation of these districts in these rural areas, and although I am an executive director, I am not doing this in the light of trying to save my job, or the staff's job, but I might

point out that to try to assemble a staff in a rural area is an extremely difficult process, and if we have a gap of a year or so, there is no doubt in my mind that some way we are going to have to fund these concepts in the rural areas, but to put the staff back together we have assembled would be almost impossible in a rural area.

Thank you, Mr. Chairman.

Mr. JONES. Thank you, sir.

Mr. HAGERSTRAND. We have one more witness I would like to call on but first I want to mention something brought to my mind when we mentioned Indians. I work in an eastern region in Oklahoma, adjacent to Mr. Hammerschmidt's area over there, and we had a \$487,000 EDA grant in 1967, which has been parlayed through various ways and means to a program to where in 1971 fiscal year, over \$11 million of economic impact was created by that single grant through that program.

There is matching money, of course, because we went out and got matching money, but this is over a 1-year period.

Almost \$150,000 has been paid to the Cherokees since the inception of this grant. This was accomplished through the EDA program and, of course, I have a strong affinity for that program, as you can imagine, because of the economic development that has taken place through that program.

I would like to call Mr. L. V. Watkins, who is executive director, Eastern Oklahoma Development District, and who has been active in the program, first, as a nonmember of the district, and finally we persuaded him to give up his activities as a budding attorney and put him to work.

Mr. JONES. Mr. Watkins.

Mr. WATKINS. Mr. Chairman, it is a pleasure for me to be back before your committee here today.

Mr. JONES. We have had the pleasure of having you once before.

Mr. WATKINS. And I appreciate the time that the other members of the committee can give to us.

As Mr. Hagerstrand said, I am a paid executive director. I say that with pride, because it was this committee who had the wisdom to see that technical assistance from guys like me was needed in the development of our depressed areas. And as a young Arkansas boy born in DeQueen, not far from Mr. Hammerschmidt's district, reared in Little Dixie over in Oklahoma, Mr. Albert's area, transported several times to Mayor Alioto's area of the country, in fact within spitting distance of the Port of Oakland, and prodded on by another member of this committee, Mr. Clausen, and a former colleague of yours, Mr. Edmondson, I take this program to heart and with a great deal of sincerity.

I have been asked to try to sum up some of the points that our group has discussed over the last 4 days, and I know of no way to sum this up except to go to the heart of the wisdom of this committee.

You addressed rural development problems for depressed area problems, and you found that they were tied together with depressed area conditions in the cities. You realized that there was a limitation on the publicly elected officials and the leaders of communities when you had low-income jobs or lack of jobs, and a limited tax base, and to attack that situation, it was my understanding, you said there must be employment opportunities.

To have employment opportunities, there must be inducements to industry, and to locate that industry there must be public works to put them in place, but the most important of all, in order to get this whole package together, down where it really counts, you must have a district or an areawide concept that can pool the people, resources, the leadership resources, as well as their limited tax base, to deliver all the other things that were needed to make this a successful endeavor.

That was what brought about the Public Works and Economic Development Act of 1965, and now that act is being brought into question.

I would like to address myself directly to some key technical points.

That local leadership pooling game was what you called your planning grants to the district. And if this bill goes by the wayside, or if this function goes by the wayside, it will not be picked up by 701, as has been stated, because as that bill now is written, 60 percent must go to the cities, the remainder must go to the metro- and non-metro-regions.

The Rural Development Act has not been funded to pick up the EDD planning responsibility. And if your designation of an economic development district goes by the wayside, then there will be a loss of 25 percent of rural areas matching funds for comprehensive health planning because EDD designation gives rural communities a 75-percent grant, not a 50-percent grant.

The loss of that designation will also drop them back to a two-thirds percent grant on their nonmetropolitan 701 funds.

That is not supplementing that tax base to get those resources together. That is pulling it away. It is washing it out in a hurry.

Again, I must say that if the development functions of this act go by the wayside, they will not be picked up by the Rural Development Act because we have found, and you all have found, that loans alone are not enough to help the depressed areas of this country.

Our rural banks have to do business with correspondent banks, and there is a certain amount of—I do not want to say rake off—but you know the word I am looking for, that they must pay. And, as a result, their prime interest rate is higher than that in a metropolitan area and, therefore, the inducement is there to go to the lowest interest rate. And, again, unless that public works investment is there, even if the loans were successful, most of our communities could not put that industry into play. They could not fund the necessary public works.

Under the new EPA standards for sewers alone, rural areas have been cut approximately half from their last year's funding for sewer treatment and outfall lines. I would like to describe for you how big a task it is for a community to go ahead and put that plant in place.

Back several years ago, the city of Sallisaw, when I first became involved in this program, was trying to locate American Hoist and 300 new jobs. It was going to take about \$3 million to get it all in place.

The city of Sallisaw, a town of less than 5,000 mind you, it cost them \$615,000 in general obligation bonds, and they paid \$250,000 straight out of their general fund.

To get that plant located, it took them nearly 4 years with all the local leadership, chamber of commerce, and private citizens, and

elected local officials to get this done. It takes more, gentlemen, than just to talk about and academically describe needs to get things in place and create jobs.

You all recognized that when you said you have to attack it from the private inducement area, and you have to bridge up local tax bases in putting those resources in place. And, above all, you have to get the basic planning and the basic leadership pooled to get their shoulders to that wheel and get the job done.

There is one other point. We heard some discussion this morning about whether EDA activities were going to be included in special revenue sharing.

You will notice that the President's message does not include rural revenue sharing.

Now, under earlier discussions, the EDA programs would be incorporated in rural revenue sharing, and not incorporated in the community development revenue sharing that is now being discussed, I know of no plans and I have heard no discussion of a rural revenue sharing bill being requested this year.

As a result, if the key points of your wisdom are lost out in the Government shuffle that is now taking place, then I feel we will not have an effective rural development program in our depressed areas.

Mr. JONES. Thank you very much.

Mr. HAGERSTRAND. Mr. Chairman, we present our case.

Mr. JONES. One of the most exciting projects that is now in progress is the development of the Arkansas River.

Recently, Joseph Craft wrote an article that appeared in newspapers throughout the country in which he described his adventures in going through the Arkansas River area. And he made the observation that there was a growing population—increase of population within the Arkansas Basin.

I wonder what the planning agencies are doing to make demographic studies relating to potential economic developments and resources that would be comparable to the development of the river itself.

Mr. WATKINS. As the staff member for that area, I remember your trip there, sir, very well, and I think you helped us an awful lot in bringing to bear on the people a realization that the basic resources are now in place.

What are you going to go to from here?

Mr. JONES. That is the question.

Mr. WATKINS. That is right.

And at that time they went to work, and since that time there have been county committees working on the direction of where each county should go.

There have been district committees working on which way the district should go, and if you will remember, our district extends from Fort Smith to Tulsa, almost everything except the Port of Catoosa on the Arkansas River is included in it.

There have been approximately 700 people involved on almost a monthly basis, trying to decide what is in the best interest of that area, and what is going to be required to make maximum use of public and private resources.

Now, I am happy to say that on the last Thursday of last month the Eastern Oklahoma Development District adopted a comprehensive

plan after going through all the process of determining what the population projections there are going to be, and what type of—if you remember, we were doing studies on the industrial parks on the Arkansas at that time—what type of public investment had to be made in those parks, what type of public investments would have to be made by our communities in order to facilitate the full meeting of those needs in the year 2000.

Mr. JONES. Does that planning take into consideration the development of quality communities in all their aspects?

Mr. WATKINS. Very much so, sir.

That is one of the things that they discussed, what are the land use criterias for us to preserve—

Mr. JONES. Are you making zoning ordinances and laws?

Mr. WATKINS. Each county made that recommendation to the county commissioners.

Mr. JONES. Are you also taking into account the health requirements, educational requirements, and all of the public institutions that will be required to develop a sound and useful community?

Mr. WATKINS. Yes, sir; and I would like, if we have time, for our board members to respond to that. Mr. Hagerstrand is past chairman of the district.

Mr. Perry Wheeler, the mayor of Sallisaw is here with us, and is the present chairman of our district.

Mr. JONES. Mr. Watkins, why do you not invite the committee to come to see you again, and we will see what you are doing?

Mr. HAGERSTRAND. We will take that in hand immediately, Mr. Chairman.

Mr. JONES. Do not make it too formal.

Mr. WATKINS. I think you will find that eastern Oklahoma hospitality extends an invitation to this group at all times, sir.

Mr. JONES. Any further questions?

Mr. CLAUSEN. I do not know if I have any other questions.

I wanted not only to acknowledge the presence of you all before the committee, but also to welcome what I considered to be not only an old friend, but one of the most dedicated and articulate spokesmen for the program, Mr. Watkins, of whom I have had the privilege of working with.

He certainly is dedication and sincerity, personified, and I want to make sure that is included in the record, based on the visitation I had in your area, and the kinds of information you have shared with me, and other members of the committee while we were there, and here again today, it is quite obvious, and I am sure that all members here witnessing this presentation, this man does not speak from a prepared statement, he speaks from his heart, and he knows what he is talking about, and I think it would behoove us if we could get you together with some of the people in the key policy positions of the administration.

And I am going to reserve that right, and ask, possibly, if you could stay over and see if we can get some of this sincere projection input to the people who I think are missing something here, and I would not pursue this any further, but I certainly want to welcome you and the excellent presentation that you have made, and it will be a very valuable part of the total hearing record, sir.

Mr. JONES. In the consideration of community problems we are faced with, the situation is best described by Dr. Packard in his book, "A Nation of Strangers," I think it is very pertinent to read a couple of paragraphs, because I think it describes the whole genesis of what we are considering in this bill, and how we go about it.

In the second paragraph on the first page he says:

While the footlooseness of Americans as pioneers was a source of vitality and charm, several of the new forms that the accelerating rootlessness of Americans is taking should be a cause for alarm.

Great numbers of inhabitants feel unconnected to people and places, and throughout much of the nation there is a breakdown in community living.

In fact, there is a general shattering of small group life. A number of forces are promoting social fragmentation. We are confronted with a society that is coming apart at the seams, and in the process we appear to be breeding a legacy of coldness in many of the coming generations.

That is a phenomena, I think, that is well taken, and certainly it goes to the roots of our social structure, our whole fashion of life, and consequently, I think that we are dealing with such a profound subject that we have got to take into account all aspects of community and family life, to try to make America a more magnificent, static, and stable community.

So thank you for your appearance here today, and——

Mr. Milford.

Mr. MILFORD. Thank you, Mr. Chairman.

Mr. Hagerstrand, if you will excuse me, I am a new member on this committee, and I may not understand some of these things.

First, I really appreciate your testimony and your input very much.

Mr. HAGERSTRAND. Thank you.

Mr. MILFORD. I would like to share with you a problem about which I personally have very strong feelings.

If I have understood your testimony, your organization, the National Association of Regional Councils, is asking this committee to continue EDA, and also you have petitioned the President to release the impounded funds for programs, and you are asking for a 1-year extension.

Is this essentially correct?

Mr. HAGERSTRAND. We are asking for a 1-year extension of EDA.

Of course, the preference would be for the continuation of EDA, or its function, whatever you want to call it, the extension of the EDA programs for 1 year, to permit an orderly transition from one system to another, from a different system of funding from different guidelines, and so on.

Mr. MILFORD. All right.

Setting aside for the moment the merits of EDA, I would like to address my questions, if I could, to one fact of life that I feel myself, and this committee must face.

There are other pending programs that are worthy of action.

The problem I am concerned with is the willingness of this country to support these programs, regardless of how important they might be.

This year, for example, I am told that we have a deficit of \$25 billion. According to my research, and the Congressional Library research, if we were to vote a surtax, just to pay that \$25 billion, it

would mean a 16-percent increase in individual and corporate income taxes.

Many of us here are concerned with these huge deficits that we are imposing on our children, and many other people, and that if we vote for the grant, we should also levy the tax it would require to pay for the program.

My question is, is your organization prepared to go on record as being in favor of the necessary increase in taxes that it would take to pay for the programs?

Mr. HAGERSTRAND. Mr. Chairman, I could not commit the association on that particular point. However, I would point out that we are all concerned with this Federal deficit.

We are all concerned with ceilings on Federal spending, and I think all of us are supportive of the general idea of putting a ceiling on just exactly where do we go from here, and this type of thing.

However, this particular program which has been continued over the years has had a tremendous investment effect so we are not talking just strictly about a grant program. The grant might be terminology, but we are talking about investing money in planning which will, in turn, enhance not only the living aspect but also the economic development aspect.

We are not talking about a grant—just a giveaway proposition at all. We are talking about investment, and it takes money to make investments. We understand this. But, as far as committing the association to support an increase in taxes, I could not, and I doubt seriously if anybody could do this.

Mr. MILFORD. Thank you very much.

Mr. JONES. Do you have a question, Mr. Taylor?

Mr. TAYLOR. Mr. Chairman, I would just like to welcome this group before the committee and to thank them for their testimony, especially to my constituent, Mr. Whitlock. I know quite well of his concern and of his dedication involving his work in the concept of self-help portion of this program. And I would like to add my appreciation to these—

Mr. JONES. He has already announced that—

Mr. TAYLOR. He is not running.

Mr. JONES. He hinted that he would not be a candidate against you, Mr. Taylor. [Laughter.]

Mr. HAMMERSCHMIDT.

Mr. HAMMERSCHMIDT. Mr. Chairman, I thank these gentlemen.

I recognize all of them as experts in their field.

Mr. Hagerstrand was among the early pioneers for county economic development, and I know Mr. Watkins, too, and, in fact, all of these witnesses are very valuable to the problem we are discussing today.

It is possible that Congress will not win this fight in trying to get the administration to understand what the Economic Development Administration is. Should that happen, and rural development is the way we go would you not agree that it would really be shortsighted if they do not recognize the fact that here in being you have 120 very viable, well-staffed planning districts. They sort of transcend all of the other type planning, such as HUD and Transportation, and LEAA, et cetera. You are involved with all of these other agencies,

but you have no vested interest necessarily in them. While you are here, I want to make that point and see if you want to comment.

Mr. HAGERSTRAND. Representative Hammerschmidt, we are involved.

In our particular district, and not all districts have the same complexity, but in my district we are concerned with other programs. We are concerned with LEAA. We are concerned with the comprehensive health plan. We have a whole range of these activities brought together under the umbrella agency, where these agencies, under their boards of directors, consider these problems on a broad scale regional basis. And the EDD's have been, in our particular area, the heart and soul of this particular movement. And this funding is the heart and soul of the EDD and so, therefore, we feel that there has got to be some sort of consistent transition so that we can pick up these other programs under the proposed planning and so on. And, therefore, we think that EDA, as an agency which has supported this kind of multi-purpose jurisdiction, if you want to call it that—and I hate to use the word “jurisdiction,” because this implies a level of supervision that really is not true, but this type of regional approach to the solution of common problems, EDA has been the granddaddy, as it were, of this approach.

And we are supportive of this program until the transition can be made.

Mr. JONES. Are there further questions?

[No response.]

Mr. JONES. Gentlemen, we are certainly grateful to you and we appreciate your enthusiasm for the program. And I am quite sure that it has generated sympathy and understanding for your proposal.

Mr. HAGERSTRAND. Thank you, Mr. Chairman.

We appreciate the privilege of appearing before you as an association.

Mr. JONES. We have next our distinguished mayor, Bobby Davis, mayor of Fort Deposit, Ala.

He is president of the South Central Alabama Development Commission at Montgomery.

Off the record.

[Discussion off the record.]

Mr. JONES. On the record.

We are happy to have you here, mayor, and you may proceed as you wish.

STATEMENT OF HON. BOBBY A. DAVIS, MAYOR, CITY OF FORT DEPOSIT, ALA., AND PRESIDENT, SOUTH CENTRAL ALABAMA DEVELOPMENT COMMISSION, MONTGOMERY, ALA.

Mr. DAVIS. Thank you, Mr. Chairman.

I want to say it is a great honor for me to be here as a small town mayor to express my views on EDA, and especially it is a proud day when the committee is chaired by a gentleman that we hold in high regard in the State of Alabama for his long and fine service.

I will be brief.

Mr. JONES. Now, brevity is not always a virtue.

Mr. DAVIS. Maybe today it will be.

Economic development is a relatively new field in the South but, out of necessity, it is a vital field.

Small communities, such as our district, is made up or are singularly unequipped and underfinanced to accomplish economic development without Federal and/or State assistance.

We have turned to and have been assisted greatly by the EDA. The record is that the assistance provided by EDA has been uniquely successful in promoting such economic development.

In our case we have turned to EDA, and we certainly have not failed.

All too often, the success of a program is measured by the amount of money spent each year, or by well-prepared reports which say what one wants to hear. This is not the case with EDA.

Other agencies that we as local officials have worked with have such a complex process of administration that the original goals are sometimes obscured. This creates an attitude on the part of the most local governments that we must reshape our communities to fit the prevailing guidelines in order to be awarded Federal assistance.

In most all cases, this is done with little forethought as to the end results. Sometimes, the end results of these programs create greater liabilities than was the original problem.

This is not the case with EDA.

EDA now gives assistance to some 135 multicounty districts such as ours. The multicounty district concept—through EDA—has provided an orderly plan and process for economic development that could not be accomplished individually.

The multicounty district concept, which EDA has developed, has completely broken down barriers between counties and municipalities that have existed detrimentally for years.

Now, gentlemen, right here is worth all the money you have spent in breaking down conflicts between county governments and towns, and getting us to work together. And you have done this.

Plans developed by these organizations are regionwide and take into consideration the needs of all people and not just a small segment of the population in a certain area.

Not only have local governments, through these districts, approached the development of their region with the idea of new jobs, but have developed programs which will have a long-range effect, such as comprehensive land use planning, health planning, law enforcement planning, and recreational planning and development.

Without the EDA district concept, these programs would still be in the talking stages and no material gain would have been realized in any region.

The success of EDA cannot be measured by the district program alone, the number of projects it has approved, or the number of dollars spent.

The real measure of EDA's value is what happens in the community after a project is completed, and here is where I want to talk about my own town.

Prior to 1969, Fort Deposit had long been plagued with an inadequate and mineral laden water supply.

The health department did not fuss at us all for not sending in water quality standards because it would not have passed if it was sent in anyway.

The water was of poor quality and unsatisfactory for consumption.

The governing body was aware of this condition, but was unable to do anything about it. Efforts to attract industry met with failure and very little residential growth occurred.

Economic conditions were such that we were experiencing local business failures and a general exodus of population dated back to 1900. All this was because of the water situation.

With the approval of a water and sewer grant from EDA in December 1969, the citizens of the community were triggered into action to promote economic growth to reverse the existing trends.

Through local efforts an airport was constructed; two development corporations were formed; streets were built, rebuilt and improved—then a search for industry began.

Two industries have been located here employing some 75 people, 60 percent of which were low-income minority people. The EDA water and sewer project being the catalyst, one business which was seeking to locate in another town elected to stay in town and expand its operation resulting in an increase of 224 new jobs.

Another industry, with the availability of a quantity of quality water, expanded operations and provided 75 additional jobs.

Increased employment in downtown businesses because of this activity ran to approximately 40 more jobs. (Total new jobs—415. The EDA water and sewer program being totally responsible.)

Commercial development costing \$800,000 has taken place in Fort Deposit since the water and sewer project was initiated. Customer bank deposits have increased \$3.2 million. Retail outlets increased by five.

The town's revenues have advanced from \$58,000 in 1969 to \$142,000 in 1972.

The population slide has been reversed from a projected 5 percent loss to a 7 percent gain, or a total of 12 percent.

A change for the better in economic outlook prompted residential construction totaling 53 new homes, and marked improvement on several more.

The chamber of commerce is presently sponsoring a rejuvenation of store fronts, sidewalks, et cetera, with commitment by store owners to finance the project.

All progress cited is either directly or indirectly a result of the EDA-financed water and sewer project.

Other success stories in our district include the development of the EDA Gunter Industrial Park in Montgomery. The EDA Industrial Park in Montgomery is less than a year and a half old.

Now, just maybe a little over a year and a half old.

EDA put in some \$350,000 for sewer and water installations for this industrial park, and before it was completed, Thermal Components Co. located its plant there under an EDA business loan.

Presently, there are six new industries in the park with a capital investment of \$14.3 million providing 1,110 new jobs. The EDA water and sewer grant, totaling \$350,000, opened up this sizable development.

In Greenville, Ala., as a result of an EDA water and sewer project, two new industries located, providing 350 jobs.

Other EDA projects similar to these cited are causing the same progress in our district.

In reviewing other multicounty districts in our locale, we find this trend to be true. Information provided to us by the Southeast Alabama Regional Planning and Development Commission shows that an EDA water and sewer project in Eufaula, Ala. (population, approximately 10,000) has accounted for nine new industries and 1,100 new jobs.

In Geneva, Ala. (population 4,500), as a result of an EDA storm sewer project, industrial expansion is underway with 600 estimated jobs to be available.

In the two districts in Alabama, over 4,000 new jobs have been created as a result of EDA projects.

I am sure that in addition to the concrete examples cited, many other benefits have come about as a result of EDA assistance.

I would like to suggest that in your search for a vehicle to handle the Rural Development Act of 1972, that there is no better agency than EDA. An agency already in existence, entrenched and trusted by local governments.

Being very close to the grassroots of America in local government, and knowing the actual success of EDA from firsthand experience, I strongly urge favorable action on the legislation extending the Economic Development Administration.

Rural America has come to depend on EDA as an agency that helps local communities to help themselves. The multidistrict concept, which EDA sponsored, is still in its infancy, and the benefits received from this program have vastly exceeded any previous development program employed to update rural America.

The seed moneys employed in assisting these rural areas have been returned to the taxpayers many times over in view of the permanent jobs developed and the reduction in the welfare rolls.

Few, if any, other programs have been as successful in attacking the problems of rural America in helping stem the outmigration of the greatest asset that any region has, its people.

Gentlemen, I appreciate your patience.

Mr. JONES. Thank you very much, Mr. Davis.

What are you asking for is, as I understand it, a directed verdict.

Mr. DAVIS. Yes, sir. [Laughter.]

Certainly we would like to extend EDA and have EDA as a permanent agency.

Mr. JONES. Well, you have been most convincing, and an excellent witness. I might say that I did not expect any less though.

Mr. DAVIS. Thank you, sir.

Mr. JONES. The subcommittee will stand in recess until 2 p.m.

(Whereupon, at 12:20 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

(Whereupon, at 2:45 p.m., the Subcommittee on Economic Development resumed, Hon. Robert E. Jones, chairman, presiding)

Mr. JONES. The subcommittee will be in order.

I certainly want to apologize for the delay. Of course, there is no way that we can possibly avoid it. When those bells ring, you have to respond. Otherwise, the people from your area will think you have lost interest in your task.

Our first witness this afternoon is Mr. Benjamin Chinitz, professor of economics and urban studies, at Brown University, Providence, R.I. Dr. Chinitz, we are glad to have you with us this afternoon.

**STATEMENT OF BENJAMIN CHINITZ, PROFESSOR OF ECONOMICS
AND URBAN STUDIES, BROWN UNIVERSITY, PROVIDENCE, R.I.**

Dr. CHINITZ. Thank you, Congressman Jones. I am happy to be here. This is an occasion for which I have been preparing myself for 10 years, you might say, and I would like to begin by reviewing some personal history, because it is so heavily intertwined with the history of this program.

After receiving my degree in economics from Harvard, I went to work for the New York metropolitan region study. This was a 3-year project to identify the forces shaping the economic development of that region and to project its future growth. This was my apprenticeship in the emerging field of urban and regional economics.

In 1959 I went to Pittsburgh, where I gained considerable insight into the phenomenon and problems of regional economic distress. The rate of unemployment in Pittsburgh was sharply above the national average in the late fifties and early sixties and it was precisely this kind of anemic regional economic situation which sparked congressional interest in some kind of Federal program to assist distressed areas.

President Kennedy signed the bill creating ARA about the middle of our study, and we naturally watched the emerging program with great interest.

In the fall of 1962 I was invited to Washington—in the midst of the Cuban missile crisis—by the Administrator of ARA to participate in a panel review of his policies and problems. I was then serving as chairman of the economics department of the University of Pittsburgh.

In May of 1963 I was asked by ARA to serve with my colleagues as the research arm of the Commission appointed by President Kennedy to develop a special program for the Appalachian region. We worked closely with the Commission right up to the passage of the Appalachian Regional Development Act in the Johnson administration, and one of our key people actually joined the staff of the permanent Commission.

In August of 1965, shortly after I returned from a visit to the University of Glasgow, I was asked to come down and see Mr. Eugene Foley, President Johnson's choice to be the first Assistant Secretary of the Economic Development Administration, created by the Public Works and Economic Development Act of 1965. I came to advise, but stayed to serve with Mr. Foley as his deputy until October 1966.

I learned a lot about how the Government works and tried very hard to contribute my energy and knowledge to the formulation and management of sound programs. I got to see the problem in the field. I visited with State and local officials, and planning officials, and I tried with Mr. Foley to pick the best brains in the country for ideas and suggestions.

Since leaving EDA and returning to the campus—I have been at Brown since 1967—I have kept in touch with the agency and its senior staff. I organized a group of experts to advise EDA on research and policy.

In April of 1970, I sat next to Mr. Podesta, who was then Assistant Secretary for EDA, in the Cabinet room, at a meeting organized by Mr. Moynihan, and looking the President straight in the eye, I argued as best I could for an EDA role in the overall national growth strategy. Apparently I failed to convince him. Recently, I have worked with the EDA research staff to compile the findings of 6 years of research funded by EDA.

I give you this history at the risk of being tagged as a biased witness, because it is important that you know as well that I have been involved on every side of this operation—at the Federal and local levels, with the bureaucrats, the planners, the consultants, and the academics. This bias of familiarity is one which can cut both ways, but the judgment which emerges from such familiarity ought to be preferred to the objectivity of the casual and uninformed observer.

I can criticize EDA, and I have in my writings, as well as anyone. The goals are sometimes ambiguous, the tools are imperfect, the administration of the program is sometimes clumsy, and the state of the art is hardly up to the challenge. But the problem is real and it won't go away if we stop trying to deal with it.

In the early 1960's there was a lot of debate among economists as to whether regional economic distress was strictly a consequence of a sluggish national economy or reflected more fundamental structural problems. The issue was resolved in the mid-sixties, when after the most sustained period of rapid national expansion capped by the escalation of the Vietnam war, there was still hundreds of local areas which registered very high rates of unemployment and/or very low levels of median family income. The balloon was fully inflated and the blemishes were clearly visible.

But then there were those who argued that you shouldn't try to help these areas with economic development programs, but you should deal instead with the victims of this distress by direct transfers of cash and the provision of social services. You should seek "people" prosperity and not "place" prosperity.

I remember vividly how my fellow intellectuals at OEO treated me with sympathy, because while they were involved with people—and you couldn't go wrong that way—I was stuck with a place program which could involve pouring money down a rat hole.

That debate was also resolved by experience. Both sides moved closer to each other. EDA tried to target its projects more carefully to the victims of regional distress, and lo and behold, OEO came around to the view that maybe the environment in which the poor lived needed some attention, not just the poor themselves, and that maybe economic development would contribute to a healthy environment. They finally saw the merit of the strategy which is implied in the very title of their organization, "economic opportunity," the creation of jobs for the poor and unemployed.

Within the family, so to speak, there has been an ongoing reexamination of the basic philosophy and strategy of regional development programs. ARA began by defining the county or the local labor market as an appropriate geographic unit for defining the problem as well as administering the solution. Under EDA, the conception changed. You still wanted to define the problem on that basis, but you wanted more flexibility in administering the solution. So the

multicounty districts and the multistate regions emerged as new frameworks within which to formulate solutions.

ARA emphasized the business loan and tied the public works grant to the visible industrial prospect—the so-called “bird-in-hand” approach.

EDA took a much more fundamental and longer run approach, by justifying public works grants as prerequisites to industrial developments.

ARA made very modest commitments to technical assistance and research, while EDA has evolved in a period in which the perception has grown that we need a far greater investment in research and planning to cope with regional development problems and to coordinate the much larger volume of public investment by all levels of government and all kinds of agencies at every level of government.

All this can be viewed as a hopeless process of trial and error which has not lead to any solid progress in solving our problems. But that's a judgment that comes easy if one is philosophically committed to laissez-faire and dedicated to the proposition that the government which governs least governs best. Furthermore, it is a judgment that is not applied with equal fervor to all government activities.

Let me be blunt. The successes of EDA programs and projects cannot by their very nature be as spectacular as the failures of foreign policy in Vietnam. EDA has been operating with very modest annual budgets. The total cumulative expenditures of ARA and EDA, over a 10-year period, would have barely financed 1 month of the Vietnam war, or 1 year of the space program. And EDA has been active in hundreds of distressed areas around the country. You cannot gain a sense of the impact of EDA by global measures. EDA expenditures have been like pebbles thrown into a pond into which boulders are being thrown at the same time. How do you gage ripples caused by the pebble?

You have to look at specific projects in specific communities, to discern the benefits to people and places resulting from EDA programs. Paradoxically, the behavior of the indicators of unemployment and income which qualify the areas for EDA assistance does not provide a clue as to the effectiveness of EDA programs. You can't evaluate EDA the way you do monetary and fiscal policy. Fiscal policy which doesn't reduce national unemployment is a failure. If EDA does not reduce unemployment rates, it cannot be judged a failure.

When you look at EDA project by project, you find solid evidence of accomplishments, new jobs have been created, unemployed people have been put to work, incomes have been increased, essential facilities have been provided, energetic local development efforts have been fostered.

Of course you can find failures. But if we were to eliminate all programs which fail some of the time, we wouldn't have any programs, except those which succeed by definition, like social security, for example, where the object is to give people money and, if you have given people money, no other criterion of success is necessary or relevant.

We should not allow the EDA program to expire. We speak of programs and agencies which persist despite the fact that the problems they were designed to deal with are no longer with us. This is hardly the case with EDA.

The challenge to EDA is in some respects even greater today than it was in 1961, when ARA was established, or in 1965 when EDA was established. We used to view the problem of distressed areas and regions narrowly in terms of bringing relief and encouragement to people in communities.

This is reason enough. But we now have an added rationale: To provide real viable alternatives to the further polarization of population in large metropolitan areas.

The growth center approach, which has gained momentum in EDA's overall strategy, provides a real potential for achieving this goal. Paradoxically, just when we are beginning to attach even greater significance to EDA's mission, we are on the verge of abandoning it.

I have no patience with a posture which calls for condoning huge failures and dismissing small successes, which zeroes in on a program which accounts for one-tenth of 1 percent of the Federal budget, and looks the other way when much larger sums are involved, which reaches negative global conclusions about programs because of the painful drudgery involved in identifying a large number of positive but small results.

I endorse H.R. 2246 and urge its passage in the Congress and its approval by the President.

Thank you.

Mr. JONES. Thank you very much.

Mr. Blatnik?

The CHAIRMAN. Mr. Chairman, I have no real questions, but I am certainly very much impressed with the statement from one who is a part of the early days of this program. I recall very well when Gene Foley became the first Administrator, we sort of learned by trial and error at that time, from the simple one-shot community facilities bill passed under the late President Kennedy in 1961.

You are objective and knowledgeable, and you know the realities of the problems and the programs. This program has been oversimplified, and worse than that, it has been confused with other programs like the poverty program, or the emergency employment program. It should be able to work better than it has. But it's still a good program.

We're dealing actually with developing the economic opportunities and enhancing the capabilities of communities to maintain existing industry, and to be in a better position to attract in new industries. And suddenly, what was a little germ of an idea years ago, I think is going to be a bigger national issue than pollution.

But people cause pollution, and when you have a lopsided concentration and maldistribution of people, not only haphazard but pathological, in which people are piled on themselves into huge metropolitan sprawls, and they spread out and pile upward, they do so only because the other areas that they have left haven't given them the economic opportunity they need to stay there. I think you state, don't you, that the idea was to encourage the growth center approach, to encourage people to stay where they are?

This is the problem of the rural and semirural areas. Would you agree with me, that this problem is not separate and distinct and unrelated from the problem of the urban problems, the slums, the degradation, the pollution in every form, crime, substandard schools. There are two interrelated variables, aren't they?

Dr. CHINITZ. That's right, Congressman.

The CHAIRMAN. And you're taking from one part and dumping it on top of the other, where they already don't have the facilities needed to take care of what they already have in these large metropolitan sprawls.

But the people are pouring in ever faster, and the new facilities can't keep up with them. So it's an endless race in the cities. It's like a dog chasing his tail in a circle; around and around he goes, where it stops, nobody knows.

You get to a point of no return, like in the city of New York, with its massive problems. The Congresswoman from that city is right in the middle of it, and the problems are almost insurmountable.

I like your approach to EDA. EDA can be criticized; it does have problems. We would welcome any recommendation that this administration has to improve it. We had a review on the effectiveness of the EDA, did we not, Mr. Chairman, and said that wherever there was deadwood, we would cut it out? But we don't mean, when you cut out deadwood, that you cut down the whole tree. In this case you're cutting the whole forest, I don't know what the administration can substitute for it.

The problem is in these depressed areas, and those people are going to stay there, go on welfare and relief, and we have greater public outlay, both State and Federal.

You stated that the amount of money for this program is so small. That's true. But we're now being told by this administration, "because you haven't done well enough, therefore, you've got to have nothing."

I recall when the water pollution bill was started, long before ARA, in 1956, by this committee, with a nonpartisan objective of solving the problem of water pollution, coming at us like a tidal wave. You didn't need computers to tell you in 1956 what the problem with water was going to be in 1975 and 1980.

And yet for the life of us, we couldn't find one single person—and it wasn't a partisan matter at all at that time—willing to dislodge himself from the notion that water pollution was essentially a local matter and a health matter. That is why water pollution was one of several functions of the community services program, one of several functions, way down about the seventh level in the Surgeon General's office.

I was personally told by the then chairman of the Rules Committee that the Federal Government had no business getting into the toilet problem. It's on the record; that we had no business in getting into the toilet problem. Well, they could mimic or be cynical or try to ridicule the program all they wanted; we now know just how large and serious the problem grew to be. So the same thing is happening now on an even larger scale. It's a lopsided maldistribution of people, and it is going to cause problems and create expenditures at every level of government, and for private industry.

Getting back to water pollution, we started off with a \$100 million a year, and then we were cut down to \$50 million a year. That's the kind of angleworm mentality that existed at that time. I'm not trying to ridicule any individual, but that's the kind of lack of understanding, the kind of nonconcept they had of what was ahead of us. They could not see 25 years ahead.

I state now, as I stated back in 1958—and it got about three-quarters of an inch of space in the Minneapolis papers—that water pollution at the end of the sixties would be worse than it was in 1960. And that's exactly true.

I say now, as I have said hundreds of times, that with continuing imbalance of population piling up on 3 or 4 percent of our land area, we're going to have one enormous problem. The problem is already there and it's not diminishing; it's increasing. It's measurable and it's predictable.

So I think it behooves us, at least on a limited basis, to have EDA encourage people to stay where they are and reduce the outflow, the outmigration, at least as much as we can, and learn from it on how to further improve the so-called quality of life, maybe model cities or satellite cities.

But the meat of the problem is just to help people earn a living, to live where they are now, where they want to stay where the quality of life is good and the atmosphere is good. That's the sole objective of this program.

I didn't mean to make such a long speech, Mr. Chairman, but I do commend the gentleman for his special effort to be here and to give us what I think is only a very small part of the great amount he knows. We may be calling on you for more detailed information and elaboration on any improvements we can make in the program.

I commend you for coming here. Thank you, Mr. Chairman.

Mr. JONES. Mr. Harsha?

Mr. HARSHA. Thank you, Mr. Chairman. I don't have any questions, but I want to commend the doctor for what I thought was an excellent statement, very analytical. You have given us very logical and feasible arguments to respond to those critics of the program.

Thank you very much.

Mr. JONES. Doctor, we have had various estimates, that probably in 1990 we would require an expenditure of approximately \$629 billion to accommodate all of our transportation systems.

Now, I assume that those projections were made on the assumption that we are still going to be strangers in America, that we're going to be so totally mobile that we will have a continuation of the enormous demographic problems that we are now wrestling with.

Are you of the opinion that if we were to continue EDA, it would arrest some of that mobility?

Dr. CHINITZ. I have no doubt about that. How much, of course, would depend upon how much of a program you had, and to what extent within the framework of a program you could give special emphasis to this notion of favoring growth centers, while not neglecting the rural areas all together, but to provide intermediate points of opportunity so that if someone leaves the rural area in one region of the country, he doesn't have to go all the way to the big metropolitan area to find a job.

Mr. JONES. Do you think EDA will function in that direction?

Dr. CHINITZ. I think it has evolved in that direction, which is one of the points I tried to make in my statement; that if you trace the history—and I tried to do it very quickly here—you will find an evolution of thinking both in the legislation and in the administration of

the act, towards the notion of trying to concentrate assistance in such a way as to achieve greater success in holding the population.

Mr. JONES. It takes a variety of opportunities for people to do that.

Dr. CHINITZ. Yes, sir. We do have to be realistic about the pull of large centers. I mean, all we have to do is reflect on our own behavior, and on our own preferences.

Let me add another point in that connection, which people may not be sensitive to, the fact that more women are participating in the labor force—I mean, it's right over there on that chart.

I was taken aback by the figure, even though I deal with these figures all the time, that the labor force is 55 percent male and 45 percent female. That's not too far from 50-50.

Now, when two, when a man and a woman from the same family are looking for employment opportunities, that even accentuates the drive toward larger places. Because if you think of each one of them finding an opportunity, and then the prospect of an interesting change in job, without having to migrate or relocate, that creates a further pressure to favor larger places, you see.

Mr. JONES. You're an educator, so how could EDA be a principal in the educational opportunities?

Dr. CHINITZ. That's a large question. Off the top of my head, I would put considerable emphasis on the role of counseling and vocational guidance.

It seems to me, even from where I sit, in a sort of medium-sized urban area, at a good university, there are a large number of students, or a large percentage of the student body—and incidentally, just on a personal note, I brought my own gallery. I have three or four back there right now.

A large number of students really don't have a very clear picture of what's ahead and what the range of opportunity is like for them in the labor force, and they need a lot of help.

Mr. CLAUSEN. Mr. Chairman?

Mr. JONES. Yes.

Mr. CLAUSEN. The professor has indicated he has brought some of his students with him. It might be an appropriate time to have a response from them directly. I'm very serious about this. I would invite any one of them to come up and tell us—

Mr. JONES. I appreciate that. I wish we could entertain them, but we have several other witnesses that are here, and we have obligated ourselves to hear them.

If after we have had all the scheduled witnesses we have time, then we would be glad to entertain—

Mr. CLAUSEN. At least as a minimum I would ask, Mr. Chairman, that it would be an excellent experiment and have them permitted to insert a statement, consistent with your line of questioning, and include it immediately following the testimony of this gentleman.

Mr. JONES. Well, the Chair will always receive, for a unanimous consent request, the statements of any witness, if it is properly identified and relevant to the discussion.

Dr. CHINITZ. May I point out they are former students, that is, they graduated from Brown University and they are now hard at work in various institutes in Washington on problems of Federal policy. I am quite proud of the fact that they were—

Mr. CLAUSEN. I'll leave it to your own discretion, but I was just going to give them a chance to have some input.

Mr. JONES. You obviously have a vast knowledge of the subject. Right now I don't have any more problems or questions. I think the witnesses we have heard in this area have probably been—have been—the finest witnesses. They were direct and well informed, and they have contributed much to our inquiries and the things we have sought to learn. That's the purpose of our meetings, to have full and complete discussions with the people who are knowledgeable and experienced and who are wise in this subject.

I think there is no doubt that we have got a record, Mr. Clausen, that will be one of the best we have accumulated over the years.

Do you find in the university, or in the academic centers, an awareness of their requirements and their participation in these various Federal programs, that they either administer or do something about?

Dr. CHINITZ. I think there is definitely a trend in that direction. And speaking immodestly, I think it is encouraged by people like myself, who have been in Washington for at least a short term with the Government, and have come back with a realistic sense of the great problems the Government has to deal with, with the conviction that in the final analysis we are only going to deal with those problems—or let's put it a negative way, we will not solve the problems by trying to work without Government.

Mr. JONES. Do you sense that your student body feels a sense of neglect and that they're not participants?

Dr. CHINITZ. Yes; that's definitely the case. As a matter of fact, more and more students are taking time off from their regular studies to be involved, whether it be in the local community or in Washington.

Mr. JONES. Do they sense the continuity of government from the local level to the Federal level?

Dr. CHINITZ. I don't think they see that too clearly. But again, that is something we're trying to get through to them. We are trying to expose them to government.

I have been using an analogy back home, which is rather extreme, but I say to social scientists and people like ourselves the government ought to be what the hospital is to medical schools. In other words, while we're studying and trying to equip ourselves to deal with problems, we ought to be working with the real thing out there in the field.

Mr. JONES. Sometimes I feel that the people at home feel like Washington, the Federal Government, is becoming more foreign and more distant, with a lack of response. I don't think that's true at all, and I would like to dissipate those notions. Certainly it's not a wholesome situation.

Dr. CHINITZ. As I said in my statement, what gives rise to those impressions is really the reluctance of people to get down to details; that is, to look at programs and projects in the actual living context. As long as they just read about programs in general—

Mr. JONES. Do you sense in the students an understanding of the growing complexities of legislation? There is no such thing as a piece of legislation now that isn't complex.

Dr. CHINITZ. I think they have an increasing awareness of the realities of government.

Mr. JONES. I hope you're correct. I can recall, when Ms. Abzug first came here, we had a flood control bill. We considered flood control and navigation and the generation of hydroelectric power. And now we sit here and consider a project and take into consideration all of the items that I have just enumerated, but we go into augmentation, we go into water quality, into what will the municipality use, and industrial possession. Then we go into how it's going to be accommodated, not to violate the environment or wildlife. Refuse, recreation, all those potentials that we didn't consider 15 years ago. All of those become economic factors.

So I am quite sure that the observation I have made goes through every part of congressional considerations. So I hope that people in our universities and colleges and even in high school, are able to come to understand that this thing we're dealing with is not a simple proposition any more.

Dr. CHINITZ. I would love to expound further, but I'm sympathetic with your time pressures.

Mr. JONES. Ms. Abzug?

Ms. ABZUG. I would like to thank you for your presentation. All of us have been sitting in this committee and listening to the testimony of witnesses, most of whom appear to disagree with eliminating this program. A number of arguments have been advanced as to why the program should be eliminated.

One is that it is inflationary, another is that it really hasn't solved unemployment, or an imbalance between employment and income, and a third is that there may be other ways. And it is said that there has been too much Federal decisionmaking, that there is no real way or place for the Economic Development Administration programs, that it's just a hope and a prayer, and so forth.

I am just wondering, to try to be fair about this, whether, you feel, for example, that a program like this is a big inflationary force? This is one question to which we have not really addressed ourselves. We also have a question of whether there is any other program to provide for integrated, long-range program planning, to handle the problem of development of the jobs in the areas.

Do you have an answer to either of these questions?

Dr. CHINITZ. I can comment on it. The inflation argument, of course, if you just look at this program—as I said, it's one-tenth of 1 percent of the budget. So, by itself, it certainly can't contribute too much to inflationary pressure.

But on the other side there is also the point that was made by a previous witness, that this program, to the extent that it succeeds, also expands the capacity to produce. In other words, it operates, as we say in economic, on the "supply" side of the equation, as well as on the "demand" side.

Initially you spend dollars, but if you create a facility that can produce goods, then you're putting goods into the stream to meet that extra money, and in that sense you're relieving some of the inflationary pressures.

As far as your second question, there are some detailed criticisms which should be taken seriously, in terms of redesigning the program. For example, some economists have advocated over the years that instead of trying to subsidize capital to a firm locating in a de-

pressed area, we should subsidize wages; that is, we should offer them a wage subsidy. That is, for each unemployed worker, whom they pay, let's say, \$3 an hour, the Government will pick up 50 cents or 75 cents.

The rationale behind that argument is that you create an incentive to put more people to work, whereas if you make capital cheaper, you might induce some manufacturers to use capital instead of labor. And while you will have an activity going, which is certainly better than not having it at all, you may not get as much "bang for the buck" in terms of jobs.

But as far as wholesale alternatives, the only one that is really offered is no program. In other words, it's likely the fellow who gives the cocktail party, and when you walk in and say, "What do you have," he says, "I have a martini or no martini." Those are the two options. It's really program or no program.

I think that we can develop, as I tried to indicate we have, within the framework of a program and an agency, that you can solve new concepts, new ideas. You can learn by trial and error, but you have to give it a chance.

We have to have long-term, unequivocal, commitments to these objectives, and stay with it. I mean we have had that kind of commitment in other areas of our national life, where we have been willing to wait many years and spend many billions to achieve certain goals.

Somehow in the domestic sector, it was only 10 years ago that we talked about the Great Society, and 10 years later we are disillusioned. I think that indicates not so much the experience of failure, but rather the lack of commitment to stay with it and to learn and to improve, to do better next time, the next time around.

Mr. JONES. Mr. Clausen?

Mr. CLAUSEN. Like the chairman, and also your response, I wish we had a lot of time to engage in an extension of this dialog that has just taken place here: Your analogy of the Government itself is something similar to the hospital and the medical profession. I think it's an interesting one.

However, I would like to make this observation, and that is, that while some of the students can learn a great deal by having exposure to Government, I would submit that not only the students but I think those of you in the academic community could well be served if you spent possibly a sabbatical in the private sector, which in our system is the "engine" that makes our entire economic and social programs advance consistent with what I think is the best productivity pattern in the world.

So I like your idea of this interchange, where you as a professor, in my judgment are not qualified to communicate to your students unless you have been out meeting the payrolls, developing the enterprises yourself. So I would like to have you convey that to your students. I just make that observation.

Dr. CHINITZ. I think that's a very fair statement.

Mr. CLAUSEN. Now, you talk about the local economic indicators, that we should be looking at local economic indicators to judge the value of the effectiveness of some of these EDA projects.

Do you recommend any specific indicators to measure economic growth and development?

Dr. CHINITZ. Well, the one I'm most fond of, because I think it is one that is in some sense more pure and more fundamental than all the

others, is income. I think if you have to define development in a simple phrase, economic development means the increase or the improvement of the average standard of living. That's what development really is all about.

Mr. CLAUSEN. Your income purchasing power, the multiplier—

Dr. CHINITZ. Right. And were it not for the issues that were raised by Mr. Blatnik earlier, about the balance of population between urban and rural areas, which I think is a real issue, were it not for that question, I would say that my goal for regional economic development programs is to have—is to reduce the disparities in income between regions in the United States and between areas, to raise those regions that have very little levels of income to a much higher level of income, and I would not be concerned about how big or how small these regions were, except for the fact that we have learned by bitter experience that there may be some real disadvantages in having too many people piled up in one small section of the country, and too few in other places. But that's just the other side of the same coin.

Aside from that, I would say the real target is to raise income.

Now, sometimes you may have to make the pie bigger in order to make the average slice bigger, but your eye should always be on the size of the average slice, not the total number.

Mr. CLAUSEN. Well, any realistic inventory of the Nation as a whole points out the simple fact of life, that there are areas, prime contributors to inflation, and then there are areas that are just chronically depressed economically, for any number of reasons.

That's where I believe this committee and this program is directing itself to.

Now, you mentioned the economic growth centers. It's rather interesting, because Mr. Jones, Mr. Blatnik, and a number of us that have been on this committee for a few years, have been trying to address ourselves to, among other things, a new criteria for the allocation of revenues, and as a consequence, we developed the economic growth center development highway as a portion of the total transportation system requirements, in addition to the public facility requirements. And so I would like to have your own evaluation of this—I mean, how do we get to these target areas that Ms. Abzug has, these serious problems of chronic unemployment—they're even more than chronic: I mean they're consistent unemployment, because of the sociological patterns in a given area that we know is unique to those areas, that came about as an outmigration in the first place.

Well, at some point we have to find out how we can get on the target, to get at the heart of those problems, where you will not have this multiplier effect of fanning the flames of inflation. I don't think they occur in those areas, but the economic growth center that you allude to here, I think this is one of the areas where there is a real potential, where we would actually develop a master plan of economic growth centers, with satellite economic growth centers, tied together with the best conceivable balanced transportation system in the more sparsely populated areas of the country in order to balance out this population pattern and in order to improve the quality of life and opportunities for economic potential.

Now, am I leaning in the right direction, in your view?

Dr. CHINITZ. Yes, sir, I think you are. I think that's definitely in the right direction.

I, and many of my colleagues in the academic world, have been wrestling with these questions and we are trying as best we can to clarify this concept and get at its details and find out more precisely how it would work and how one would design programs to make it work. But that's the direction I think that we have to move.

Mr. CLAUSEN. You indicated you were with ARA originally—

Mr. CHINITZ. EDA, the first year of EDA.

Mr. CLAUSEN. All right, fine.

Now, you have been wrestling with this for 10 years, so how long is it going to take us?

Dr. CHINITZ. My attitude to that is the same as my attitude toward our impatience with the Government processes. If you think of the scientific discoveries that have provided the foundation for a lot of the exciting things that go on in the world today, some of them took centuries to evolve.

I think there is an unfortunate tendency to address the social field in—with somewhat different standards. You know, like until today we ignored the problem. Now that we recognize it, we have to solve it tomorrow. And if we can't solve it tomorrow, we say, "Well, it can't be solved and we might as well not waste any money on it."

If you think of the most dramatic technological breakthroughs that we have made in the sciences, and trace the intellectual origins of these things, you know, it was 300 years ago that Newton sat under a tree and the apple hit him on the head, and he came up with some of the key concepts that we are now living off of in our technological society.

There haven't been too many Newtons in the social world yet. It's going to take a lot more patience, a lot more—if I may make a plug—a lot more investment in the development of that kind of person, before we're going to get those kinds of payoffs. We just haven't had that kind of breakthrough. But we haven't been at it that long.

Mr. CLAUSEN. It seems to me there are many examples—they have been presented in testimony—of what can be done with the right kind of community leadership.

I just want to submit to you that it may well be part of the problem has been too many people looking to Washington for the leadership, as opposed to the concentration of effort, as far as encouragement, and initiative, at the local level, so that the total federal system becomes responsive.

As you know—and I could spend all day talking about philosophy—but I think the real magic of the American system is that a functioning democracy at its best is nothing more than a continuing experiment. But I think there is a data collection effort and research effort that needs to be brought forth, where you simply go out and inventory the good examples, inventory the bad, and then somehow disseminate that information properly. And it should come through your own departments of the academic communities, as I see it.

Mr. JONES. Doctor, we are most grateful to you for being here, with the observations you have made. They are certainly based upon your long experience of dealing with these problems. We thank you for being here.

Dr. CHINITZ. Thank you, sir.

Mr. JONES. Yesterday I placed in the record a letter, which I thought was probably the best revelation of what has been able to be accomplished under EDA. It was written by Mr. H. A. Alexander, the mayor of Moulton, Ala., who is visiting here this afternoon.

I have known Mayor Alexander for some 40 years. I started being associated with him back in 1940, in the bond drive, prior to the commencement of World War II. So I don't know of anybody who has done more for his community, who has been more successful as a mayor, or more dedicated as a public official and citizen, than Mr. Alexander.

Stand up, Mr. Alexander.

Mr. ALEXANDER [standing]. Thank you, Congressman.

Mr. JONES. It's a pleasure to have you here, sir.

Our next witness is Mr. Thomas S. Bennett, chairman of the Neuse River Economic Development District, Morehead City, N.C.

We are certainly pleased to have you here, Mr. Bennett, and I believe you have an advocate, Mr. Mizell.

Mr. MIZELL. Thank you, Mr. Chairman.

It is a rarity when I have the privilege of presenting a personal friend and a fellow North Carolinian to what I think is one of the finest and most responsible committees in the House.

Tom is now serving as chairman of the Carteret County Commissioners, and I being a former county commissioner, can certainly appreciate his position there. He also was a former member of the State legislature, and at the time he was elected, he was the youngest State legislator to serve in the North Carolina General Assembly.

Recently he has been recognized by his colleagues for his services as county commissioner, by being nominated to serve on the State Board of North Carolina Associations of the County Commissioners.

I think this speaks well of the job that he is doing, as chairman of the Carteret County Commissioners.

As well as all of these things, and certainly still at a very young age, he is now president of the Neuse River Council of Governments, which administers an economic development district in that area.

I am sure, Mr. Chairman, that his testimony will be from the very practical experience that he has had in dealing with economic development in eastern North Carolina. So it is with a great deal of pleasure, Tom, that I present you to our committee.

Mr. BENNETT. Thank you very much, Mr. Mizell; I appreciate the sort of very flattering introduction.

STATEMENT OF THOMAS S. BENNETT, CHAIRMAN, NEUSE RIVER COUNCIL OF GOVERNMENTS, MOREHEAD CITY, N.C.; ACCOMPANIED BY ROY FOGLE, EXECUTIVE DIRECTOR, NEUSE RIVER COUNCIL OF GOVERNMENTS

Mr. BENNETT. I would like to say it is my pleasure to be here and it's even more pleasurable now when you hear somebody say something good about you, as you well know.

Mr. Chairman and members of the committee, I would like to introduce to the committee the executive director of the Neuse River Council of Governments, Mr. Roy Fogle, who is seated to my right,

in case some questions arise which might require some technical answers that only he can provide.

Mr. Chairman and members of the committee, the county commissioners are exposed quite often to many, many Federal programs designed to financially assist local governments with the implementation of much-needed public projects. The Public Works and Economic Development Act, in my opinion, is one of the most appropriate and beneficial pieces of legislation ever enacted by Congress, because it is designed to improve the livelihoods and increase the taxable incomes of the people in rural America who haven't been fortunate enough to share the economic gains experienced by some people in the more affluent areas of our Nation. Moreover, this legislation has had a marked impact on decreasing unemployment in many areas.

In addition to my responsibilities as a county commission board chairman, I am president of the Neuse River Council of Governments. Under the—

The CHAIRMAN (presiding). Mr. Bennett, would you pause for a moment?

Mr. BENNETT. Yes, sir.

The CHAIRMAN. With your impressive background, and your modesty, I hope you don't mind if I encourage you to also indicate your other governmental experience.

For example, you were the youngest member in your State legislature in North Carolina; is that not true?

Mr. BENNETT. Yes.

The CHAIRMAN. How long were you in the statehouse?

Mr. BENNETT. I served in the North Carolina House of Representatives in the sessions in 1963 and 1965.

The CHAIRMAN. Do you have any other governmental experience?

Mr. BENNETT. I was elected to the Carteret County Commission in 1968, and reelected in 1972. I have served in no other elective capacity.

The CHAIRMAN. And you're now president of the Neuse River Council of Governments?

Mr. BENNETT. Yes, sir; I was elected in January 1972, as president of the Neuse River Council of Governments.

The CHAIRMAN. Would you then please continue.

Mr. BENNETT. Yes, sir.

In addition to my responsibilities as a county commission board chairman, I am president of the Neuse River Council of Governments. Under the "umbrella" administration of our council of governments is an economic development district program. Our council of governments includes a nine-county region in the Coastal Plains of North Carolina, representing over 400,000 people.

In our nine-county region we have 59 incorporated communities, with the largest city having a population of 26,000 people. With the exception of nine municipalities who do employ a town or city manager, the remainder operate with no professional management personnel.

The governing body of our council of governments recently approved a resolution directing me, as president, to take all action and steps necessary within my ability to try to save the Public Works Act and the Economic Development Administration. This is one of the more gigantic tasks which has been assigned to me, I might add, as president of our council.

In order to go about this, I could cite any number of projects in our nine-county economic development district which were developed by local people and funded by EDA, which created more and better jobs, and more pleasurable and profitable living for the citizens of our rural area. These funded projects have been published by EDA and are already public knowledge.

I would like to say, because it is important that you know, that my county, Carteret County, until this past December was designated under the Public Works Act as an "economically distressed area" due to high unemployment. Today I am proud, as chairman of our county commission, to publicize the fact that, partly because of financial assistance from the Economic Development Administration, the economy of our particular county has been greatly improved and new jobs have been created.

These projects included over a \$10 million EDA loan to the State of North Carolina for the development of an ocean-going port facility, water and sewer facilities in several communities, and a \$1.4 million grant to construct facilities for a new county technical vocational institute.

We also received a 10-percent bonus on our technical institute project, because our county was a member of a multicounty economic development district.

We do have other counties in our economic development district which are in desperate need of the type of assistance our county was fortunate enough to receive. We still have a few communities in our county who have needs they can't cope with, even with revenue sharing.

One community that comes to mind is the town of Newport. Their waste treatment plant has been charged by the State board of health with causing pollution to the Newport River, which is one of our more fertile oyster beds. As a result, this river has been closed to our county oystermen, and has resulted in loss of personal incomes in excess of \$100,000 annually to these people, a small sum when you talk about the national budget, but a large sum when you talk about these few people.

As a county commissioner, I have really caught a lot of "flak" on this problem. The staff people of our council of governments and economic development district have assisted——

The CHAIRMAN. Mr. Bennett, excuse me for interrupting, but may we take a less-than-10-minute break. We'll be right back. We would like to vote on this rollcall.

Mr. BENNETT. OK, fine. Yes, sir.

(A short recess was taken.)

The CHAIRMAN. The Subcommittee on Economic Development of House Public Works Committee will resume its public hearings. Our witness is Thomas S. Bennett, Morehead City, N.C.

Commissioner, will you please continue?

Mr. BENNETT. The staff people of our council of governments and economic development district have assisted the local town officials in preparing an application for a grant from EDA to help solve this problem. This application was submitted 6 months ago and we are still hopeful it will be funded by EDA.

I would like to call your attention to one disturbing situation faced by our local elected officials who have been working for months on

applications to EDA. They have now been told that there is a "freeze" on project funding and that EDA cannot act on their request. These local people put a lot of work into developing these EDA eligible projects and had to confront the normal amount of bureaucratic red-tape to no avail.

Even though most would be eligible for similar funds under the Rural Development Act, they feel that such funding may be many months away.

More importantly, they don't like the idea of having to develop a completely new application package for submission to another agency and be confronted with all the delays and changes in guidelines and policy that local officials have been exposed to in the past, when a new Federal program is started.

We have four cities in excess of 10,000 population, which have been designated by EDA as "growth centers," which will not be eligible for financial assistance under rural development. This is disturbing because a majority of the new jobs created in our economic development district have been created in our growth centers.

In the last 12 months we have had a major industry locate in two of our growth centers. One plant employs close to 700 employees, the other employs over 500. We know for a fact that many of these employees come from and live in adjacent redevelopment counties. Both these industries are served by water and sewer project extensions financed in part by an EDA grant.

Let me comment on one phase of the Public Works and Economic Development Act that I find most attractive and useful, to wit: the creation of our economic development districts.

For the first time we had an organization through which local people could deal with problems and plan for solutions to those problems and discuss issues that cross political subdivision boundaries. This has been a most effective instrument for allowing us to come together and discuss our mutual and multicounty problems and to take collective action to do something about these problems.

The EDA planning grant has allowed our multicounty planning agency the financial resources to hire a small staff of professionals to assist local governments and their agencies in coping with a multiplicity of problems and issues. Individual local governments alone could not afford such a staff, if we had to bear the entire expense for such a staff.

For the record, let me cite just a few interesting figures for your benefit: In 1968, when our economic development district was created, we applied to EDA and received a \$45,000 planning grant. Our local governments matched this with \$10,600 in local cash. This fiscal year we are still receiving a \$45,000 planning grant from EDA, for our economic development district program, but our local governments are putting up \$35,000 to match the EDA planning grant.

Considering that five of the nine counties in our district program are classified as "economically distressed" counties—three counties were de-designated in December 1972—and recognizing the fact that our local government officials are pretty conservative when it comes to participation in such Federal programs, I think one would have to agree that the economic development district program and the Public Works Act is well thought of and supported in our area.

The loss of our EDA planning grant will cause our regional council to lose three very capable staff professionals and one clerical employee. We had anticipated receiving a planning grant under the Rural Development Act of 1972, which would allow us to retain these staff people who are trained in multicounty planning and economic development.

We are now told that the \$10 million requested for such planning grants to regional councils, as provided in section 111 of the Rural Development Act for regional rural development planning, is not requested or reflected in the President's budget proposals for the next fiscal year.

I would hate to see our regional planning organization lose these staff people we now have, and then in a year, a year and a half or 2 years, see the rural development planning funds come through and then start all over in recruiting planners. I sincerely hope that some sort of "transition provisions" can be provided for if the Public Works Act and EDA is terminated.

We are also aware of the legislative push for what is called community development revenue sharing. Under this program, we have only three communities who would be eligible for funds under this program. Who will the other 59 incorporated municipalities and our nine county governments look to for help? If the Public Works Act and the Economic Development Administration is not retained, we have a number of local governments who will be faced with some serious economic development situations.

I urge each of you to do all that is within your power and authority to do to keep the Public Works and Economic Development Act and retain the concept of economic development districts and district planning grants. If this program must go, it should at least be continued for 1 year to allow transition to other concepts.

That would conclude my formal remarks before the committee, Mr. Chairman, and I would like to express my thanks and appreciation for the opportunity to appear and have these remarks made a part of the record of this committee.

The CHAIRMAN. Thank you for your very welcome statement. In your experience in this field of economic development, it does take a lot of work; doesn't it? Nothing comes easy.

Mr. BENNETT. That's true.

The CHAIRMAN. A witness mentioned earlier some high-risk projects, and the point I'm trying to get at is I don't understand why the administration, instead of trying to improve this program, is geared up to replace it with less adequate methods, such as an SBA loan, where you have to have collateral.

At any rate, I have no questions. Thank you for the special effort you made to come here and make this presentation. We thank you and we need your support badly. It's not a partisan issue. We hope you can carry the word back to your colleagues and county organization, and association of mayors or association of municipalities that are interested in this. We would appreciate their expressing their point of view, either to the committee or to their own Congressman.

I'm not saying to pressure them, but we do believe it would be an awful mistake, a gross miscalculation and a great error to let this program lapse now, without at least trying to see if we can't meet some

of the objections being raised. In the meantime we have to have a 1-year extension.

Any questions, on the left or on the right?

Mr. HAMMERSCHMIDT. Mr. Bennett, I thank you for a very helpful statement to the committee.

You cite the three counties in your district, including your own, were dedesignated last December. What role has EDA played in the economic improvement of these counties that brought on their de-designation.

Mr. BENNETT. We had three counties, my home county of Carteret, and the adjoining counties of Jones and Duplin, and they have all been de-designated.

In my own county we have received funds, through EDA, for the construction of a water and sewer facility, and in the town of Emerald Isle, which has allowed people to build homes, businesses, and create generally a growth in population there, it being largely a resort area, which has created jobs and employment for people.

We have in the community of Harker's Island a water system that is being constructed there, with the assistance of an EDA grant.

And in the town of Beaufort, the same facility has been constructed there, and in the town of Beaufort we have an industry there, the Atlantic Veneer Corp., which has been able to be assisted in its operation, employs a lot of people of the lower skilled element, which has put dollars into our economy and expanded our economy.

We have also received a \$1,400,000 grant from EDA for the construction of a technical institute in Carteret County. The voters of Carteret County voted for \$500,000 to be added to that to build this building. It has gone a long way toward training the unskilled, making them skilled and making jobs available for them.

In the counties of Duplin and Jones there have been similar facilities. In Duplin County there have been at least three water and sewer facilities, the expansion of the county hospital, the expansion of the county technical institute. Also in the county of Jones, which is very significant—it's a very small county, a small population, and as a result of an EDA grant assisting in the construction of a water and sewer facility, in the little town of Maysville in that county. That county has acquired its first industry in history.

The point to be made with EDA and where it comes into play with planning ahead, is sort of the story of the "chicken and the egg," which is going to come first. Most people feel that when you've got a lot of people in an area and you start developing, that's when you start building water and sewer facilities, but you don't improve your economy, not under present day standards, until these facilities are there. And unless there are programs such as this which can render assistance to local communities, to provide for financial assistance in constructing these facilities, then we're not going to expand.

It's like a man who has got a little store. He can have all the business in the world, but if you can't get but 20 people in there, he can only do so much business in a day.

Now, you allow him to borrow money, if he goes and borrows money and can expand his facility, then he can increase his stock and he can get more people in there, and he can hire more people, and the

money cycle just continues and gets bigger. But you stop him from expanding and you've stopped growth; it's just that simple.

This is why EDA has delivered. EDA has been an agency which has produced results. And when we cite three counties that are now not classified as economically distressed areas, and we can point—and I say with a great deal of pride, because I don't like to be called economically distressed by anybody—and we can point to EDA as one of the prime reasons for this and can do so factually.

If this doesn't establish the worth and merit of this program, then as we say in Carteret County, I don't know what does.

Mr. HAMMERSCHMIDT. Just one more point—and I know our distinguished colleague, Congressman Mizell, who knows your area much better than I do, wants to pursue some questions.

You are fortunate in a way, because you still are left with two redevelopment areas, so you still have a viable economic development district. As you know, Congress put a moratorium on de-designations, because we thought it constructive to have continuity of economic planning, that if you turned it on again and then turned it off again, you lost people and you lost that continuity.

Do you think this was a wise decision for Congress to do that?

Mr. BENNETT. I think that in many areas—and I would qualify my answer by the limited knowledge I have of experiences in other areas; I don't know what they have experienced. But I think, where you have areas of poor planning and no organization to carry out that planning, that a moratorium such as this kind is absolutely necessary.

I don't think you can have the proper expansion without proper planning, and this is why our regional organizations, our council of governments, bringing together our nine counties in one area, planning together, has tried to plan properly. And we are ready to receive the benefits of programs such as EDA.

Now, if there are areas which aren't prepared, I think in this day and time, with the advent of pollution greater in scope than we could ever have possibly imagined, that we have got to plan properly if we're going to put these funds to proper use. There is no sense in wasting this money.

So while it may not be as direct an answer as you might want, I would say in some areas that would be good and in some areas it could be very detrimental.

Mr. HAMMERSCHMIDT. I think your response has helped the committee's understanding. The chair will yield to Mr. Mizell.

Mr. MIZELL. Tom, we appreciate the very practical testimony that you have presented here today, of the type of accomplishments that are possible under EDA, and your emphasis on the planning, the fact that this would have been impossible without those EDA grants.

In response to a question from Congressman Hammerschmidt, of the services and facilities provided in those three counties that were de-designated counties, I gather from your remarks that once the water and sewer systems were put in, most of the development then came from the private sector; is that correct?

Mr. BENNETT. That is correct. As I mentioned in my prepared statement, I mentioned the two instances of jobs, in one case 700 jobs and in the other case 500 jobs, as a result of EDA.

This was a textile company that constructed large plants. One was in New Bern, and the other one was in Kinston. Now, Jones County, one of the counties I mentioned, borders both of these counties, in fact. These plants could have never located in these two areas had it not been for grant assistance from EDA and the extension of water and sewer facilities.

Now, the municipalities did their share; they put up their share of the money. And EDA funds made it possible for the extension of these lines. And this is going to be paid back. This is something that's going to be paid back to the taxpayers, whether they be local, State, or Federal. So yes, EDA funds were directly responsible there for the expansion of these jobs and the improvement of the economy in these areas.

Mr. MIZELL. I notice that you also placed emphasis on the grants that come from EDA. Do you think it would have been possible to set up these multicounty districts and hire the technical assistants that you needed for planning under a local loan program?

Mr. BENNETT. Well, I don't believe we could set up the district program under a loan program. The planning funds being made available to communities on a loan program, I don't think it would work, but as we have proven by past performance, we'll certainly come forth with our share of local matching funds for these EDA planning grants.

Mr. MIZELL. But you think the grant approach that you were able to receive under EDA was the best approach for your area?

Mr. BENNETT. Yes; I definitely do.

If I might cite just one little example, of why I think the grant approach is a good one, I can carry this right on down to our local level, on our little board of commissioners down there. We don't deal with much money, but it's a lot of money as far as we are concerned.

We have some people in our county who wanted two activity buses at two high schools, that were going to cost about \$17,000 each. Well, now, we don't have that kind of money to throw around all the time, so we have gone to these schools and we have told them that as an incentive, "you raise half of this money and we'll give you half of it. We'll do our share, if you will do your share."

This is the theory behind EDA. This isn't a program which is designed to be a totally 100 percent hand out proposition. It's an incentive program.

Local communities are required to make inputs financially, and through personal resources, individual talents. And it's working for us. This works at the local level. I don't have any doubt about that. And I think it works on the Federal level.

Mr. MIZELL. Tom, you touched a little bit on what my next question was going to be.

I noticed that, as a county commissioner, and handling funds from HUD and HEW, and, of course, you receive those funds, that they have to be spent in one particular area. Do you find it successful, the flexibility under the EDA programs which gives you a chance to do the wide range of planning and use of these funds for what you think is going to make the greatest contribution in those areas?

Mr. BENNETT. Yes, I do. Under EDA funds, of course, our organization, our council of governments, actually receives funds from—I

have a list of them here. In addition to EDA, we receive funds from the State, HUD, LEAA, HEW, Labor, and also a senior citizens program which we are undertaking.

It allows us the proper flexibility.

Mr. MIZELL. Thank you. We certainly appreciate your taking the time to come before the committee today. You have certainly made a contribution, and I look forward to continuing to work with you on this program.

Mr. BENNETT. Thank you.

Mr. HAMMERSCHMIDT. The Chair wishes to thank you, Mr. Bennett, and your executive director, Roy Fogle, for appearing today, and for your helpful testimony.

Mr. BENNETT. Thank you, sir.

Mr. HAMMERSCHMIDT. The Chair recognizes our distinguished colleague, Ms. Abzug, to introduce the next witness.

Ms. ABZUG. Thank you, Mr. Chairman.

It gives me great pleasure, and it is my honor, really, to introduce D. Kenneth Patton, the administrator of the Economic Development Administration of the city of New York.

In all of my experience, and not to deprecate in any way that which I have learned on this committee, I have learned most from our administrator on the issue of economic development. He is a man who is dedicated to this issue. He understands it, theoretically and practically. He has made great efforts to promote the whole question of economic development, not only in the city of New York, but all over this country. He has worked with people who are similarly interested all over this country and has had conferences on the subject.

He has, I think, a total understanding of the importance of national growth if our society is to prosper, how one develops and coordinates long-range planning and long-range commitments, and he understands the interrelationship of the need for economic development in both the rural and urban community.

He has appeared a number of times before our committee, and indeed was one of the most knowledgeable witnesses before the Economic Development Subcommittee last year in connection with the economic development bill and some of the amendments that were actually incorporated into that bill by this full committee, and indeed, passed by the House, were conceived by him.

We are, therefore, very privileged to have Mr. Patton here. He has done a great deal in presenting his program to the city of New York, administering it, and stimulating a great deal of economic development of which, as big as we are, we need a heck of a lot more. He understands the problems that this program seeks to alleviate.

So here he is, Mr. Patton.

Mr. HAMMERSCHMIDT. Mr. Patton, it is a pleasure to have you appear before the committee.

You may proceed.

STATEMENT OF D. KENNETH PATTON, ADMINISTRATOR, ECONOMIC DEVELOPMENT ADMINISTRATION, NEW YORK CITY, N.Y.

Mr. PATTON. Thank you, Mr. Chairman, Ms. Abzug.

I'm unhappy to say that I can do little more at the outset than to reiterate a statement that I made at the last occasion of my testimony

here, except to underline it in light of recent events. And that is to have stated a year ago that the economy of the United States 2 years after the President and the Congress had acknowledged the fact that it wasn't functioning without a simultaneous foot on the accelerator and the brake, was in worse shape at that time, and is today, than it was at that unhappy moment in our history when we found that it no longer functioned in the way we thought it could continue to do.

The fact is that our economy is uncompetitive; it's underproductive; it's technologically slipping; it's running environmentally amuck; and perhaps more important than anything else, it is poorly distributed in terms of those concepts of opportunity that this country is founded upon.

I appreciate the fact that this body and the Congress passed meaningful and improved legislation in the last session, but today we are faced with the fact that we have no such activity in the future to deal with these grievous problems. The fact is that the bill that you have passed, and needed in large form, is the single most important element for attacking the underlying fundamental defects in our economy. Because to take and rehear the economy that we declared inadequate 2 years ago is to reinforce all of the inflationary defects, all of the maldistribution, and all of the shortcomings that were then in existence.

The fact is today that left without an Economic Development Act, we have a national policy which consists of the following: First of all, the economically forced migration of our people from the areas in which they live to places where they hope to find work.

Second, the continuous disorderly dislocation of industry due to environmentally necessary changes, due to technological improvement as a way of life in this country, the continuation of seeing people thrown out of work, and as I said on the last occasion in my testimony, the estimate on my part that within the next 10 years it will create 10 situations in aggregate, the equivalent of that which struck Seattle 2 years ago.

Third, we have a national policy of growth which consists of the continued industrialization not of our rural areas, not of our depressed urban areas, but of our sprawling affluent suburban areas, with environmental consequences that are terrifying to those of you involved in the subject of the environment and transportation, but even more important, it creates job opportunities in places that are totally inaccessible to the rural and urban poor, because of the housing situations in this country.

Finally, we are reinforcing, through all of our efforts, to improve our overall employment picture, balance of payments and all of those problems that afflict us, the reinforcement of the inflationary trends which existed before, because as Congressman Kramer I think discerned very accurately, all of the new demands for jobs are going into places that need them least, and none of the new demands are flowing programmatically into areas that have surpluses of land, surpluses of labor, and an underdeveloped population that could assume new burdens competitively with other nations, and competitively in respect to other parts of the country.

So this nonpolicy which we face in light of the administration's veto of your act is not a nonpolicy but rather a policy which tends to reinforce all of the shortcomings of our economy.

Now, we need something that can deal with the internal defects of our economy, and can take aim on problems, and channel the power of the private sector to solve the basic problems of our country. Each year the private sector in the United States invests some \$40 billion in new plant and equipment. The underprivileged, the deprived, and the underemployed of our country will require in the next 10 or 15 years an investment of approximately \$100 billion, to revise their job opportunities and make them meaningful for the future.

So you see that with \$40 billion planned on being invested, if we can simply devise techniques through the Economic Development Act to channel this existing and continuous demand for new facilities and for those areas which are now underemployed, we can accomplish an enormous amount with very little money to solve our basic problems.

Now, without a program that can take aim, we are left with the macroscale measures that are now being proposed to deal with overall investment credits, that deal with quotas, and we are driven into situations which are "no" situations for America.

Now, either we must protect obsolescent industry, or we must tolerate pollution, or we must obstruct technological innovation, or we must do something about immigration into this country, to avoid the continuing and mounting problems that we have. So we are struck today with what is essentially a negative program to deal with the crisis of our economy, and it is a crisis beyond that even widely discussed in the press today.

The only measures available to us are negative. What the Economic Development Act provides—and it could be improved—but basically, the ingredients of infrastructure development, differential financing in areas where we want to channel new capital outlays, the alteration of the supply of capital in these areas, technical assistance to communities to solve their problems. What we have there is a basic program which can aim at the microscale problem and begin to rearrange the internal workings of our economy by the mobilization of the private sector.

The Economic Development Act is the only comprehensive program that can do this work. When we talk of work, not welfare, when we talk about cleaning up our environment without dislocation, when we talk about increasing the productivity of our country and making it more competitive with other nations, we are talking about exactly the elements that are contained in the Public Works and Economic Development Act. So there is nothing on the agenda of Congress today, in all the branches of the Government, dealing with economic policy that is so urgent as this particular act.

Now, to see it struck down in the beginnings of its entering into the urban setting, the beginnings and the fulfillment of its activities in rural areas, is tragic. Because communities are beginning for the first time in American history to think seriously about the fact that we have rearranged the problem of poverty, we have dealt with it in terms of its end result, in housing, in medical problems, legal aid and all the rest of it. But the communities that are part of these overall economic development planning efforts, particularly the poor, the most impacted, run down, neighborhoods in New York City and other places, are very much alive to the fact that now there is a chance to escape the bonds of poverty by employment, by gaining meaning-

ful income, and a slipping away from the more obsolete measures of dealing with poverty as a way of life indefinitely.

So that to see the lower East Side of Manhattan today, just in its early stages of development, its rearrangement of its own priorities, to be struck down and de-designated, in effect, is tragic. To see the south Bronx, a community of a half-million of the poorest people in the entire Nation, containing the poorest people in the richest State and richest country in the world, to see them beginning to program the development of jobs in south Bronx, the creation of new industrial opportunities, the acquisition of obsolete railyards for job development, is to see the basic sound hopes of communities suddenly damaged and reduced and pushed backward to the point where years ago, where handouts and other things were the only solution.

So what we need is simply what this act contains, and that is, a one-stop agency that can begin to channel private investments in such a way to deal affirmatively with the continued revision of job opportunities and economic opportunities in this country, that takes us out of the backward, English-like circumstances we are in so often, and puts us into an affirmative program of new technological innovation, new industrial development, orderly growth, environmental adjustment, that can deal significantly with the problems that are so much with our national agenda, as I say again, is the most critical element that is needed to keep this economy soundly advancing.

I urge you to first pass the simple extension, and second, to enlarge and move forward with the economic development program that this Congress has developed and altered and adjusted over the past 8 years.

Mr. HAMMERSCHMIDT. I thank you, sir. Are there any questions or remarks on the right?

Ms. ABZUG. I want to thank you, Mr. Patton.

In the testimony we have had before this committee, particularly by the Secretary of Commerce, it became evident that there was really no place where the administration intends to put economic development as it applies to urban areas. Some of the other programs, it was suggested, might find a place in the Department of Agriculture, in the rural development program and so on.

There was some discussion in the testimony about the possibility of special revenue sharing, which as we know has not yet been enacted by the Congress—and, some of us believe, may never be. There was also testimony by Governors and mayors, who were rather skeptical in talking about programing something out of funds which are not yet appropriated or even authorized.

I just wondered if you see any basis for suggesting two things: One, that a program as important as this should just be left to the possibility of a program of special revenue sharing and a local determination as to whether, if they did get any funds, they would have this program.

And two, the point that was made over and over, that there was no reason for Federal decisionmaking, in such event—of course, as I say, it's a far off event in my judgment. I regard this just as a complete scuttling of the program, but in any case, taking the testimony at its face value, do you see any justification for suggesting there is no reason for Federal decisionmaking or, therefore, a Federal EDA for the

development and coordination of an economic development program as you have described it?

Mr. PATTON. Well, let's first of all look at the fact that the Federal Government is making the decisions. The Federal Government made the decision to shut down the Brooklyn Navy Yards; the Federal Government made the decision to dislocate tens of thousands of workers, as they do every day, by the closing down of facilities or the movement about the country of them.

The Congress and the administration established the environmental laws that shut down factories, that cause them to be uneconomical, and provides, absent this act, no means of economic rehabilitation of those areas that can be devastated by appropriate legislation.

So if the Federal Government is going to move out of the issue of economic rehabilitation and redistribution, then the Federal Government has to, following logically, get out of the area of the environment, get out of the area of transportation policy, get out of the area of housing policy, and then we will revert to the Articles of the Confederation and find a balkanization of programs in this country which puts everything in a decentralized format.

But we think it is appropriate for the Federal Government to have national standards for the environment, because they cross State lines. There is room for parity in the environment. No area should have a policy that's different from the other.

If that's the case, then mechanisms have to be established to have a turnover of industry, the modernization of plant and equipment, the maintenance of jobs in these areas, because the Federal Government is already intervening massively.

The Agriculture Department is engaged in programs that can liberate hundreds of thousands of people, millions of people, from agricultural employment in this country. Now, what is the State of South Carolina or the State of California to do, with the tens and hundreds of thousands of people who are placed on the work force?

The answer is, the Federal Government can create programs of orderly growth, job development, but maintain new opportunities to replace the ones that are being phased out by Federal action.

Mr. HAMMERSCHMIDT. If that's all the questions, Mr. Patton, the committee and the chairman wishes to thank you for your patience and for your excellent statement. We appreciate it very much.

It is now the Chair's honor and pleasure to call as the next witness one of our most distinguished colleagues, Hon. Elford Cederberg of Michigan, the ranking minority member of the Appropriations Committee.

STATEMENT OF HON. ELFORD A. CEDERBERG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. CEDERBERG. Thank you, Mr. Chairman, and members of the committee. I am grateful for the opportunity to testify on H.R. 2236, which would extend through fiscal 1974 the authorization for the Economic Development Administration.

Now, I do not presume to speak as an authority on the merits and demerits of the program authorized by this legislation. However, as a member of the Joint Committee on Budget Control, and as ranking minority member on the House Appropriations Committee, I am deeply committed to a rational and responsible congressional role in the formulation and implementation of the Federal budget.

On the basis of the public record, this commitment is shared by the leadership of both parties, in both Houses of Congress, and by the current administration. There is general agreement that we in the Congress must establish budget totals and weigh the funding levels for individual programs against those totals.

The President has presented his priorities in his budget for fiscal 1974. We in the Congress established the Joint Committee on Budget Control for the very purpose of recommending mechanisms and procedures for establishing and enforcing congressional budget priorities. The Joint Committee has issued an interim report which deserves most careful consideration by all of us.

Yet the ink is barely dry on that report, and on the President's budget recommendations, when we find the committees of the Congress reporting legislation whose costs exceed the President's budget recommendations in fiscal 1974.

The legislation you are considering falls in this category. It would authorize total fiscal 1974 appropriations of \$1.2 billion. Assuming that such legislation becomes law, and assuming that appropriations follow the pattern of recent years fiscal 1974 outlays under EDA would be approximately \$284 million, which exceeds the President's budget estimate by \$57.5 million.

Of course, because of the lag in appropriations—between appropriations and outlays, over \$200 million in unbudgeted outlays would occur in years beyond fiscal 1974.

This may seem like a very small piece of the budget, where outlays are estimated at \$269 billion, particularly for a program which I am sure is run by and for sincere and dedicated people and I emphatically include the members of this subcommittee—yet during the fiscal years 1970 through 1973, well-intentioned actions such as this, spending increases and tax reductions have been a major factor in deficits totaling \$74 billion, painful inflation, and continuing attacks on the dollar.

Practically everyone agrees that we in the Congress should establish our own priorities. It remains to be seen whether we can. Priority setting means increases and reductions within a fixed total. In order to establish the mechanisms and procedures needed to make and enforce congressional priorities, we must for a time forgo piecemeal, uncontrolled, legislative actions.

If Congress and not the President is to prevail in the contest for effective and responsible budget control, we must get away from the "wait until next year" syndrome and begin to work here and now.

Thank you, Mr. Chairman.

THE CHAIRMAN. We thank you, sir, for taking the time out from your very busy schedule to appear before this committee.

There is no question that the gentleman has a great responsibility as the ranking minority member on the House Appropriations Committee, and he certainly knows the enormity of the job of trying to determine priorities, but more than that, to keep spending within the fiscal limits.

On the other hand, there are those of us here, and others, too, who know the problems in our respective districts, and as we move up in seniority, we also get requests from other parts of the country. We all have to do extra work to carry on national and Federal activities, and

we become aware of areas such as ours and others that we visit, where the economic problem is a serious one.

We are very mindful of the additional spending, but our argument was—and I don't ask for a response—but just to state the case, and I think I'm correct all the way through, and I'm not a fiscal expert, but I do know something about substantive programs in the field of resources use and economic development and public facilities—our argument is that within areas where unemployment is high, it necessarily follows that welfare costs are high. Now we could use some of those public moneys to help those communities to improve their lot, whether it be through public facilities, or perhaps the ability to attract outside industry, or expansion, and modernization.

Mr. CEDERBERG. I don't disagree with the Chairman's comments at all, and I can recognize the problem the gentleman has as the chairman of the committee. As a matter of fact, as far as the EDA is concerned, I think they have been a fine organization.

I do agree that the proposal of transferring some of these authorities into HUD and into Agriculture. I think that will be better for the administration of the program. But that's neither here nor there.

What I'm trying to point out is this, that we in the Congress made a decision last year, when we raised the debt limit, to set up this Joint Budget Committee. Now, we have statements from the Speaker of the House, the minority leader of the House, and from the leadership in the Senate, saying its absolutely imperative that we do this.

The only reason I'm appearing here as a ranking member of the committee, and as a member of that joint committee, is that we are directed to set a spending ceiling, and within that ceiling we are then directed to assign moneys.

Now, I'm not sure this is going to work, but this is our direction, to assign to the various subcommittees of the committee on which I serve the amounts of money which they can handle, and also to assign to the legislative committees the amount that they can handle. Not so much your committee, Mr. Chairman, but some of the committees go through the back door, as you know, contract authority and so forth, which has mounted up and causes some serious budgetary problems.

But we haven't done this, and we should do it as quickly as possible. We have had some meetings—and I refer to the report of this joint committee, chaired by Mr. Ullman from Oregon and Mr. Whitten from Mississippi, to try to do that and to regain some control. But I see now all of our committees, or a large number of our committees, going ahead, ready to pass out authorizations that are far in excess of the budget and would result in spending ceilings far in excess of those requested by the President.

I'm just saying, and I'm just urging that the committee take some of this into consideration as you consider this action. I'm not discussing at all the merits of the program, what will happen with special revenue sharing—I listened to the gentlelady from New York, and I'm probably inclined to agree, that special revenue sharing may not get through the Congress; I don't know.

But somehow, some way, we're going to have to bring this matter under control, unless we are to abdicate further to the executive, which is something we have all been saying we don't want to do. We hope that through this joint committee we have the mechanism to do it.

I don't think any of us are really in basic disagreement. I just wanted to call this to the attention of the committee, because it is a problem we have to work with.

The CHAIRMAN. I think you do it very properly, sir. You have a responsibility to discharge, and we appreciate your being here. We welcome your being here. We can assure you that we certainly will give you our attention in consideration of this, and we appreciate your being here.

Ms. Abzug?

Ms. ABZUG. I find your presence here very interesting. I think we do have a very serious problem of budget control. I hope that you will be present at other committees, like the Armed Services Committee, and discuss there the problems of increasing the military budget, which the President has proposed, by more than \$4 billion.

I hope also that your committee, with you as the ranking member, will go to the Ways and Means Committee and remind that committee of its responsibility, which is in connection with the original general revenue sharing. There was supposed to be a tax reform program too, the kind of program which, if it had been properly developed, would have given us many more billions of dollars for our Treasury and would have seriously reduced our potential deficit.

I think it's an interesting thing that you come before this committee, which at this moment is discussing the question of maintaining a very small program, a program which has given hope and belief to people in both the urban and rural distressed areas in this country, who want to work, who have found a way in which they are able to deal with some of the dislocations in a rather chaotic economy in this country.

I would only hope that this is not the place where the Joint Budget Committee of this Congress will decide that the budget has to be cut. I would hope that it's in the areas where there have been large overruns and costs, as is the case with some of the large corporations in this country in the defense program. I would also hope it would come in an adequate tax reform program.

I hope it would come in the areas where we are giving subsidies to people for their mistakes. I mean, we have given subsidies in this Congress and have appropriated money in this Congress to large corporations who have not only had cost overruns in their programs, but we have paid them for their mistakes.

All we're trying to do, it seems to me, the Joint Committee on Budget Control, is to take a realistic view, and then I think the programs such as the one we're discussing here would be found very necessary to continue if we are to be reflective of what is so desperately needed, regardless of what party we're in, regardless of what section of the country we come from, regardless of how we regard our own economic or social or political outlook. This is a program that has tremendous capacity to make the country recognize the need for a program of growth and have a decent approach toward some of the dislocations.

Mr. CEDERBERG. I don't disagree with the gentlelady on much of what she has said. As a matter of fact, as I understand it, in the 1974 budget the President's request is in excess of what is being spent at this time. It's just a different method of doing it. The Congress will decide that. I don't think there is any question about that.

I think you want to look at the military defense budget. If you will look at the actions the Appropriations Committee took last year, we cut that over \$5 billion. Now, we got new obligational authority, that only results in reduced expenditures of \$1.9 billion. When you talk about the increase in the defense budget, there are many things—and I don't think this is the place where you really want to talk about it.

But I think there is one thing here that ought to be brought out, and that's the fact that we are going to a volunteer army. I've never been one that's really been wed to the idea of a volunteer army, but nevertheless, here we are. We don't have any draft.

So we're spending between 56 and 57 percent of our defense budget on personnel. We're paying a private today, that we paid 6 or 7 years ago about \$80 a month, we're paying \$300 a month. It's in personnel-related costs is where our defense costs have soared. I don't want to spend one dime for defense more than is necessary to insure the safety of my country; that's all I'm interested in.

Ms. ABZUG. I agree with you, but I think the question of \$81 billion for a military budget at this moment in history, when we're seeking to find a way in which we can bring peace in Vietnam, in which we are seeking peace with China and the Soviet Union, is a program which should be very seriously examined and reexamined by the Joint Committee of Budget Control, even without the increase that's requested, even without the increased costs of maintaining an army, whatever it may be in costs.

There is a very serious question of examining the priorities of budget control. The question is what are the human needs of the people in this country? Can we really say that this Congress is going to be functioning and cut \$12 billion inhumanly, in human budgets of the people of this country? That is essentially what is being projected by the administration in the proposed budget before us.

These are programs which cut across all kinds of lines, too. They cut across people who are involved, who need the money for housing, who need money for community health facilities, as well as for hospital construction, for education, for rehabilitation, for vocational training, for child care, for programs involving the elderly.

Well, I'm just glad you're here, then, and that we have the opportunity to talk to you about it. But the joint committee comes to us as it does to remind us of our responsibility, and I have a similar obligation to remind you of your responsibility as my representative on the committee—

Mr. CEDERBERG. Let me assure you I will assume my responsibilities. I think we probably have some differences of opinion, which is understandable. I happen to think it's an important human need: the safety of the country is an important human need. We shouldn't spend any more money than—

Ms. ABZUG. I agree.

The CHAIRMAN. I hesitate to interrupt this discussion of a vital basic issue, but it will be discussed in the proper time on the floor of the House. But for this purpose the gentleman has properly dis-

charged his responsibility in a very clearcut, straight-forward and forthright manner. We will certainly take your suggestions under serious consideration.

Mr. CEDERBERG. I appreciate that.

The CHAIRMAN. Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Just briefly, I appreciate the important assignment of the Joint Committee on Budget Control, and I commend and thank you, Congressman Cederberg, for your appearance and in your efforts toward the Congress regaining or attaining a responsible role in formulating the budget.

I add my thanks.

Mr. CEDERBERG. I would just like to say I'm not sure that I enjoy this role myself, personally, but it is one that has been cast upon me, and I think we in the House want to do what's best.

The CHAIRMAN. Thank you very much.

Mr. MIZELL. Mr. Chairman, if I may, I only want to say, that in my short time here in the Congress, I have the greatest respect for the judgment of our colleague, I appreciate him appearing today. Certainly he has addressed himself to something all of us are interested in.

One of the first speeches I made in the House as a rookie, was on the fact that Congress should assume its duty in the field of fiscal responsibility. I was certainly interested in this, and I think we are dealing here in our committee with trying to establish priorities, as was mentioned earlier.

I recognize that in all of these areas you could really have controversy, but I did a little research, going back 10 years, in trying to get a picture myself of what was taking place as far as expenditures in our country, and where we could go.

I notice that 10 years ago the HEW budget was only 24 percent of our total budget, which was \$28.5 billion. For the 1974 fiscal year it is proposed that we spend \$113.8 billion in HEW, or 42.4 percent of the budget. And these are directed toward human needs. Certainly, this again is a step toward progress, but how fast we can do it is something we need to look at.

What we are basically talking about is a change in priorities. Ten years ago the Defense Department received over 45 percent of our total budget. And in 1974 it is proposed only about 30 percent; less than 30 percent of our total budget will be directed toward defense.

As can be seen we have gone through, in this period of time, a reordering of priorities, and I think we're moving in the right direction. But here, too, in dealing with our committee, and in dealing with the EDA bill, we're trying to participate in this change. Hopefully, we will be able to come up with something that will not disband the successes of EDA in bringing about this change in priorities.

These are my comments, and I regret that I haven't directed it more in the way of a question, because I am sure you could answer a great deal more to this than I could.

Mr. CEDERBERG. I appreciate very much your comments, and the opportunity to be here with you today. I understand your problem; we all have them.

The CHAIRMAN. Mr. Harsha?

Mr. HARSHA. I just want to thank the distinguished gentleman for taking the time and energy to come here. He was most helpful in giving us the benefit of his judgment. He is obviously very much concerned with our fiscal plight, and certainly as a ranking member of the Appropriations Committee, he knows better than anyone how bad off we are economically. We appreciate his sincerity.

Mr. CEDERBERG. Thank you very much.

The CHAIRMAN. Thank you very much.

Are there further witnesses? Being none, these hearings will conclude. The record will remain open for approximately 5 days to receive additional statements from Members of Congress, and others regarding this most important matter. Statements and materials received will appear in the record at this point.

The hearings on H.R. 2246 and related legislation are adjourned.

(Whereupon, at 5:10 p.m. the hearings were concluded:)

(The following were received for the record:)

STATEMENT OF HON. G. V. (SONNY) MONTGOMERY, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MISSISSIPPI

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present my brief assessment of the excellent job the Economic Development Administration is doing to stimulate local growth and job opportunities. I am sure that through your own experience with E.D.A. in your home Districts, you are well aware of how valuable these programs are. I am also sure that you all realize how great a role E.D.A. funds have played in restoring life to the faltering economies of our less fortunate counties. I know that in my own District in Mississippi many of the counties receiving E.D.A. assistance have shown remarkable economic recovery. Their economies are in no way booming, but they are certainly making progress.

With this being the situation, I am sure you understand why I was disappointed by the Administration's proposal to dismantle E.D.A. Naturally, my concern in this matter is predicated in part on the great need in Mississippi's Third District for E.D.A. assistance, but my support goes much deeper than that. Philosophically, I must say that E.D.A. is perhaps one of the more valid and worthwhile agencies within the Executive Branch. During this time when our welfare rolls are growing increasingly larger, we must look more and more to programs that assist in the creation of jobs, rather than to increased spending in programs rewarding people for not working. Not only does E.D.A. eliminate many actual and potential welfare situations, but I think we are developing the strength of America rather than accenting its weaknesses. I personally feel that E.D.A. should be extended at least for the one year period authorized by the legislation in question.

This is not to say that E.D.A. does not have its problems. I am sure that many aspects of the agency are in need of reform. For example, I have recently been informed that five counties in my District no longer qualify for E.D.A. assistance. I fear the decision to de-designate these counties will have dire consequences on their precariously stable economies. Just because they have worked their way off the critical list does not mean that they are totally healthy and that they no longer require the medication of E.D.A. assistance.

I am well aware of the necessity of having some sort of cut-off point for receiving this assistance. But merely because Madison County, Mississippi now has a median income that is \$101.00 above the E.D.A. income cut-off does not mean that Madison County will continue to prosper without this assistance.

In addition, these five counties have been de-designated in accordance with the statistical criteria that is increasingly becoming suspect. May I remind you that the E.D.A. cut-off of \$4,795 for a county's median income is only \$595.00 above the poverty level for a family of four as established by the Office of Economic Opportunity. Not only do many of us feel that these statistics measure

little of what they claim to measure, but I feel that they have little relevance in a personal sense. You can take all of these arbitrary statistical median, means, etc., and illustrate statistically that a county has a strong economy; but those statistics are of little help to the head of a poverty stricken family who just cannot find a job.

For the sake of these five counties and the hundreds of other counties across the Nation that find themselves in a similar position, I sincerely hope that Congress will pass this bill with the moratorium clause. This will give the counties presently in need of E.D.A. funds a continuation of this important assistance; and it will also give those of us in Congress ample time to study and review the total program of E.D.A.

For your information and consideration, I am enclosing copies of letters I have received in support of E.D.A. from the North Central Planning and Development District, the South Delta Planning and Development District, the East Central Planning and Development District, Golden Triangle Planning and Development District, and the Central Mississippi Planning and Development District. I think you will find these letters of interest in that they point out very clearly the role E.D.A. has played in the past and its importance for the future of these areas.

EAST CENTRAL PLANNING AND DEVELOPMENT DISTRICT,
Newton, Miss., March 1, 1973.

HON. GILLESPIE V. MONTGOMERY,
*U.S. Representative, 503 Cannon House Building,
 Washington, D.C.*

DEAR SONNY: In reference to your letter of January 17, 1972, I am enclosing a list of EDA projects which have been approved in our nine county area. I am also sending you copies of letters which were sent to the chairman of the Public Works committee by various persons in our District last year in support of the EDA legislation.

As you know, the Economic Development Administration has been the primary funding source for the District program. EDA has allowed the Planning and Development Districts to provide much needed technical assistance to local county and city governments and in some cases private citizens and businesses. The EDA has helped foster industrial and commercial development in our area, enabled many of the communities to fight severe problems of high unemployment and low median income, and helped create employment opportunities for jobless and underemployed persons in this area.

In the words of President Nixon, he has said "That government assistance to strengthen their development trends could make the difference in attracting new job-producing industry and expanding employment opportunities for rural people living in surrounding counties." The District program has functioned in accordance with this observation made by the President. The multicounty District programs have and hopefully will continue (with EDA's assistance) to demonstrate that small communities and rural areas working together, rather than competing with each other, can achieve growth.

The Planning and Development Districts in Mississippi also act as regional clearinghouses to review proposed Federal programs and projects that would affect their areas.

This review procedure is part of the Office of Management and Budget's A-95 program, which is designed to improve coordination at all levels of government and to give local people a stronger voice in Federal activities. Although this is a very important and integral part of the District program, without EDA's financial assistance, it could not be possible.

I feel, as do the local elected officials, civic, and business leaders, that a strong multicounty District program reflects local initiative, understanding, and support. I sincerely hope you will do everything possible to avoid the discontinuance of the EDA and its programs. EDA has definitely provided the impetus for local communities to improve their economic status in our area.

Very cordially yours,

HARRY N. LACKEY, *President.*

Enclosure.

EDA PROJECTS—ECPDD

	Date	Bonus	Grants	Total EDA	Loan	Total project
Shubuta.....	Sept. 15, 1970		233,000			
Do.....	Sept. 30, 1970		37,000			
Do.....		(65,824)	88,500	358,500		658,245
Bay Springs.....	Jan. 5, 1971		249,000			
Do.....	Jan. 31, 1971	(56,500)	4,000	290,000		565,000
Scooba.....	Oct. 31, 1970		17,000			
Do.....	Nov. 20, 1969		246,000			
Do.....	Jan. 31, 1970	(34,090)	16,000	279,000		340,900
Philadelphia.....	Feb. 2, 1971	(87,500)	525,000	525,000		875,000
Chata Construction Co.....	Apr. 28, 1971	(60,600)	606,000	606,000		606,000
Mississippi Band						
Choctaw Indians.....		(28,972)	289,725	289,725		289,725
Pachuta.....	May 7, 1968		60,000	60,000		120,000
Quitman.....	Dec. 23, 1968		398,000			
Do.....	Feb. 28, 1969	(106,600)	54,000	452,000		1,066,000
DeKalb.....	Sept. 8, 1967		58,000			
Do.....	Mar. 31, 1968		13,000			
Do.....	Nov. 30, 1968		12,000	83,000		108,000
Carthage.....	Apr. 2, 1968		158,000	158,000		322,000
Union.....	May 27, 1966		220,000	220,000	220,000	440,000
Center Ridge.....	May 6, 1968		45,000	45,000		92,000
Taylorville.....	May 7, 1968		158,000			
Do.....	June 30, 1968		4,000	162,000		334,000
Scotch Plywood.....					1,918,000	(?)
Sanders Lumber.....					455,000	700,000
Total.....				3,528,225	2,593,000	6,416,870

SOUTH DELTA PLANNING AND DEVELOPMENT DISTRICT, INC.,

Greenville, Miss., January 26, 1973.

Hon. G. V. MONTGOMERY,
U.S. Congress, House of Representatives,
Washington, D.C.

DEAR "SONNY": I received your letter of January 17th concerning your interest in the Economic Development Administration's future. I have tried to prepare a synopsis of our relationship to EDA and its programs and I am sorry that the booklet is as large as it turned out to be.

As you know, EDA working with various state governments and county governments has organized approximately 128 districts throughout the United States. All of our districts have local control and in most cases local officials make up the majority of our Boards. These districts have become multi-purpose covering a wide range of programs. In my opinion they have been most helpful to our cities and counties. Without EDA's continual financial support of these districts many of them would have to terminate their operations. The concept of multi-purpose districts permeates throughout the many programs of the federal bureaucracy and while the federal government looks on the districts with favor, no other agency besides EDA has been willing to help financially. Besides the district program EDA has been one of the better agencies in the federal bureaucracy.

I hope the information that I have enclosed will be of assistance to you.

Sincerely yours,

WALTER M. MERRITT,
Executive Director.

NORTH CENTRAL PLANNING AND DEVELOPMENT DISTRICT,

Winona, Miss., January 25, 1973.

Hon. G. V. MONTGOMERY,
U.S. House of Representatives, Cannon House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE MONTGOMERY: It is a pleasure to write you concerning the Economic Development Administration programs in the North Central Plan-

ning and Development District area. It is gratifying to know of your concern for the future of the program. We submit the following information in as brief a form as possible in order to clearly illustrate the importance of the Economic Development Administration to the North Central Planning and Development District area of the state.

Since the inception of the Economic Development Administration, it has contributed the major portion of the funds for 26 different projects. Ninety-five (95) per cent of this money has been expended on public works projects such as water and sewer projects, industrial park development and public buildings. In the seven county area of the NCPDD this has amounted to over \$7.4 million. These projects have provided not only an atmosphere for growth, but jobs, vocational training, and through the development district program an effective tool for regional development. A summary of information in the attached table will corroborate the above statement.

The Economic Development Administration has made a positive difference in our recent past and in our current progress in this area. The Economic Development Administration approach in Mississippi has brought measurable benefit through economic expansion, the creation of jobs and general total advancement. A program of continuing development is of vital importance to Mississippi and particularly the North Central Planning and Development area.

The importance of the Economic Development Administration's role in the future of this area cannot be over emphasized. Without the public works and development district program of the Economic Development Administration, the economy of the North Central Planning and Development District will take a great leap backward. The small rural towns and poorer counties do not have the resources, even under revenue sharing, to develop water and sewer and industrial parks. If these areas are to keep young talent at home and away from the problem-ridden inner cities, they must provide job opportunities. (Aid to rural areas is one way of solving the problems of the cities.)

The role of the Economic Development Administration in the North Central Planning and Development District is illustrated by the example of Lexington, Holmes County, Mississippi. When this city was unable to provide facilities for a national trailer home manufacturer, it sought and received an Economic Development Administration public works grant of \$560,000 to develop an industrial park and expand water and sewer service in the city. The industry was able to locate in Lexington and provide jobs for residents of one of the poorer counties in the United States. Projects such as that cited above have occurred throughout the North Central Planning and Development District and have been absolutely vital in the development of the area.

The Economic Development Administration program of grants is very popular at the grass roots level and it is the feeling of elected officials and the members of the Board of Directors of the North Central Planning and Development District that sacrifices in government spending should be made in areas other than the Economic Development Administration as the Economic Development Administration program has a more business-like nature than many other federal programs. While the Economic Development Administration has been slow in funding projects, it was improving its process through the Public Works Impact Program.

We appreciate your interest in the Economic Development Administration program and ask that you call on us if we can be of further service.

Sincerely,

DAN KIMBROUGH,
Assistant Director.

Enclosure.

ECONOMIC DEVELOPMENT ADMINISTRATION PROJECTS IN THE NORTH CENTRAL PLANNING &
DEVELOPMENT DISTRICT

Grant To—	Water and sewer	Public buildings	Technical assistance	Planning
Kosciusko.....		\$100,000		
Vaiden.....	\$241,000			
North Carrollton.....	358,000			
Kosciusko.....	303,000			
Winona.....	234,000			
Greenwood.....	808,000			
North Carrollton.....	410,000			
Greenwood.....	1,705,000			
Greenwood.....	250,000			
Vaiden.....	44,000			
Carrollton.....	21,000			
Kosciusko.....	33,000			
Winona.....	76,000			
Grenada.....	862,000			
Water Valley.....			\$2,000	
Grenada.....			2,500	
Lexington.....			2,500	
Water Valley.....		146,000		
Durant.....		165,000		
Lexington.....	222,000			
Lexington.....	338,000			
Durant.....	25,000			
Lexington.....	45,000			
Durant.....	25,000			
Tchula.....	525,000			
Carroll County.....	500,000			
North Central Planning & Development District.....				\$45,000
				50,000
				47,000
				47,000
Total.....	7,025,000	411,000	7,000	189,000
Total of all EDA projects in NCPDP.....		7,632,000		

GOLDEN TRIANGLE PLANNING AND DEVELOPMENT DISTRICT, INC.

State College, Miss., January 26, 1973.

Mr. GILLESPIE V. MONTGOMERY,

Third District, Mississippi, Congress of the United States, House of Representatives, Washington, D.C.

DEAR SONNY: With reference to your letter of January 17, 1973, a report on Economic Development Administration (EDA) programs in the Golden Triangle Planning and Development District has been prepared. The three points on which you requested emphasis are:

(1) The role of EDA in this district's past economic progress:

The Economic Development Administration has not approved a project in this district since the District organization was formed on September 30, 1970. Prior to the organization of the district nine projects were approved in three of the seven counties that now comprise the Golden Triangle District.

(2) Concrete examples, illustrating the importance of E.D.A. in this area.

Presently, three public works project applications are under review by E.D.A., either at the Regional Office in Atlanta or at the agency office in Washington. The Brooksville, Noxubee County, Mississippi, application was submitted to the Region IV Office on February 29, 1972. Brooksville, with a population of 978, is in dire need of an improved water system and a sewerage system. Raw sewage is now being dumped into open ditches. This lack of adequate water and sewage facilities is the major deterrent to the progress and growth of the Brooksville area. In fact, with the present water and sewerage facilities the number of industrial jobs in Brooksville will remain at about seventy, whereas with the public works facilities improvements more than double that number (144) of jobs will be available.

Eupora, Webster County, Mississippi, submitted a public works project application on August 4, 1972. This town, population 1,792, has experienced water shortages in the past eighteen months and must acquire an additional source of water. The schools were forced to close several times due to the water shortage crisis. The increased water supply will also enable existing industries to expand in the next two to three years and offer 441 new jobs to the labor force.

Maben, Oktibbeha County, Mississippi, is the third town with an application completed and submitted to Atlanta. Maben has a population of 862 and has

not experienced significant growth or progress for about twenty years. But recently the city government and the residents of Maben have made great strides in improving the living conditions in their town. A large furniture manufacturer has committed to locate in Maben providing jobs for approximately 350 people on the condition that Maben will supply adequate water supply to the plant.

It is evident from the needs of these three towns, that the Economic Development Administration can, if the public works project funding is continued, bring these communities through their respective critical water and sewage system problems and enhance the economic development of three counties of this district.

(3) A clear and precise picture of how E.D.A. is important to this district's future.

As pointed out in number (2) above, the future of three struggling communities rests heavily on the approval of the three public works projects. The development of the Golden Triangle Growth Center Industrial Park, consisting of 960 acres, to be located adjacent to the Golden Triangle Regional Airport, should have an enormous impact on the economy of the District. The E.D.A. program will play an important role in the successful completion of this industrial park. As a matter of fact, the industrial foundations of the three cities are depending strongly on EDA's financial assistance to develop the park.

If you need any additional information on the EDA programs in the Golden Triangle Planning and Development District, please do not hesitate to call me.

Sincerely,

JOHN W. THAMES,
Executive Director.

CENTRAL MISSISSIPPI PLANNING AND DEVELOPMENT DISTRICT,
Jackson, Miss., February 12, 1973.

HON. G. V. "SONNY" MONTGOMERY,
*Third District, Mississippi,
Congress of the United States,
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN MONTGOMERY: In reply to your letter of January 22, 1973, enclosed is a brief analysis of what the District has provided to this seven-county (7) area within the past year from the Economic Development Administration.

It is our sincere hope that the Economic Development Administration's Public Works Program will be extended for one more year, so that this District can take advantage of the Grants Program which will be available, basically to Industrial Areas.

If there are any questions, please do not hesitate to let us know.

Sincerely yours,

BILL STACY,
Executive Director.

Enclosure.

EDA FUNDS GRANT FOR CITY PROJECTS

The Economic Development Administration has funded Jackson's \$1,350,000 grant for a new water, sewer and storm drainage program, the Jackson City Council was informed Monday, by sources in Washington.

Clarke Reed, state Republican chairman, also announced the funding of the grant.

The Republican Party chairman said that \$1,350,000 of the total was in a grant and \$1,135,000 "in other funds."

Mayor Russell Davis said this is the first EDA grant in Jackson's history.

Davis said he was extremely pleased to learn of the funding. "We have been working on the project for over a year, and I know this will be good news to the taxpayers," he said.

The Economic Development District of Central Mississippi along with Engineering Associates, the city's consultants, helped City officials prepare the application.

The grant has four major parts:

1. A 1.5 million gallon elevated water tank, which would be Jackson's largest, and water transmissions lines near the Mississippi Research and Development Center.

2. A new storm sewer system and sanitary sewer interceptor in the George Street Basin designed to eliminate flooding of low income areas in the vicinity of Farish and George Streets.

3. Water and sewer lines to serve the state office building complex and Jackson's central business district.

4. A sanitary sewer interceptor and other line in the Belhaven area which also would serve the proposed new \$25 million Baptist Hospital addition.

The City Engineering Department, under the supervision of Commissioner Tom Kelly, will administer the grant.

The council has not yet disclosed the sequence of the four projects but is expected to do so soon.

ECONOMIC DEVELOPMENT DISTRICT OF CENTRAL MISSISSIPPI

The Economic Development District of Central Mississippi, designated by the Governor under Executive Order 81 as the Central Mississippi Planning and Development District, was established in September, 1968. It encompasses a seven-county area including the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren, and Yazoo, with a total population of 405,624.¹ The District's office is located in Jackson, the State Capitol, which is the State's principal commercial, industrial and governmental center.

The Economic Development Administration has provided significant input into the past economic progress of Central Mississippi Planning and Development District's economic progress.

First, as you are aware, the Economic Development Administration has provided financial assistance to the District in the form of an annual administrative grant for the District's staff support, Public Work grants to growth centers and redevelopment areas, and Technical Assistance grants and loans to organizations and units of governments.

Secondly, the Economic Development Administration financed the District to develop an *Overall Economic Development Program* (OEDP). The purpose of the OEDP was to analyze the resources, potentials, deficiencies and needed improvements within the District. Using this program as a guide, the District has served to coordinate the activities of many various agencies and organizations in the District's seven-county area. The District has also served as a catalyst to stimulate the economic and betterment of the area through assistance with Federal Grant-In-Aid Projects from numerous agencies.

The following projects are concrete examples of the Economic Development Administration's participation in community improvements, however, these projects are not under construction at this time. The City of Jackson was funded a Public Works grant in the amount of \$1,250,000 in 1972. The justification of this application was that an additional 1,200 jobs would be created as a result of this project (see newspaper attachment).

A private firm, located in Rankin County, received a loan in the amount of \$1,250,000, in which an additional 125 individuals will be put to work.

The City of Hazlehurst, located in Copiah County, is awaiting approval of their grant in the amount of \$900,000.

At present, there are three (3) proposed Economic Development Administration projects located in the area of Hinds, Madison, and Yazoo Counties for a total amount of \$1,000,000. However, due to the freeze on existing Economic Development Administration moneys, these communities are unable to proceed on the applications to the Economic Development Administration.

The type of Public Works grants which has been available from the Economic Development Administration would have a very definite economic effect in the District's programs. In the past two years, the Hinds County area has experienced an economical growth in the area of industrialization. Because of this growth, Hinds County and the surrounding counties have completely filled the existing Industrial Parks, and are in dire need of development of future industrial land.

Due to the economic prosperity which this area is experiencing at this time, the necessary growth and expansion will depend on the availability of Federal grant money to keep pace with the services demanded by this tremendous growth.

The Economic Development Administration has provided the necessary funds which have helped with the economic development in the past. It is vital that this type of assistance is necessary to keep economic progress continuing in this District.

¹ Source: U.S. Census of Population.

STATEMENT OF HON. BOB BERGLAND, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MINNESOTA

Over the past few years, the Environmental Protection Agency and the Minnesota Pollution Control Agency have required strict adherence to laws governing environmental cleanup. This has drastically affected thousands of small communities, many of which are located in the 7th Congressional District of Minnesota. They must either conform or die.

The Economic Development Administration is the one agency that has consistently helped our small rural cities and villages meet these requirements, as well as provide stimulus for future economic growth. During this past year at least a dozen communities in my district have been provided desperately needed funds to relieve economic hardship and unemployment. I don't want to take the Committee's time in outlining all the programs and projects for which EDA has been responsible in my Congressional District, but I would like to relate a typical example and how it affected one of my communities.

I have four snowmobile manufacturers in my District, and the Village of Clearbrook (pop. 607) has a manufacturing plant that builds wooden shipping crates for one of these manufacturers. The plant employs approximately 200 people. Because of the lack of proper water and sewer facilities, insurance companies refused to insure the plant any longer, due to a lack of adequate fire-fighting capabilities.

The crating factory would be forced to relocate in another community unless Clearbrook could come up with a new water distribution system.

They appealed to EDA and were able to receive a \$183,400 grant from them as well as \$26,200 in supplementary funds from the Upper Great Lakes Regional Commission, along with a \$52,400 contribution from the local community.

EDA saved 200 jobs, as well as the Village of Clearbrook, since it is a one-industry community, and provided an additional 136 jobs during the construction portion of the project and the ancillary benefits accruing to wood cutters and truckers in this economically depressed area.

EDA and the Regional Commissions are reaching out to assist economically distressed communities in our nation. Rural distressed areas are least noticeable and seldom are benefitted by public exposure. Here are several additional examples:

The City of Staples in November, 1972 received a grant totalling \$524,000 for an Industrial park. Staples is located in Todd County which is an EDA distressed county with an unemployment rate over 7% and a per capita income ranking in the lower 10% of the country.

On March 3, 1972, the White Earth Indian Reservation in my District received an EDA grant totalling \$165,000 to construct a job training center on the reservation, an area that has the lowest standard of living in the entire state of Minnesota.

This is why EDA was initiated. This is why it is so valuable. And this is why I disagree with those critics who have indicated that EDA is no longer necessary because it has been duplicated by the Environmental Protection Agency. This is simply not true.

It is estimated that in my District alone, EDA projects have accounted for over 1,500 jobs during 1972 and a larger percentage of these can be classified as permanent.

There are literally thousands of similar examples throughout the country, yet the President proposed to dismantle this program that has been a godsend for rural America. I think this is a disgrace, and we in Congress must work vigorously to provide, at the very minimum, a one-year extension of the Economic Development Administration.

STATEMENT OF HON. WILLIAM L. DICKINSON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ALABAMA

Mr. Chairman and distinguished members of the Subcommittee, it is a pleasure to appear before you in support of H.R. 4819 and similar legislation designed to extend the life of the Economic Development Administration.

As many members of the Subcommittee are aware, I am not an advocate of increased social legislation and creation of jobs paid for by the American taxpayer that end when the federal money is cut off. The Public Works and Economic Development Act of 1965, as the successor to the Public Works Acceleration Act of 1961, has been a major source of federal funds for the creation of jobs in the private sector.

tion Act, changed the direction of the APW program and established a program based on what I consider to be sound principles—creation of jobs in the private sector.

A considerable number of counties in my congressional district have at one time or another been designated as eligible to participate in EDA programs. As a result, a number of jobs in the private sector—not government handouts—have been created. The key to what I consider to be the success of EDA is the word "creation." Jobs in private industry have been created in joint efforts by government and industry in areas where private capital is not available in sufficient amounts to totally underwrite the cost of establishing such ventures. Recipients of such jobs are not paid by federal money; they are an integral part of our free enterprise system paid by the profits of industry and returning a portion of their wages to their respective governments in the form of taxes.

Mr. Chairman, I have had considerable dealings with EDA personnel in recent years, and I have always found them to be very knowledgeable, efficient, and helpful. They are professionals who, as a rule, know their mission and accomplish that mission with a high degree of effectiveness.

In the Second Congressional District of Alabama, some 1740 jobs have been created as a direct result of programs of the Economic Development Administration. EDA has funded 39 projects in my district amounting to a total of \$11.3 million. \$10.6 million went into the establishment or expansion of public facilities to accommodate industrial growth and for interest bearing industrial loans for construction of new or expanded industrial plants. These projects were approved on the basis of their importance in creating immediate new jobs in private enterprise and in providing long term opportunities for employment in the area. Most of the project funds going into the public works projects were in the form of grants made to local governments for such necessities as water and sewer facilities, access roads and streets, etc., to help meet the requirements for the location of new industrial plants and the expansion of existing industry.

The following is a list of the communities in my district where EDA projects are located with an estimate of the new jobs which were expected to be created by them. Such job estimates were made by local government and industrial leaders and have generally been found to be conservative.

Community :	<i>Jobs</i>
Eufaula -----	366
Evergreen -----	180
Union Springs -----	63
Montgomery -----	357
Greenville -----	132
Brundidge -----	84
Hartford -----	91
Geneva -----	433
Midway -----	34
Total -----	1,740

EDA programs have helped to provide many jobs in private enterprise to the citizens of my district, the State of Alabama and the country as a whole. Therefore, I urge the Subcommittee to act favorably on H.R. 4819 or a similar bill, and renew EDA.

Thank you, Mr. Chairman.

STATEMENT OF HON. BILL ALEXANDER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ARKANSAS

ON BILLS PROPOSING TO AMEND THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT
OF 1965 TO EXTEND THE AUTHORIZATIONS FOR A 1-YEAR PERIOD

Mr. Chairman and members of the Subcommittee, thank you for giving me this opportunity to support the proposal to extend the authority for the operation of the Economic Development Administration for an additional year.

Arkansas has demonstrated success toward finding solutions to the national problems of the countryside. During the 1950's the state, nicknamed the "Land of Opportunity", was depopulating rapidly. There was a mass exodus from the rural regions to the glitter of the cities by the educated young and unskilled poor. Both groups of people were in search of an opportunity and a better life.

During this period families were uprooted. Sons and daughters of Arkansas pulled up stakes and left their family homelaces for work in faraway places. Ghost towns appeared in areas that once had been thriving, bustling communities. Rapid social and economic changes occurred.

Most citizens recognized the need for a balanced economy and the Sixties became a decade of rapid progress. The tide of outmigration began to change. The population has begun to stabilize. Arkansas has found a way to allow our people to stay home, where we want to be.

What brought about this change in the depopulation trend?

A recent editorial column in the Washington Post gave the development of the Arkansas River credit for providing opportunities for checking the flow of outmigration from Arkansas. This is partially true. But, although the Mississippi River has been navigable for more than a century, people continue to leave the Delta regions.

The establishment of the system of inland waterways in this portion of the United States did give rise to a number of ports and industries along the Arkansas River. These in turn provided jobs and economic security for the people of the area. In addition, the Arkansas River project and the Corps of Engineers reclaimed a dirty, stagnant river and turned its muddy trickle into a clean, fresh flowing stream.

However, many other federal assistance programs were playing important roles in turning Arkansas around and heading her in the right direction. One of these was the Economic Development Administration.

Limited only by national policies and availability of funds, the EDA has enabled communities to work and plan their own future by helping them get the assistance they need in the form of public facility grants, business loans, planning grants and technical assistance.

Expansion and improvement of water and sewer systems not only helps keep local people at home, but attracts new industry. EDA has assisted in developing such things as industrial parks, vocational and technical schools, recreation facilities and airport expansions. Members of minority groups, who in earlier years could see no desirable future for themselves in the business world, could get minority business loans. Port studies were done. Community centers were opened.

Communities began to feel and act like communities once again.

Since the establishment of EDA in 1965, 228 projects have been funded in Arkansas. They have helped generate 29,000 new or anticipated jobs.

In the 12-county East Arkansas Planning and Development District (EAPDD)—located in the First Congressional District which I represent—23 projects have been funded or partially funded by EDA since 1968. The district has assisted counties and local communities in obtaining federal assistance for 13 other projects.

The projects which got federal funds from EDA only have generated, or are expected to generate 7,700 new jobs. A total of \$3,726,974 has been allocated to this planning district's counties. Meaning that each new job cost less than \$500 in EDA funds to create. The people who hold these jobs are taxpaying citizens. Each one has paid in more in taxes on earned income than the Federal Government invested in helping create these jobs. And, not one of them has migrated to a ghetto to become an anonymous name on a welfare role.

The case of the revival of Arkansas' economy is probably not a unique one. Many areas and states have begun to have hope for the future, thanks to the operations of the Economic Development Administration's programs. Consequently the Nation as a whole is healthier.

But, the battle has not been won. Only the opening victories have been tasted.

The major impact of the EDA program has been in the countryside. Yet, in 1970, there were 71,382 families struggling to survive in rural Arkansas areas on incomes below the poverty level.

In Arkansas EDA has proven itself a worthwhile program. I urge the Subcommittee on Economic Development, the Committee on Public Works and the Congress to act to give EDA another year of life.

Dispersal of economic development, such as EDA encourages and aids, helps reduce the congregation of the jobless and unskilled in the metropolitan areas. Industries can expand into new areas thus easing the problems of congestion and pollution in the heavily urbanized areas. And, our people will be happier because they will have a choice of living places since the prospects of making a living in the region they call home improves.

STATEMENT OF HON. RAY THORNTON, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ARKANSAS

Mr. Chairman, the dilemma of Rural America can generally be summed up in two disturbing words: Not enough.

As more and more Americans migrate to large, metropolitan areas, creating more and more problems for fully developed cities, Rural America is drained of its valuable human and economic resources, leaving it with not enough jobs, not enough income, not enough services and not enough trained workers to attract development by private concerns.

In recent years, however, this regressive spiral of opportunities for Rural America has begun to reverse. Much credit for this reversal is due to the Economic Development Administration.

Since the program's inception, a total of \$55,717,602 in EDA funds has been wisely used for public works, business loans, technical assistance and planning grants in the State of Arkansas. Yet only \$464,772 of these funds has been spent on planning, thanks to the highly efficient network of autonomous planning districts created to serve our state.

In terms of accountability, the case of continuation of EDA in Arkansas is strong. And, in terms of the long-range, as well as short-range, benefits which will result, the case for EDA's preservation is strengthened even more.

Because of EDA, an estimated 29,000 jobs have been created in Arkansas since 1965, and, within the next few years, much of the money invested through EDA will be returned through taxes on the incomes these jobs have created.

Because of EDA, Arkansas now can proudly boast of its unique Southwest Arkansas Technological Institute, which trains young men and women in challenging career fields, ranging from food service management to aeronautical technology. Since the school was begun, not a single one of its graduates has failed to find employment.

It has often been said that, in order to solve the problems of our cities, we must seek solutions in our rural areas. EDA is doing this, and EDA is paving the way for decentralization of industry in much the same way the Administration has already begun to pave the way for decentralization of our federal government.

By tapping local initiative, knowledge and understanding, EDA has over and over again shown that helping hands, rather than handouts, are the key to assuring steady economic growth for Rural America.

Continuation of EDA funding at present levels, as provided in H.R. 2246, is essential to insure the quality of life Rural America deserves.

I am pleased to have this opportunity to voice my full support of the Economic Development Administration, whose services have brought invaluable benefits to underdeveloped areas throughout the United States.

STATEMENT OF HON. THADDEUS J. DULSKI, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK

Mr. Chairman, it is a pleasure to have the opportunity to express my views to this Subcommittee on behalf of legislation to extend the authorizations for the Public Works and Economic Development Administration for a one-year period.

I am among the more than 100 House sponsors, including the entire Public Works Committee. The broad-based support from both sides of the aisle is an indication of the merits of the proposal.

If I may go further at this point, I would like to call your attention also to my related bill, H.R. 25, and request consideration of it at an early date. This bill incorporates the final provisions of H.R. 16071 which was sent to the President October 14, 1972, and which was subsequently pocket vetoed.

In his veto message, the President remarked that these programs "have been shown to be ineffective in creating jobs or stimulating timely economic development".

Only a few months previously, Assistant Secretary for Economic Development Robert A. Podesta testified before your Committee about the public works and development facilities program, "And when all projects have been completed, we estimate that these projects will have made possible some 330,000 permanent jobs in over 1,460 communities across the country."

In my District and across the country, construction workers have a high rate of unemployment. Assistant Secretary Podesta stated that the Public Works

Impact Program, within a year of its establishment, had been successful in finding almost 10,000 immediate construction jobs on labor intensive projects in 49 states, the District of Columbia, Puerto Rico, and American Samoa.

The business loan and guarantee program to assist disadvantaged areas stimulated investment in 328 communities, with an anticipated 38,000 new direct jobs resulting.

I cannot conceive of these permanent jobs being considered "ineffective", or the projects not "stimulating timely economic development".

In my own area, unemployment levels are near-crisis levels, and the situation is not an isolated one, but repeated across the country. Unemployment is one of the problems the Economic Development Administration is approaching in a positive manner.

The Administration's budget proposals include plans to submit legislation to authorize urban community development revenue sharing, under which EDA-type projects in urban area would be eligible for funding. The budget allows \$2.3 billion during the first full year of funding beginning July 1, 1974.

The veto message asserted, "Public works projects have notoriously long lead times—so by the time this spending became fully effective, the need for such stimulation would be passed and the stimulation would be inflationary."

Does the right hand know what the left hand is doing?

If we lose a full year for lack of funding for these projects, won't the "lead time" be lost? Will it be less inflationary to start over again in 1974? The rising price index, unemployment figures, and economic indicators forecast otherwise.

Mr. Chairman, I believe we cannot afford to allow a lapse in a demonstrably effective program such as this. I believe past stimulation to depressed areas has been beneficial to the nation's economy, and certainly the economy still needs a boost.

I urge the Committee to report favorably a bill to extend the Economic Development Administration for one year, and then to consider last year's House and Senate passed legislation to amend the Public Works and Economic Development Act of 1965.

STATEMENT OF HON. RICHARDSON PREYER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NORTH CAROLINA

Mr. CHAIRMAN. I appreciate this opportunity to convey to your Committee my support of the bill to extend the Economic Development Administration program to June 30, 1974. I am co-sponsoring with Congressman John McFall a similar bill.

I would like to call to the attention of this Committee a specific example of the tremendous benefits which have been accrued by the EDA loan program for a group of people in my home state of North Carolina.

Lackey Industries, Inc. of Leland, North Carolina, received a loan from EDA on April 1, 1971, representing 60 percent of the total cost of the project to build a public warehouse for storage, distribution, and a manufacturing center in the same facility. The number one program of this facility is to supply employment to those handicapped, either by color, education, or otherwise so that these people could be trained to become productive workers. A number of these employees were on welfare and the majority of the total work force were unemployed previously, having been unable to find employment elsewhere.

Lackey Industries made little profit during the first eighteen months of operation since any extra funds were used to further train the employees. An incentive program was initiated for the production employees. Beginning minimum wages for these employees was approximately \$64.00 per week. With the incentive program, these employees are now earning between \$90.00 and \$110.00 per week. Eighty of the one hundred employees in this industry are black and they are all delighted to have this opportunity to hold a job and are proud of their accomplishments.

Lackey Industries anticipates increasing its work force to approximately 200 people by the end of 1973. The company is also in the process of preparing an application for submitting to EDA for an additional building of similar size. This would increase the number of total employees to between 350 and 400 individuals. These plans will, of course, falter if the Economic Development Administration Program is not extended for another year.

I urge the Committee to favorably report a bill to extend the EDA program.

Respectfully submitted,

RICHARDSON PREYER,
Sixth District, North Carolina.

STATEMENT OF HON. CLEM ROGERS McSPADDEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF OKLAHOMA

Mr. McSpadden was granted leave to extend his remarks by inserting the following information concerning the need to extend the life of the Economic Development Administration for another year.

Mr. McSPADDEN. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following: We have in our case files as of this moment, three towns which are seeking sewer improvements and two water districts in rural areas which are being held up due to lack of funds. Further economic development of Oklahoma's 2nd Congressional District is a must. A continuance of the EDA and the Regional Commissions, such as Ozarka, will allow Oklahomans to live a full life, regardless of where they reside.

STATEMENT OF HON. BROCK ADAMS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF WASHINGTON

Mr. Chairman, I am honored to join my colleague from California, Rep. John J. McFall, and more than 100 other Members to introduce legislation which will continue the Economic Development Administration until June 30, 1974, at its present level of funding.

As we all know, the Administration intends to bury EDA in four months. Now it is not my intention to help preside over a funeral, for I am convinced we need an additional year to complete studies already begun on EDA operations.

It may turn out that there is a more effective way of providing badly needed assistance to economically depressed areas. Or it may be that present EDA operations are doing the job as well as it can be done. In either case, it makes no sense at all to simply end this program of loans and grants before determining what we use to replace it.

In my own Congressional District of Seattle and South King County, EDA provided funds at a critical time to give the economy a boost it desperately needed. This was two and three years ago when Seattle had a higher unemployment rate than any community in the nation. The benefits from EDA grants and loans are still being felt, and we deeply appreciate what was done for us.

Mr. Chairman, I also believe the Administration is using the destruction of EDA as another political weapon to reshape priorities previously established by the Congress. I urge the Committee to report favorably on this crucial legislation.

STATEMENT OF HON. DAVID R. OBEY, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF WISCONSIN

I appreciate this opportunity to register my wholehearted support for continuing the programs of the Economic Development Administration (EDA) and the Regional Action Planning Commissions. These programs are vital in helping people in economically depressed areas of the country, like northwestern Wisconsin, help themselves to a more equitable share of this nation's abundance.

The Chairman, my good neighbor from just over the bridge in Minnesota, Mr. Blatnik, is to be commended for the vigorous leadership he is providing in the fight to save EDA and the Regional Commissions from the President's misguided axe. As in the past, his efforts will not only benefit northern Minnesota, but also northwestern Wisconsin and many other economically distressed areas throughout the country.

I hope that the Committee's action, and that of Congress as a whole, will halt this callous Executive disregard for people living in chronically depressed areas of our nation and the will of Congress.

Last December, when I first learned that the Administration planned to dismantle EDA, I immediately wrote to President Nixon. In that letter I observed that,

"The EDA has performed a vital function by providing long-term employment opportunities in many chronically depressed areas of our country. Without the continuation of EDA programs there is little likelihood that these communities will break the cycle of depression that has for so long retarded their progress."

I also pointed out that "Termination of these programs at this time, or major

changes in their administration, will seriously disrupt their plans and erode confidence in the Federal government as a partner in the long-run development of their communities."

I concluded my letter by saying "I urge you to reconsider your decision to abolish the Economic Development Administration."

As we all know, these and similar pleas from around the country fell on deaf ears at the White House.

Whether the White House and OMB care to face it or not, economic stagnation or decline exists in many regions of the country today. The development potential that exists in these areas has never been tapped by adequately funded development assistance programs. The northwestern part of Wisconsin is such an area. A few facts will indicate the nature of its economic problems and the need for expansion, rather than termination, of the economic development programs of EDA and the Regional Commissions.

In northwestern Wisconsin:

The unemployment rate has been 50% above the U.S. average since 1966.

The unemployment rate was a staggering 8.7% in 1971.

Per capita income was 30% less than the State average in 1970.

40% of the families have total income of under \$6,000 compared to 21% at this income level in the State as a whole.

Population declined annually by .2% during the 1960's and is now less than the 1910 population.

Over 14% of the population is 65 years or older.

20% of the people derive most of their income from Social Security.

30% of the farms shut-down between 1964 and 1969.

There is 1 doctor for every 2,065 people, compared to a State average of 1 to 919. I might add that 1 to 2,065 is about the same as the ratios for Nicaragua and Brazil.

Since their inception in 1966, the EDA and the Upper Great Lakes Regional Commissions have provided \$7.7 million in economic development assistance to northwestern Wisconsin communities. Of course, this amount of money is "peanuts" compared to the needs of the region. To expect such resources to be sufficient to reverse a trend of economic decline that has been going on for decades is unrealistic. Yet, these funds have triggered substantially larger investments by local communities, the State and the private sector. As a result, these Federal funds have been high powered dollars and have had a multiplier effect throughout the region. The new jobs and business activity promoted by the infusion of this capital has reduced the rate of decline in some parts of northwest Wisconsin and actually resulted in increased growth in others.

A few cases from northwestern Wisconsin will demonstrate that these economic programs do produce a substantial "bang for the buck".

EDA provided a \$183,000 business loan to the Superior Fiber Products Company in 1966. Without this loan it is doubtful that this "new" business would have been created in Superior, Wisconsin. Today, this company is operating very successfully, providing more than 150 direct jobs to people from the Superior area.

EDA provided a business loan of about \$700,000 to Jeno's Inc. in late 1970 to enable them to open a "new" manufacturing facility in northwestern Wisconsin. This investment, which EDA participation made possible, has resulted in nearly 200 full-time direct manufacturing jobs in northwestern Wisconsin.

The St. Croix Company in Park Falls, Wisconsin, a sporting goods manufacturer, employs over 100 full-time workers. However, in 1972 the plant was nearly closed down because of an inadequate supply of water. With the combined help of the Upper Great Lakes Regional Commission and EDA, these 100 jobs were saved. Of course, the area was also benefited in a number of other ways by the \$200,000 watermain extension that kept the firm in northwestern Wisconsin.

The Memorial Medical Center, Inc., in Ashland, Wisconsin, has received a \$900,000 public works grant from EDA for a new hospital. This grant has created 100 direct jobs and 150 related ones in northwestern Wisconsin. It has also enabled an area with severe medical service shortages to create a regional medical center with a wide service area in northern Wisconsin.

The Upper Great Lakes Regional Commission is providing \$50,000 for the development of an economic development program for the Duluth/Superior area. This has enabled Douglas County and the City of Superior to hire a full-time

economic planning expert. Given recent unemployment levels in this area, such a program is extremely important.

Many additional examples could be cited. We could also note an even larger number of projects that have had to be turned down by these organizations because of lack of funds. These projects could have kept existing jobs in this economically depressed area and created additional employment opportunities as well.

When one understands the needs of these areas and the effectiveness of these programs given the limited funding, it is hard to see how the President could call them "lower priority" in his budget. Can they be "lower priority" than loans to big business, grants to foreign military dictators, space technology research, more weapon purchases? I think not.

While abolishing EDA and the Regional Commissions, the Administration provided "substitute" programs that it claimed will be more effective in meeting the same needs. However, the proposed programs are totally inadequate. Not only is the proposed funding miniscule when compared to the funds available from EDA and the Regional Commissions in the past, but the program has no focus. The new program proposed by the White House would be available to rich and poor communities on an equal basis. The President's budget, in effect, abandons some of the poorest areas of the United States with a lecture on "self reliance" and "equal treatment for all Americans".

The frequent White House harping on these two themes reminds me of something Will Rogers once said about "equal treatment". He said, "It all depends upon what you mean by equality. For instance, the poor and the rich get the same amount of ice, but the poor get theirs in the wintertime."

Because of my concern for the economic plight of depressed rural areas of our country, like northwestern Wisconsin, and my conviction that economic development assistance is needed and can be effective, I introduced H.R. 4659 last week. In essence, this bill would authorize the program recommended by the Committee and passed by the House and Senate last Fall, only to be vetoed by the President. I believe the expanded program called for in that bill is essential to the long-run balanced economic growth of the economically depressed rural areas of our nation.

I also understand the bind that the Committee finds itself in as a result of the President's action. It must get legislation of some kind passed immediately or EDA and the Regional Commissions are dead. H.R. 4659 simply indicates my conviction that the program we need is much greater than the simple extension I am afraid we will have to live with. I do hope that when this Committee begins to draft new legislation later this year that it will once again seriously consider the provisions of H.R. 4659.

Mr. Chairman, you can count on my support for a simple extension of these programs in the interest of salvaging something, but sharp increases in economic development funds and assistance to workers and businesses facing new environmental regulations is also needed, and needed fast.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 28, 1973.

HON. ROBERT JONES,
Committee on Public Works,
Subcommittee on Economic Development.

DEAR BOB: In view of the fact that your subcommittee is now holding hearings on the EDA issue, I have taken the liberty of forwarding to you the enclosed letter from concerned constituents of mine in Oregon. I hope this information will be helpful to you.

Thank you.

Sincerely,

AL ULLMAN,
Member of Congress.

WASCO COUNTY,
The Dalles, Oreg., February 14, 1973.

HON. AL ULLMAN,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN ULLMAN: Wasco County Court is extremely concerned about the President's stand regarding Economic Development Administrations' Districts Program. We understand that this program is in jeopardy. At the

present time the Mid-Columbia Economic Development District is providing planning for us in the areas of economic development, human resources and comprehensive land and facilities planning. It provides a forum for public officials to work with the general public in establishing priorities and goals for our area. Through the District we are coordinating Federal programs and providing funding for very badly needed projects. Therefore, the Wasco County Court urges your support of Bill HR 2246 which will extend the EDA program for one year. We further strongly favor implementation of the Rural Development Act of 1972. It is essential that this program have funds to assist in the development of rural America.

Sincerely yours,

WASCO COUNTY COURT,
O. W. KORTGE,
County Judge.
RALPH M. STEARNS,
Commissioner.
GRANT C. S. CYPHERS,
Commissioner.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 26, 1973.

Hon. ROBERT E. JONES,
Chairman, Subcommittee on Economic Development,
Washington, D.C.

DEAR MR. CHAIRMAN: As your subcommittee begins consideration of H.R. 2246, legislation to extend the regional commissions, I wish to express my support for the continuation of the New England Regional Commission.

On Tuesday, February 27th, the Governor of Rhode Island, the Honorable Philip W. Noel, will be testifying before your subcommittee giving his views on the importance of continuing the New England Regional Commission. I would like the committee to know that I fully endorse and subscribe to the views of Governor Noel on this issue. I share his concern that the Commission be able to continue its work, and I am especially hopeful that Rhode Island will be able to benefit from its assistance in the area of economic development.

Also, I would like to bring to your attention a letter which I recently received from the Rhode Island Staff Development Cooperative urging the continuation of the New England Regional Commission.

It is my hope that your subcommittee will give favorable consideration to the continuation of the regional commissions.

Sincerely,

FERNAND J. ST GERMAIN,
Member of Congress.

RHODE ISLAND STAFF DEVELOPMENT COOPERATIVE,
Providence, R.I., February 19, 1973.

Representative FERNAND J. ST GERMAIN,
Longworth House Office Bldg.,
Washington, D.C.

DEAR CONGRESSMAN: I have been informed that the United States Senate Public Works Committee will hold hearings on a bill to continue the Regional Commissions on February 21, 1973.

May I call to your attention some of the productive and far-reaching projects supported by the New England Regional Commission?

Through the efforts and financial support of the New England Regional Commission we have been involved for the past two years in developing an alternative approach in preparing teachers. The enclosed brochure and Newsletters will give you some idea of the goals and the scope of the Rhode Island Staff Development Cooperative is, in fact, a consortium of institutions of higher learning, public school districts, community representatives, and the State Department of Education.

Without funding from the New England Program in Teacher Education (NEPTE), a program under the Regional Commission, we would not have had the opportunity to explore a relatively new approach to teacher education. We have begun to produce and field test materials by which a teacher trainee can pace himself and evaluate his own performance as he develops specific skills necessary for teaching.

At the local level, we have begun to build a network among colleges, schools and community groups to examine and evaluate alternative programs for pre-service and in-service education in R.I. and southern Massachusetts.

We are just beginning to tackle the more intricate, the more subtle, the more sensitive areas in teacher preparation. It would be unfortunate if at this critical stage support for the Regional Commission and NEPTE were withdrawn. We ought to have more support for economic development in education through programs such as NEPTE, not less.

I would urge your support for the continuation of the New England Regional Commission so that programs begun and developed by NEPTE can continue.

Sincerely,

CARMELA E. SANTORO,
Director, RISDC.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 28, 1973.

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT PROGRAMS,
HOUSE COMMITTEE ON PUBLIC WORKS,
Rayburn House Office Building.

DEAR MR. LORENZ: I would be most grateful if you would include the enclosed telegram from Louisville Mayor Frank W. Burke in the record of the hearings held on legislation to extend authorizations for the Economic Development Administration.

Thank you very much.

Sincerely,

ROMANO L. MAZZOLI,
Member of Congress.

LOUISVILLE, KY., *February 28, 1973.*

Congressman ROMANO MAZZOLI,
Longworth Building,
Washington, D.C.

Attention Congressman Jack McFall: The city of Louisville has been designated as special impact area under EDA. Vital proposals for Louisville are contingent on the continuation of national funding for EDA. We urge you to do everything in your power to preserve EDA.

FRANK W. BURKE,
Mayor.

NATIONAL LEAGUE OF CITIES,
U.S. CONFERENCE OF MAYORS,
March 13, 1973.

Hon. JOHN A. BLATNIK,
Chairman, House Public Works Committee,
Washington, D.C.

DEAR CONGRESSMAN BLATNIK: On behalf of the National League of Cities and the U.S. Conference of Mayors, we are submitting a statement on the proposed one-year extension of the Public Works and Economic Development Act. It is the position of our organizations that this program should be continued. While acknowledging the shortcomings of EDA, careful attention must be given to any transition to an improved economic development effort. All the gains made through the EDA program, all the expertise and momentum of on-going programs will be lost if EDA is summarily terminated without anything to replace it.

We are also enclosing copies of the current policy positions of the National League of Cities and the United States Conference of Mayors on economic development.

We respectfully submit these materials for inclusion in the hearing record on the EDA legislation.

Sincerely,

ALLEN E. PRITCHARD, Jr.,
Executive Vice President, National League of Cities.
JOHN J. GUNTHER,
Executive Director, U.S. Conference of Mayors.

STATEMENT SUBMITTED BY NLC/USMC ON EXTENSION OF THE ECONOMIC DEVELOPMENT ACT

The National League of Cities and the United States Conference of Mayors welcome this opportunity to comment on proposals to extend and amend the Public Works and Economic Development Act of 1965 as amended. This legislation will lapse on June 30.

The President last year vetoed an amendment and extension of the basic Act on the grounds, at least in part, that the EDA programs have been ineffective. We agree that ineffective programs should be terminated. The question is, therefore, whether these programs have significantly unique attributes which merit the continuance of their identity or whether the useful characteristics of the present program can be integrated without significant loss into and subsumed in other Federal activities existing or proposed. This, in essence, is what the Administration's budget proposal contemplates.

We represent the concerns and aspirations of the cities in this matter. The National League of Cities consists of, and is the national spokesman for, approximately 15,000 municipal governments in all fifty states and Puerto Rico. The U.S. Conference of Mayors includes virtually all cities with a population in excess of 30,000. Member cities are represented by their elected chief executives—the Mayor. In this context a few words of introduction may be helpful.

From one perspective a city is nothing more than a piece of real estate whose boundaries have been determined by an act of the State legislature.

The people who populate the cities come and go as they choose, some on a daily basis, others as the considerations of their lives dictate. Mobility of our population is a major characteristic, and the rate of such movement is increasing.

The same may be said of the mobility of business and industry. Efficiency and economic advantage is the prime consideration which dictates location. Businesses move into and out of urban areas at will. These are dynamic aspects of urban affairs.

Only the real estate is static. This real estate or *place* is in competition with other similar places for the patronage of people, business and industry. Accordingly, in a basic sense the success of a place—in this case a city—is in direct proportion to its ability to establish and maintain an environment which can attract and hold people, business, and industry.

Stated in other terms, a basic function of a place—the city—is to create and maintain an environment which is attractive to live in (the residency function) or to work in (the economic function). The success and viability of the city is dependent on how effectively it performs its residential or economic functions. A city which cannot attract and hold its residents and its businesses is almost by definition a dying city. With this proposition in mind we can now turn to those activities which are authorized by the Public Works and Economic Development Act.

Viewed individually the programs carried on under this legislation do not seem unique. Public works such as sewer and water lines are funded by a number of Federal agencies. The business loans made by EDA are not totally dissimilar to those granted by SBA, another good developmental agency. The activities which have been supported by EDA technical assistance and planning grants have been funded by other agencies as well. OEO and HUD immediately come to mind and there are others.

But in one respect EDA is a unique agency. EDA attempts to apply economic disciplines, techniques and data in an organized way in order to deal with the problems of underemployment and unemployment as they exist—not nationally—but in specific places. Thus EDA, at its best, is an agency which mounts or can mount a coordinated and comprehensive effort to deal with place oriented manifestation of local problems by making the economic functions and economy of that place more effective and efficient.

The mission of EDA is to assist a place to perform its basic functions better and thereby to attract and hold industry, businesses and associated residents. This is what EDA is all about. No other agency seems committed to this approach or this kind of economic strategy.

For example, HUD's Community Development programs do not require as a *sine qua non* an economic rationale. Indeed the rationale for Community Development is unclear. But EDA's activities are or should be based on an economic underpinning which is expressed in the Overall Economic Development Plan or Program, the first step for qualification for much of EDA's assistance under the terms of the legislation.

How has EDA performed this function? The answer must be: unevenly at best. But the basic point to be understood is that the EDA approach is sound and unique, when it is in fact applied. In many places, both rural and urban, the soundness and effectiveness of this approach has been demonstrated.

There is a basic dichotomy in the EDA legislation. The Act has been called facetiously the Public Works or Economic Development Act. This appellation emphasizes the fact that projects—in this instance public works—do not automatically make an economic development program, even though public works mean economic activity and employment. The problem with public works *per se* is that they do not provide for either continuity of effort or a rationale for that continuity.

This brings us to the OEDP. This document, and the process which underlies it, attempts through analysis to establish the basic strategy for promoting and sustaining localized economic activity and for linking this activity with the target beneficiaries, the underemployed and unemployed.

This process has many deficiencies. For one it does not seem significantly to influence or control the sustained activities either of the recipients of EDA assistance or EDA itself. Typically, it is a "dead" document associated with the eligibility process but not with implementation of the subsequent authorized programs.

This is too bad because the distinctive EDA approach—economics, economic data and economic analysis—is what makes EDA valuable. And this approach is embodied in the OEDP.

While the subject is too complex to deal with here, part of the difficulty lies in the fact that OEDP's are prepared on a county or multi-county basis while EDA grants typically go to other jurisdictions such as cities. Those entities are not significantly influenced in their operations by the analysis which is the essential part of the OEDP.

A further difficulty is that local government programs typically are not constrained by "policy planning". Cities do not view as an essential product of their efforts the enhancement of the local economy or the redistribution of income within that economy. Thus the OEDP is more or less irrelevant to their concerns and activities as they are manifest on a day to day basis.

Not incidentally, EDA has recognized this difficulty and currently is working with the National League of Cities and the United States Conference of Mayors to develop a means for integrating economic considerations into the day to day planning and operations of cities. This effort is starting its second year and shows some significant potential.

As spokesmen for the cities, we do not dwell on some of the other aspects of EDA's activities. The Title V Regional Action Planning Commissions have been reviewed by ACIR with inconclusive recommendations ensuing. However, we believe that if the Commissions are to be continued, a useful potential for the cities can be embodied in these efforts. We are particularly struck with the New England Regional Commission in this respect. They have established a New England Municipal Center which already is contributing much to municipal affairs in New England. In other commissions the link between regional organizations and cities is more tenuous and perhaps non-existent.

But to return to our basic point, the attempt to apply economic rationales and disciplines to solving local problems is an unique attribute of EDA. To the extent that the agency has emphasized individual projects in lieu of a rational economic strategy, its programs have suffered. Projects, public works or otherwise, do not assure continuity or rationality of efforts. They do not assure a rational and effective program.

So far as EDA efforts in urban affairs are concerned, many of EDA's programs have demonstrated credible potential.

With proportionately slight investments in public works, business loans, and technical assistance, compared with other massive federal programs aimed at rebuilding cities, EDA has achieved multiplier effects that have surprised some skeptics. No other extant federal program has produced such measurable gains per dollar invested in local employment, local investment and local tax base as the pilot EDA programs launched in poverty areas of New York City, Chicago, Los Angeles, Omaha, Oakland and a few other cities.

These investments have also enhanced and fortified the performance of Model Cities and Community Development Corporations in the same cities, with synergistic effects not only on the local economy but on local social, cultural and political conditions in ways that produced acceptance instead of backlash. Local officials have repeatedly testified that EDA programs provide a strategic "miss-

ing link" to pull together the larger programs of HUD, Labor, SBA and so forth.

According to the Council for Urban Economic Development, Inc., an affiliate of NLC/USCM, EDA has assisted upwards of 20 local governments in setting up economic development units to work on job retention, job creation and capital formation.

Some cities actually hired their first economists with EDA funds and this has had far-reaching consequences, the benefits of which are just beginning to be seen, not only in the articulation of at least a fledgling theory and practice of urban economic development (we don't have one now) but equally important local insights into how economic analysis and economic strategy can sharpen the expenditure of municipal funds and improve local economic climates.

The ability of local governments to evaluate their economic problems, devise program responses, and provide meaningful feedback on direct experience with all federal programs cannot be underestimated.

As we grope for ways to make housing, renewal, job training, and community action programs work better, the insights provided by local economic analysts and practitioners provided by EDA will be of strategic importance. Certainly they will be of even greater value to local elected officials if these programs are folded into consolidated grants or into special revenue sharing.

For all these reasons we conclude that EDA is making significant contribution to the performances of local governments and to the circumstances of the persons and businesses which are dependent, in part, on the activities of these governments.

We urge that the criticisms of EDA and the programs of that agency be evaluated carefully and with an open mind. We are sure that deficiencies and short-falls exist; but they are correctable.

The important, indeed essential, point is that the unique aspects of the legislation and the programs—the use of economics in planning and program development and implementation—be preserved and perpetuated. The momentum, credibility, and expertise developed through EDA must not be lost during any transition to a "new approach."

The economic approach to improving the performance of governments at all levels but particularly the local level holds the highest promise. This approach should be enhanced rather than dissipated or abandoned.

The National League of Cities and the U.S. Conference of Mayors therefore strongly support H.R. 2246, a one year extension of the Public Works and Economic Development Act of 1965. It is not a perfect piece of legislation, but it should be retained until its replacement and improvement is assured.

RESOLUTION ADOPTED BY UNITED STATES CONFERENCE OF MAYORS, PHILADELPHIA, PA., JUNE 16, 1971

35. ECONOMIC DEVELOPMENT

Whereas, the economic vitality of cities is required for a sound nation and a sound national economy; and

Whereas, past and present federal programs and policies, and the lack of a national growth policy have had the effect of weakening the economic foundations of cities and urban areas and encouraging inefficient distribution of economic activity, with consequent (1) discouragement of business locations and growth in cities, (2) flight of industry to the suburbs, (3) failure of marginal city enterprises, and (4) deterioration of the tax base and less ability of the city to provide vital services and maintain the infra-structure upon which economic growth depends; and

Whereas, such economic decline and urban decay increase the numbers of unemployed, whose jobs either disappear completely or are moved to the suburbs, and such workers are precluded from seeking employment in the suburbs because of discriminatory land use restrictions; and

Whereas, migrants from rural areas find there are no jobs available in the cities and that they too, are excluded from living close to the expanding suburban job market; and

Whereas, alternative growth patterns designed to relieve the population pressures on the cities, such as new towns and rural revitalization, will not come into full effect for many years, and consequently, are not real solutions to the immediate urban problems, but will divert scarce resources from the task of maintaining the economic life of the cities; and

Whereas, Congress and the President have allowed these conditions to exist, and in particular, the Economic Development Administration has been given inadequate statutory authority in the past, and inadequate levels of funds in the present, to make any significant impact toward improving this condition of the cities' failing economic health; and

Whereas, the economic vitality of the nation has been seriously constrained in recent years by reduced availability of credit; and

Whereas, this has resulted in intolerable levels of unemployment concentrated in our urban centers; and

Whereas, increased levels of employment can only be achieved through industrial diversification; and

Whereas, the economic recession has made industrial diversification extremely difficult for areas of the country most severely hit by the present state of the economy; and

Whereas, many of these areas need the help of the federal and state governments to finance the diversification effort; and

Whereas, city capital improvement projects were significantly curtailed during 1969-1970 because of the high interest rates in the municipal bond market; cities with low bond ratings are finding it increasingly impossible to secure financing through the municipal bond market; and several federal programs require that local capital matching funds be raised by the sale of taxable municipal bonds (which are subsidized and guaranteed by the federal government) through independent federal agencies uncoordinated with one another, Now, therefore, be it

Resolved, That the U.S. Conference of Mayors urges that the process of developing and maintaining the economic vitality of the cities, as the foundation for a sound urban and national economy, must be assigned high national priority; and be it further

Resolved, That Congress and the President respond to this national priority by adequately funding and giving sufficient power and jurisdiction to the Economic Development Administration, or if necessary, to an entirely new comprehensive body, with a clear mandate to reverse the economic stagnation and decline the cities now face; and be it further

Resolved, That such a body should work directly with locally elected officials in creating and implementing economic development efforts. Assistance should be in the form of planning and technical assistance as well as direct financial aid; and be it further

Resolved, That an economic development component shall be an essential element of any national, regional, or local growth plan; and be it further

Resolved, That government and industry should be encouraged to remain in, locate to, and grow in the cities. Industrial and government relocation from cities to suburbs where adequate housing will not be available for all employees should be strongly discouraged; and be it further

Resolved, That the U.S. Conference of Mayors call upon the President and Congress to enact legislation that would encourage industries to expand or locate in depressed urban areas. This might be done through investment credits, accelerated depreciation benefits, or simple tax benefits; and be it further

Resolved, That the federal government establish a program to broaden the market for the sale of municipal bonds in order to lower the interest rate, that the federal government assist cities with low bond ratings in the marketing of their bonds, and that the federal government centralize its financial assistance to cities for bonds sold pursuant to federal programs.

NOTE: Proposed Resolution No 36 (on funds to combat alcoholism) was referred by the Philadelphia Resolutions Committee to the Conference Staff for further study.

POLICY ADOPTED BY NATIONAL LEAGUE OF CITIES AT THE 49TH ANNUAL CONGRESS OF CITIES, NOVEMBER 30, 1972, INDIANAPOLIS, IND.

1.302 ECONOMIC DEVELOPMENT ASSISTANCE

Central cities, older suburbs and other financially-distressed areas must be revitalized for a sound economy. Past efforts have been inadequate and have failed to respond to the most pressing needs. Economic development of cities has also been given insufficient attention in the consideration of growth patterns, a problem compounded by the lack of a clear national growth policy.

Expanded financial and technical assistance must be extended to central city areas, older suburbs, and to small towns or rural areas with potential for ac-

celerated economic growth and which exhibit high and chronic unemployment, underemployment and concentrations of low income persons. Such aid should be used to allow local and state economic development agencies to supplement and coordinate existing economic development efforts mounted by government, business and citizens.

The Economic Development Administration (EDA) should give much greater emphasis to its role in urban areas. Congress should allow the agency to work under broader, more flexible designation criteria which would make many more cities eligible and should authorize and appropriate funds adequate to the task. Greater emphasis should be placed upon the expansion of technical assistance in the form of grants for staff training and development of program approaches geared specifically to removing the special barriers to economic development endemic to large urban areas.

EDA in administering aid to parts of urban areas designated as "special impact" redevelopment areas, should revise the planning requirements presently in force to insure that the interests of the city as a whole are adequately represented in the planning process.

Serious consideration should be given to a new Federal response to the economic needs of the nation. Such a new Federal program should not only attempt to meet the critical needs of mature urban areas but should, in addition, encourage the creation of broader economic development strategies that take into account the problems of entire regions. The Department of Labor and the Bureau of Census should accelerate and expand present efforts to study unemployment and underemployment in deprived areas of inner cities and smaller communities. In the absence of such data, more consideration should be given to data derived from local studies in determining eligibility for economic development assistance.

AMERICAN FEDERATION OF LABOR AND CONGRESS
OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., February 27, 1973.

HON. JOHN A. BLATNIK,
Chairman, House Public Works Committee, U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: As in prior years, the AFL-CIO advocates the continuation of the Public Works and Economic Development Act of 1965 as amended and urges the passage of H.R. 2246.

A one year extension of the legislation with 100% funding at FY '73 authorization levels will allow continued program activity by the Economic Development Administration and permit the Congress to consider new long term economic development legislation. The need for such legislation is obvious. Although there has been a decline in the national unemployment rate, there are thousands of communities where unemployment rates are still extremely high. We understand that 1,450 counties and labor market areas, 130 Indian Reservations and ten center cities are presently designated as depressed areas, eligible for EDA assistance.

The EDA record shows that its programs are effective. Its officials have stated that under Title I, the Public Works section of the Act, one permanent job was created for each \$2,300 of EDA investment. Under the FY '73 authorization of 800 million dollars, a one year extension of this authorization and its full appropriation could create 217,000 permanent jobs for 500 million dollars, and permit an additional \$300 million to be spent on Public Works Impact Projects. In addition, a one year extension could create 168,000 man months of construction work, most of which would be performed by local labor.

The Congress has been told by EDA that each dollar spent for public works projects has generated \$8.55 in non-federal investments in depressed areas. Thus, five hundred million dollars worth of regular public works projects could generate up to \$4.275 billion non federal investments.

The Business Development loan program, if funded as authorized in FY '73 at 170 million, would, when extended for one year, create over 30,000 permanent full time jobs.

This country cannot accept the abolition of economic development programs. Federal help must be provided for those communities where foreign competition and new technologies have created unemployment and underemployment far above the national rate. The EDA program, after all, is not a welfare program.

It creates jobs, it creates tax revenues, and it provides needed public services for American communities which make them a better place to live.

While we express our support for this Bill we also urge the Congress to instruct the EDA to adhere to the nonrelocation prohibitions of the Act and to apply them to all parts of the program. There must be no plant piracy, no runaway companies, no unfair competition financed by a federal program.

In conclusion, we believe that perhaps the most important reason for the one year extension of the EDA program is simply that there is nothing offered to replace it. At a time where we are converting to a peacetime economy, we are asked to forego federal programs of proven effectiveness and to trust that depressed areas can pull themselves up by their bootstraps, tax themselves beyond their capacities, and create jobs all by themselves. You know they could not do it before, and they certainly cannot do it now.

Federal programs which create jobs and train workers have consistently suffered from a lack of money to carry out their missions. For this reason, we urge a one year extension of the EDA programs funded at 100% of the FY '73 authorization. We sincerely hope that Congress will lead the way in establishing the right priorities, and using the taxpayers' money to create more new jobs and economic stability.

We respectfully request that this letter be included in the record of your Committee's hearings.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

THE NEW ENGLAND PROGRAM IN TEACHER EDUCATION,
A PROGRAM OF THE NEW ENGLAND REGIONAL COMMISSION,
Durham, N.H., February 26, 1973.

Congressman ROBERT JONES,
Chairman, Subcommittee on Economic Development, Public Works Committee,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: We write to ask your support and that of your committee for H.R. 2247 to extend the Economic Development Act, and particularly the Regional Commissions.

We represent the Board of Directors and the Staff of the New England Program in Teacher Education. Our Board of 24 members includes two professional educators and two community persons from each state. Our staff and projects are operational in many local sites in each state. Our 30 months' experience with the New England Program in Teacher Education, created and largely funded by the New England Regional Commission, has convinced us that a leaven of Federal funds can attract and focus a mix of state and local resources in ways virtually impossible for any purely state-initiated mechanism.

For instance, we have been able to develop working collaborations of colleges, school districts, communities, and state departments of education which have not occurred before; more significantly, these collaborations extend across state lines. Thus, they show not only how unnecessary duplications of expenditure may be avoided, but also how utilization of available talent may be greatly increased. It is recognized that improvements in education require either "add-on" programs or change in people. NEPTE believes change in people much the more effective as well as less costly method. Thus NEPTE never impinges upon or seeks to replace an existing institution, but rather uses multiple approaches to strengthen existing relationships and to "free up" talent and resources for new ventures. Relatively small Federal funds can do this sort of thing where state or local funds are simply too limited in jurisdiction to be applied effectively.

Finally, in New England at least, human resources are the basis of our economy, and education must be regarded in terms of economic development. We have been particularly concerned with orientation of schools to the real world, from research in the actual learning process to education for the world of work. With the heavy commitments of most schools to existing curriculum, the help of these relatively small Federal funds in accelerating the change processes we have described is invaluable in addressing the economic needs of our region.

We append an annual report and lists of our total funding and of our various projects with the institutions, agencies, school districts, and communities involved. As you may see, our funds have been largely placed in local school districts and without exception the results of the projects have been required to show regional

impact. Our experience has been just long enough to show a rich potential for New England economic development in the field we have opened up and cultivated. We are most anxious to be allowed to continue.

We deeply appreciate this privilege of offering our views on this very important measure to be introduced into the record of the hearings on H.R. 2247 as concrete documentation of the important effects of the Economic Development Act and particularly of the New England Regional Commission.

Sincerely,

CHARLOTTE RYAN,
Chairman of the Board.
ROLAND GODDU,
Director.

DURANT CHAMBER OF COMMERCE,
Durant, Okla., February 28, 1973.

Mr. JOHN A. BLATNIK,
Chairman, Public Works Committee, U.S. House of Representatives, Washington, D.C.

DEAR MR. BLATNIK: We are sure you are aware of the financial assistance that has been provided in Durant and Bryan County by EDA. The benefit received from EDA in obtaining our newest industry, Marathon-LeTourneau, is impossible to measure. It is also impossible to measure the economic growth made possible in this area by EDA financial assistance.

We urgently request that the EDA Act be continued and that this letter be made a part of the Public Works Hearing Transcript.

Your cooperation will be appreciated.

Sincerely,

RUSSELL ROGERS,
President.

NEW HAMPSHIRE-VERMONT DEVELOPMENT COUNCIL, INC.,
Littleton, N.H., February 23, 1973.

Hon. JAMES C. CLEVELAND,
*Longworth Building,
Washington, D.C.*

DEAR CONGRESSMAN: On behalf of the Directors of the New Hampshire-Vermont Development Council, I solicit your support of pending legislation calling for the continuation of the Economic Development Administration.

The discontinuance of EDA would be a serious blow to communities from St. Albans, Vermont to Berlin, New Hampshire. These communities have programs of economic self-help which are dependent upon EDA inputs for successful implementation.

Unlike other assistance programs that treat the symptoms of economic distress, EDA resources are directed to the creation of enduring jobs and income through economic development.

Sincerely,

HUGH J. GALLEN,
President, Board of Directors.

Representative JOHN A. BLATNIK,
*House of Representatives,
Washington, D.C.*

EVERETT, WASH.

At the request of our board of directors, we urge that you give favorable consideration to the extension and continuation of the economic development program, as outlined in House bills 2246 and 2247, which we understand you are now studying.

SNOHOMISH COUNTY ECONOMIC DEVELOPMENT COUNCIL.

Hon. JOHN BLATNIK,
*U.S. House of Representatives,
Washington, D.C.*

Regarding House bills 2246 and 2247 EDA, Extender Association of Washington Cities strongly endorses continuation of the EDA program. This agency has

been of great assistance to a number of communities in our State and has played a major role in our economic revitalization. We strongly urge the continuation of this vital agency.

KENT SWISHER,
Executive, Fir Association of Washington Cities.

EVERETT PORT COMMISSION,
Everett, Wash.

Congressman JOHN A. BLATNIK,
*House Office Building,
Washington, D.C.*

Everett Port Commission urgently requests your consideration and support of passage of House bills 2246 and 2247. The EDA program has been most helpful to the Port of Everett in providing assistance in the expansion and improvements of the local area economy. We urge the continuation of the economic development program.

JOHN MARTINIS,
President.

AUSTIN, TEX.

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
*Rayburn House Office Building,
Washington, D.C.*

Reurtel to Governor Briscoe of Texas. EDA has funded 134 public works projects in Texas in addition to many which needed business loans. There are 75 counties eligible for assistance. Support is provided to 9 economic development districts, primarily in the depressed areas along the Texas-Mexico border. It is requested that the subcommittee report favorably H.R. 2246 to extend the activities of the economic development administration.

B. R. FULLER,
*Executive Director,
Texas Department of Community Affairs.*

Hon. JOHN A. BLATNIK,
*Chairman, Committee on Public Works,
U.S. House of Representatives, Washington, D.C.*

The city of Anchorage, Alaska, supports extension of the Economic Development Act and requests that committee records show that the city of Anchorage supports H.R. 3061.

ROBERT E. SHARP,
City Manager, City of Anchorage.

CITY OF WESLACO, TEXAS.

Congressman JOHN BLATNIK,
*Chairman, House Public Works Committee,
Rayburn House Office Building, Washington, D.C.*

You are urged to support H.R. 3061 in order that the EDA project may be extended for the betterment of our community and the lower Rio Grande Valley of Texas.

PABLO G. PENA, *Mayor.*

EDINBURG, TEX.

Congressman JOHN BLATNIK,
Washington, D.C.

EDA is accomplishing in the Lower Rio Grande Valley of Texas the goals and aims for which it was created with industry and expanded employment. Many of our poverty level problems can be solved. EDA's life should be extended. We respectfully request your support of House bill 3061 extending EDA.

LYDD HAWKINS, *Mayor.*

Hon. JOHN A. BLATNIK

DEAR REPRESENTATIVE BLATNIK. As mayor of the city of San Jose, Calif., I strongly support House bill 3061, a 1-year extension of the Economic Development Administration (EDA) program.

NORMAN Y. MINETA, *Mayor, City of San Jose.*

FAIRBANKS, ALASKA.

Congressman JOHN A. BLATNIK,
Rayburn House Office Building,
Washington, D.C.

Reference House bill 3011. I urge extension of Economic Development Act and request this telegram be entered into hearing record.

JOHN A. CARLSON,
Borough Mayor,
Fairbanks, North Star Borough.

METLAKATLA, ALASKA.

Congressman JOHN BLATNIK,
Chairman, Public Works Committee,
Washington, D.C.

Reference Senate bill 467. We urge the extension of the EDA Act. Please make telegram a part of the hearing record.

JOHN R. BENSON, *Mayor, Metlakatla Indian Commission.*

Congressman JOHN BLATNIK,
Capitol Hill, D.C.:

The city of Alamo wishes your support of *House Bill 3061.*

JIMMIE GRAY,
Mayor, Alamo, Tex.

Hon. JOHN BLATNIK,
House of Representatives,
Public Works Committee, Washington, D.C.

It will be appreciated by the citizens of Vernon and Lamar County if you will do whatever you can to see that H.R. 2246 is passed to extend Economic Development Administration grant program. We have been working on surveys and plans for the improvement of our water and sewer system in Vernon to meet the economic impact of growing industry in this area and State and Federal house requirements for several months and our town will run out of water again this summer unless some help is forthcoming to alleviate this emergency. Revenue sharing is not enough help for a town our size. Only the EDA program can provide the type of help that we need. Many local jobs in private enterprise hang on the balance on EDA assistance. Thank you for your concern for us in Lamar County.

A. A. CHANDLER,
Mayor, Tuscaloosa, Ala.

T K VALVE & MANUFACTURING, INC.,
Hammond, La., February 27, 1973.

Congressman JOHN A. BLATNIK,
Chairman of Public Works Committee,
U.S. House of Representatives,
Washington, D.C.

DEAR SIR: It has come to my attention that the Economic Development Administration may be eliminated as part of an attempt to balance the budget.

Since the Company I work for has two loans administered by this agency, I feel compelled to voice my feelings on this subject.

TK Valve & Manufacturing, Inc. was established in 1963 as a manufacturer of steel ball valves with a work force of about fifteen. In 1968 the Company moved from its small "garage like" facility within the City of Hammond, Louisiana to its present location on Highway 51 South of Hammond, Louisiana. This capital expenditure was financed by the old ARA which eventually came under the EDA.

At the time the loan was approved it was estimated that the work force would increase from 15 to 35 employees within five years. This increase was accomplished and surpassed within three short years. The present headcount now stands at 80.

Due to increased sales and production requirements, TK Valve has applied for and has been approved another loan with the EDA of \$264,000. This loan will almost triple our capacity and will most certainly make us more competitive in the World Markets of which we are actively engaging.

It is because of the money financed by the government that TK Valve has grown from a small machine shop to a modern well run plant capable of producing six to seven million dollars a year in steel ball valves. It is because of this money that we are currently exporting either directly or indirectly approximately 80% of our sales. I need not remind you how important this is especially at a time when we are experiencing an unfavorable balance of trade. I might also add that the Company's payroll is currently pouring approximately 750,000 thousand dollars into the Hammond economy. Also, a truck line has been established primarily to support TK Valve. Construction of facilities have been done by local contractors thereby adding to the dollar circulation. If this isn't getting your money's worth, I don't know what is.

TK Valve has, is and will always be a resplendent example of government money used in its most efficient manner.

I would now like to comment on the Economic Development Administration Staff itself.

Although I've been working in industry just a short time, (11 years) I have had a great many dealings with government agencies. I was employed by the Boeing Company at Michoud, Louisiana and worked extremely close with NASA personnel and a few other agencies. I feel that these agencies were very efficient but, I must in all honesty state that the EDA ranks above all of them.

Their personnel have not only been most knowledgeable and most helpful but extremely efficient. It seems that these men take a personal interest in seeing that a good loan prospect has every chance to receive governmental assistance. It is men and organizations of this caliber that will help the American people grow through useful and worthwhile projects. It is because of people like this that TK Valve is where it is today. I am both proud and grateful to have worked with these men.

In order to prove the worth of this agency you need only to ask the people of Hammond, Louisiana. They are the real beneficiaries.

In closing, I would ask that this letter be made a part of the EDA hearing transcript and hope that this may serve to extend the usefulness of the EDA.

Thank you for your consideration.

Yours very truly,

FERREL P. GIOE,
Secretary-Treasurer.

CITY OF FITCHBURG, MASS.,
BOARD OF CITY COUNCIL,
February 21, 1973.

HON. JOHN A. BLATNIK,
*Chairman, House Public Works Committee,
Rayburn House Office Building,
Washington, D.C.*

DEAR MR. CHAIRMAN: At the regular meeting of the City Council held on Tuesday, February 20, 1973, by unanimous vote, a Resolution was adopted regarding Senate Bill S. 467 and House Bill H.R. 2246, an attested copy of which is enclosed.

Your support in behalf of this legislation will be greatly appreciated.

Respectfully yours,

ALLEN J. HAMILTON, Jr.,
President, City Council.

CITY OF FITCHBURG—IN CITY COUNCIL, FEBRUARY 20, 1973

RESOLUTION

Whereas, it is our understanding that Senate Bill S. 467 and House Bill H.R. 2246 effectively continues the New England Regional Commission and its functions, particularly in relation to the model program of the Nashua River Basin as designated by the Federal authorities, and

Whereas, the New England Regional Commission has been helpful to us in the past in pursuing this nationally recognized program: Now, be it

Resolved by the City Council of the City of Fitchburg, Massachusetts, That they be recorded as strongly favoring Senate Bill S467 and House Bill HR2246.

ALLEN J. HAMILTON, Jr.

A True Copy Attest:

IRENE BORDENAVE,
City Clerk.

CITY OF LEOMINSTER, MASS.,
OFFICE OF THE MAYOR,
February 16, 1973.

Representative JOHN A. BLATNIK,
Chairman, House Public Works Committee, Washington, D.C.

DEAR REPRESENTATIVE BLATNIK: We are very concerned over the possibility of the closing down of the *Nashua River Program*. Our people in this area have been working very hard for years to clean up the river and we would be forever grateful if you would lend your support to this program.

Please give consideration to Senate Bill S. 467 and House Bill H.R. 2246.

Very truly yours,

RALPH W. CROSSMAN,
Mayor.

FAIRBANKS T.V.A. DEVELOPMENT, INC.,
Fairbanks, Alaska, February 21, 1973.

HON. JOHN A. BLATNIK,
Chairman, House Public Works Committee,
Washington, D.C.

DEAR CONGRESSMAN BLATNIK: I am writing to you with regard to the Economic Development District program of the Public Works and Economic Development Act of 1965. We understand that the Act is currently before Congress for action to extend the program for another year. I am sure that former Congressman Nick Begich kept you well apprised of the affairs of Interior Alaska and of the remainder of the State of Alaska. Interior Alaska's Economic Development District—Alaska's only EDD—was designated by Robert Podesta of the Department of Commerce in May of 1972. We became fully staffed in the last week of December of 1972.

We feel that to lose our District now after we have only just begun to work would set back the concept of regional planning in Alaska many years and leave us crippled in the face of the two greatest and potentially most disruptive forces to strike Interior Alaska since the purchase and the gold-rush.

Those forces are the Alaska Native Claims Settlement Act of 1971 and the impending construction of the Trans-Alaska Pipeline system. We respectfully ask your support in this matter and your personal commitment to extend the EDA program for another year.

We have included copies of letters that were sent to your colleagues in the Senate and to the Democratic nominee for Nick's seat, Emil Notti, and his Republican challenger Don Young.

I hope you will find these letters and the accompanying enclosures informative and we further hope you will call on us if we may offer additional assistance.

Thank you for your time in this matter of crucial importance to the future of Interior Alaska.

Sincerely yours,

JAMES L. DODSON,
President, Executive Committee.

IMPACT PROFILE—WHAT THE LOSS OF ALASKA'S ONLY ECONOMIC DEVELOPMENT DISTRICT WILL MEAN TO THE STATE'S INTERIOR AND NATIVE REGIONS

I. Loss of Program Continuity

Regional planning is essential to Interior Alaska because it enables professional development of those programs and projects that reduce unemployment and underemployment. Many on-going programs in both the public and private

sector depend on the professional planning and development services of the EDD. Systematic programs have been established to assist in the startup of a wide variety of projects that can build an infrastructure base necessary for expansion of private and public sector employment. The EDD is accessible to the entire region. Our District is the size of the State of Texas, and includes more than forty major Alaskan Native population centers. The disruption or elimination of the EDD's services to sixty-thousand Interior Alaskans would cause severe discontinuity in the economic development efforts of the Federal, State and Local governments.

Both long and short-run planning and development activity in the region will be severely hampered by the loss of the EDD, and its professional staff services. Many on-going economic development programs, as well as proposed programs, on all levels, will be affected by the loss of the District's planning services.

II. Staffing Loss

Expiration of the Act will mean the loss of the entire staff of the EDD. The value of a planning and development team, like any other professional team, is contingent on the individual professional members of that team.

The EDD's staff is perhaps the most qualified, cohesive, single group of economic development planners in the Interior of Alaska. The team has been formed in such a manner that the qualifications of each member complement the mission of the EDD, and augment the specialities of other members.

Either individually or as a whole, the staff of the EDD has succeeded in the ability to work effectively with the complex problems of Interior economic development. Such a team is essential to the current and future programs and projects necessary to build a stable economy for the Alaskan Interior. The loss of this staff will be a tremendous set-back to the region.

III. Loss of Specific Projects and Programs

The EDD has initiated no less than seventeen Federally-sponsored economic impact projects, now in various process stages, and some twelve additional State or locally-sponsored projects, also underway. Although many of these projects are effected by current Federal program reductions, most will require professional planning guidance for some time to come, particularly in the implementation stages.

Most of these projects, when implemented, will have short to intermediate range economic impact within the District. This impact strategy is designed to curb further boom and bust economic swings caused by the Alyeska Pipeline. Moreover, each project will make a permanent contribution to modernizing and expanding the infrastructure of the region, so as to have long-range value, as well.

No other agency in the Interior of Alaska has done so much in so short a time so well. Disrupting these projects and programs will cause tremendous discontinuity to overall economic development planning in the Interior. Many of these programs will still be sufficiently funded to be of value, even with substantial Federal cutbacks. However, these programs and projects *cannot* survive without the professional planning and development expertise of the EDD. Death of the EDD will mean the end of these programs and projects.

IV. The Overall Economic Development Plan

The District-wide Overall Economic Development Plan for the rural and urban areas of the Tanana Chiefs Conference region is really the meat and potatoes of long-range regional planning. Because of the congressional mandate for citizen planning, voting representation of diverse peoples and regional interests, and annual update, review and, when necessary, revision, the OEDP is, further, the brains and backbone of the Economic Development District.

The central thesis of the OEDP, backed up by congressional mandate in the Public Works and Economic Development Act of 1965, is that citizens are most knowledgeable concerning desirable kinds of Economic Development for their neighborhoods, communities and regions, and they must be the beginning, middle and end of the regional planning process.

This is unique among Federal programs. Coupled with the regional designation and broad, generalized administrative responsibility, the EDD, with the OEDP at its core, is a uniquely effective and responsive mechanism for regional planning and regional development.

In the particular case of Interior Alaska, the EDD is a particularly vital development tool at this time. Interior Alaska's EDD is co-terminous with the Tanana Chiefs Conference region as designated in the Alaska Native Claims Settlement Act of 1971.

People in the rural areas of the region have begun to seriously examine methods of development and specific development projects. Because of the unique nature of the OEDP, mentioned earlier, and because of the excellent communication and shared efforts between representatives of the rural and urban areas on the Board of Directors of Fairbanks T.V.A. Development Incorporated, these people look first to our Economic Development District for assistance, information and coordination.

To lose those district services now, would throw all responsible Interior Alaskans back to the frustrating, ad hoc, mutually self-defeating efforts of years ago.

SPRINGFIELD, Mo.,
January 26, 1973.

HON. GENE TAYLOR,
Representative, Missouri Seventh District,
Washington, D.C.

DEAR GENE: We understand that the House Committee on Public Works will consider the function and funding of the Economic Development Administration fiscal year of 1973-74, and that the administration anticipates that its budget requests of approximately 376-million dollars may be curtailed to 20-million dollars. We believe that this will have serious economic effects on some of the underdeveloped areas of your District, such as Stone, Barry and Dade, where the Agency is assisting the development of private business on Table Rock and Stockton Lakes.

Rock Lane Lodge in Stone County is but one example of the invaluable assistance rendered by the Administration to a private business in the development of an underdeveloped area. The Lodge has consistently produced income in excess of \$400,000, all of which has been returned to the local economy. The Lodge currently employs approximately 58 people during the tourist season and is the largest county taxpayer, with the exception of Silver Dollar City. The Lodge has applied for additional financing from the Administration to expand its business operation. This expansion would result in an anticipated increase in the number of employees by an additional forty (40) people, and the local county government would receive additional tax money.

We therefore request your support before the Public Works Committee in the House of Representatives to fully fund the Administration's Budget request for fiscal year 1973-74.

Respectfully submitted.

GEORGE J. DONEGAN.

CITY OF NATCHEZ,
Natchez, Miss., February 7, 1973.

HON. JOHN A. BLATNIK,
Chairman, Public Works Committee, House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BLATNIK: It is a privilege to write you on behalf of my State of Mississippi and particularly on behalf of the citizens of Natchez.

It is my understanding that President Nixon, in his efforts to promote economy and efficiency in Federal agencies, has plans which call for the elimination of the *Economic Development Administration*.

The EDA has brought measurable benefits to this area. I firmly believe that a program of economic stimulation, such as was provided in the past few years by the EDA, is vital to the continuing economic recovery and industrial development of our country.

I urge you to make every effort to insure the continuation of this agency. Thank you for your consideration of this matter.

Sincerely,

TONY BYRNE, Mayor.

TOWN OF CLINTON, MASS.,
February 19, 1973.

Rep. JOHN A. BLATNIK,
Chairman, House Public Works Committee, Rayburn House Office Building,
Washington, D.C.

DEAR SIR: The Board of Selectmen of the Town of Clinton, Massachusetts has recently been informed that your committee will be considering House Bill No. HR2246 on or about February 21, 1973.

Inasmuch, as this bill has been submitted for Congressional action this year, to continue the important work of Title 5 Commissions, we, on behalf of the citizens of Clinton, urgently request a favorable report be given from your committee.

Specifically, we are interested in the continuance of the *New England Regional Commission*. During the last few years, most of the funding for the pilot project "Nashua River Program" has been channeled through this commission.

The Town of Clinton is located at the origin of the southern branch of the Nashua River, and we strongly feel that the New England Regional Commission, through its pilot program, has played a very important role in the effort to make the river waters clean and non-polluted once again. Much work has already been put into this pollution control program, and we, along with all other citizens of both Massachusetts and New Hampshire, will perhaps never see an opportunity, such as we are in the midst of now, to have a pollution free and a "B" classification river.

Please allow this Commission, and others like it across the country, to continue its programs to fruition, so that the people of this nation may experience something which our forefathers also had—"clean water".

We, therefore, respectfully seek your support on House Bill HR2246 to ensure better living quality along our streams and rivers.

Sincerely,

ALAN D. JEWETT,
Chairman, Board of Selectmen.

LOWER RIO GRANDE VALLEY DEVELOPMENT COUNCIL.

March 7, 1973.

HON. JOHN BLATNIK,
*Chairman, House Public Works Committee,
Rayburn House Office Building, Washington, D.C.*

DEAR CONGRESSMAN BLATNIK: The people of the Lower Rio Grande Valley of Texas are deeply concerned about the continuation of the services of the *Economic Development Administration* of the United States Department of Commerce. Many of our city and county officials have communicated directly with you on this subject within the past few days.

The Board of Directors of the Lower Rio Grande Valley Development Council adopted a resolution at its regular monthly meeting Thursday, February 22, 1973 in the City of Harlingen urging the Congress to provide legislation required to extend the services of the Economic Development Administration and supporting the Congress in this action.

A copy of the resolution is enclosed for your information.

Sincerely,

Ed GOMEZ, *President.*

A RESOLUTION OF THE LOWER RIO GRANDE VALLEY DEVELOPMENT COUNCIL URGING THE CONGRESS OF THE UNITED STATES OF AMERICA TO PROVIDE THE LEGISLATION REQUIRED TO EXTEND THE ECONOMIC DEVELOPMENT ADMINISTRATION OF THE DEPARTMENT OF COMMERCE FOR AN ADDITIONAL YEAR, AND SUPPORTING THE CONGRESS IN EXPEDITING AND EFFECTUATING REALISTIC ECONOMIC IMPROVEMENT LEGISLATION FOR THE IMMEDIATE FUTURE

Whereas, the Lower Rio Grande Valley Development Council is the designated regional planning agency and council of governments dedicated to providing technical skills and leadership in the advancement of economic standards of the people of this area:

Whereas, the Lower Rio Grande Valley Development Council has been engaged in the specific task of effectively working with the Economic Development Administration over the past six years, and currently has several active economic development programs in various stages of completion:

Whereas, it is the intent of the Lower Rio Grande Valley Development Council to perform this essential service in the most intelligent, effective, economical and cooperative manner; and

Whereas, a primary source of basic funding assistance for new and expanded industrial and commercial development of this area over a period of several years has been the Economic Development Administration: Now, therefore, be it

Resolved, That the Lower Rio Grande Valley Development Council urges the Congress to develop and pass legislation providing for the extension of the Economic Development Administration of the Department of Commerce for one year beyond that which present legislation allows;

That due evaluation of the improvements to the National economy as a result of the effective accomplishments of the Economic Development Administration be considered in the light of comparative endeavors of other Federal Agencies over the past years; and

That the Congress be supported wholeheartedly by the Lower Rio Grande Valley Development Council in the establishment of any legislation which contributes to economic development effectiveness at the level of the Economic Development Administration or above in the immediate future.

ED GOMEZ, *President, LRGVDC.*

Attest:

PABLO G. PENA, *Secretary, LRGVDC.*

NORTHERN TIER REGIONAL PLANNING
AND DEVELOPMENT COMMISSION,
February 15, 1973.

Hon. JOHN A. BLATNIK,
*Chairman, House Committee on Public Works,
House of Representatives, Washington, D.C.*

DEAR SENATOR RANDOLPH: Our Commission is seriously concerned regarding future funding of the various forms of rural development throughout the five county area we serve. Your reply to the letter written to you by Charles Wiggins of our staff indicates that you share our concern and are actively seeking to provide, through Federal legislation, programs to aid rural development. We greatly appreciate your efforts and the efforts of other members of Congress in this vital matter.

The present effort by President Nixon to cut back funding to, or eliminate entirely, a number of Federal agency programs is believed to be a part of a sincere effort to reduce Federal expenditures and transfer certain development responsibilities to state and/or sub-state levels of government. This Commission agrees with this policy but believes that Federal support to rural development must not be eliminated until various funding vehicles have been formulated to act in a like capacity upon the state and/or sub-state level.

Accordingly, this Commission endorses and supports legislation which was recently introduced in both the House and in the Senate to grant a simple one year extension to the Public Works and Economic Development Act of 1965, as amended, to permit time for the development of alternate forms of rural development assistance. If the Public Works and Economic Development Act of 1965, as amended, is not extended, a development assistance vacuum will be created. This must not be allowed to happen. No substitute presently is available to replace the rural development function of the Economic Development Administration. The Development District concept for rural development should be continued in some form.

The five rural counties of this Northern Tier District of Pennsylvania have co-operated since 1965 in regional efforts to promote rural development. Local financial support to this undertaking has been supplemented by grants received from the Appalachia Regional Commission, the Economic Development Administration, Housing and Urban Development, etc., making possible accomplishments which would have been impossible without non-local financial assistance. The NTRPDC occupies a strategic position due to the efforts of the county commissioners, members of the Board of the Commission, and members of numerous Advisory Committees in identifying and responding to the needs of the people within the Northern Tier District. It is the belief of this Commission that a regional unified approach to rural development should be continued in the future.

As previously mentioned, the Economic Development Administration is one of several Federal agencies which has in the past financially supported the work of the NTRPDC. It is the prerogative of each person to judge whether this grant money received by the Commission from the EDA has been well spent and whether or not it is to the best interests of the United States and also of the Northern Tier counties for this to continue in the future. The results obtained from the spending of public funds is to some degree a criteria for continued future funding; however, many things are of a non-specific nature which makes difficult the measurement of accomplishment.

It is suggested that accomplishments within the following five (5) areas are sufficiently definitive to permit measurement of accomplishments.

A. PLANNING FUNCTION

1. Point the directions for long term development of the economy throughout the five-county area :

- (a) Preparation of the First and Second Stage Regional OEDP.
- (b) OEDP's prepared for each county.

2. Secured eligibility for federal assistance to public and private sponsors—Public Works, Business Loans, and Technical Assistance Programs :

- (a) EDA Title I Programs
- (b) EDA Title IV Programs

B. PUBLIC WORKS

The following public works projects would likely not have taken place without EDA financial aid. These (1) provided a needed improvement, (2) provided immediate employment, (3) provided a long-term benefit, and (4) improved the economy.

Projects :

	<i>EDA share</i>
1. Wellsboro sewer-----	\$600, 000
2. Athens Boro building-----	353, 000
3. Susquehanna county court house remodeling-----	102, 348
4. North Towanda sewer system-----	461, 600
5. Veda Industrial Park-----	229, 000
6. Bradford County Manor addition-----	604, 500

Total ----- 2, 350, 448

Grant in aid projects are needed from some source since general revenue sharing does not cover the needs of the small Northern Tier communities. Dushore Borough in Sullivan County is an example of where the proposed sewer collection and treatment system and improvements to the water system is estimated to cost approximately \$1,250,000. There would be a total of approximately 290 connections to the sewer system. It is proposed that the EDA would contribute a grant of \$400,000, the Bureau of State and Federal Economic Aid through a community facilities grant would contribute \$50,000, the Environmental Protection Agency a grant of approximately \$300,000 and the Farmers Home Administration a grant-loan of approximately \$500,000 to make the total of \$1,250,000. The small amount of money received yearly by Dushore Borough through general revenue sharing would not begin to make possible the financing of this project or take the place of approximately \$400,000 which it is hoped will become available from the Economic Development Administration in the next fiscal year.

C. DATA SOURCE

Provided data upon which to base decisions to public and private interests. The major types of data provided in the past include :

- 1. Locations and descriptions of industrial sites and buildings in five counties.
- 2. Population data and projections.
- 3. Income data.
- 4. Names of contact persons and agencies throughout five counties.

D. FLOOD RECOVERY

EDA financed Technical Assistance Programs have been provided to the following communities within the past few months to aid in Hurricane Agnes recovery efforts.

Community :	<i>EDA share</i>
1. NTRPDC district-----	\$126, 400
2. Lower Tioga COG-----	45, 820
3. Upper Tioga Watershed-----	26, 500
4. Athens Borough-----	46, 260
5. Elkland Borough-----	34, 500
6. Tunkhannock Borough-----	30, 880
7. Exeter Township-----	21, 460
Total -----	331, 820

E. COORDINATION

The EDA has sponsored the following activities and projects.

1. Five-county housing conference
2. Five-county industrial development conference
3. Five-county sewer-water system funding conference
4. Improved water supply for Dushore Borough
5. Planning for sewer system improvements in :
 - (a) Tunkhannock Borough
 - (b) Athens, Sayre, and South Waverly Boroughs
 - (c) Dushore Borough
 - (d) Susquehanna, Oakland, and Lanesboro Boroughs
6. Planning for water improvements in :
 - (a) Nicholson Borough
 - (b) Harford Village
 - (c) Dushore Borough
 - (d) Blossburg Borough

The documentation just presented indicates the value of the various EDA programs to our District.

The NTRPDC desires to make clear the need for non-local funding of rural development efforts throughout this five county area. The source of such financial assistance should be long term, rather than sporadic, making possible the development of a priority order for funding of needed rural development projects.

The NTRPDC congratulates you upon your continuing efforts to aid our development efforts and will gladly assist you to the limit of our capabilities.

Yours truly,

KERMIT H. MOORE,
Chairman.

MARLIN MILLS, INC.,
Marlin, Tex., March 5, 1973.

Hon. JOHN A. BLATNIK,
Chairman, House Committee on Public Works,
Washington, D.C.

DEAR CHAIRMAN BLATNIK: It has come to our attention through several news stories that Economic Development Administration is to be dismantled and their program scrapped. If this is a fact, I feel that it will be a great tragedy. Not so much for those communities and companies that have already received benefit from this fine program, but to the many thousands of small communities that will be deprived of new economic life without a vehicle like E.D.A.

Our story here at Marlin Mills is, we think, a perfect example of what is possible when local governments, industry, and the Federal Government work together to improve a rural economy. E.D.A. was the needed catalyst to bring all these sectors together, and the results here in Marlin, and for our new company, are quite dramatic.

In 1969, after many years of success in the carpet distributing business, my associates and I determined that a carpet manufacturing facility, located in the expanding Texas market, was not only feasible but needed by the industry. After these feasibility studies proved conclusive, and adequate working and equity capital generated, our next needs were to obtain long term financing and a good location for our mill. Several months of investigation convinced us that the Central Texas area was our best general location, and that a rural community within that geographical area would provide us the best labor market.

We ultimately came in contact with the Central Texas Economic Development District in Waco, Texas, and at this point solutions began to materialize. Here, we found that there was a program available, through E.D.A., to provide us needed long term capital financing, and we were placed in contact with Mr. Marvin Hagemeier, the Economic Development Representative with E.D.A. for the Central Texas area. Mr. Hagemeier asked that we continue to review eligible cities within the general area we had selected, and he initiated the necessary steps to start our application for a business loan.

At this point, another pleasant surprise greeted us. Our past impressions of Federal programs had been one bureaucratic maze after another, with very little to evidence accomplishment or incentive on the part of Federal employees. This simply was not the case with E.D.A.—these people seized upon the opportunity to assist us, and during the ensuing months of project development, we were

subjected to an extremely efficient, businesslike staff, that was eager to assist our every move.

In the meantime, our site selection committee had decided on Marlin, Texas, a rural community that was trying desperately to regain its place in our economy. About all Marlin had to offer us was a good location, a good labor market, and most of all, an energetic group of local people determined to find some solution to our mutual needs.

As we proceeded in our discussions with the Marlin City Council and Industrial Foundation, it became obvious that we were talking about a major public works project for the city in order to prepare them not only for our plant, but also to provide needed improvements for an existing Turkey Processing Plant, and future industrial development. Again, E.D.A. provided the only available answer with a \$649,000 grant to the City for a \$1,100,000 water and sewer expansion and industrial park.

In the final analysis, we ended up with two projects—a \$912,000 business loan for Marlin Mills, Inc., and a \$649,000 public works grant for the City. Today, after two years of operation, the income taxes alone generated by our company will more than redeem the grant for the City, and hopefully, pay handsome dividends to the Federal Government for many years to come. We are repaying our business loan at a rate of interest that is virtually cost free to the taxpayers.

Our company now employs over 145 local people and is expanding rapidly. We are in the process of completing our second addition to our plant. Both of these expansions have been financed without the further assistance from E.D.A.

Presently under construction, Wallace Business Forms will be our new neighbor in the industrial park, and there is still available land for another industry. New jobs have meant new business expansion, new housing developments, and new tax income for all local jurisdictions. This has already resulted in the construction of a new multi-million dollar school facility, a proposition that had repeatedly failed in Marlin before. Several months ago, after years of planning and hoping, our black and white communities joined in an overwhelming election to clean up a portion of our black ghetto area through an urban renewal program that had already been approved by the HUD regional office. Unfortunately, before this program could be funded, these dollars, too, were abruptly denied. Now there is absolutely no hope for these people to improve their environment.

Our company, and our City, Mr. Chairman, are deeply grateful to your committee and to the Congress for giving us this development tool. We are deeply saddened that others in our same dilemma may be denied this opportunity. We urge that you restore and strengthen this vital program. After all, how can we justify rebuilding and helping foreign countries, when we deny this same desperately needed assistance to our own decaying communities.

Respectfully yours,

ROY JENNINGS, *President.*

CITY OF GOLDSBORO, N.C.,

March 9, 1973.

HON. JOHN A. BLATNIK,
*Chairman, House Public Works Committee,
House of Representatives,
Washington, D.C.*

DEAR CONGRESSMAN BLATNIK: The City of Goldsboro is interested in the continuation of the Economic Development Administration program that is being considered for funding in the 1973-74 fiscal year. In November of 1972 the City of Goldsboro received the amount of \$1,087,500 for expanding the water treatment and distribution system. This improvement will be of great value to the City in attracting new industries. The EDA program has been of help throughout Eastern North Carolina in attracting industries. There are large numbers of semi-skilled and skilled persons who are unemployed and underemployed and need industrial job opportunities. If industrialization does not occur these persons will be forced to seek employment in large metropolitan areas and add to the congestion that now exists. The City hopes you will use your influence to continue the EDA program and make sure that it is adequately funded for the 1973-74 fiscal year.

Sincerely,

C. T. GIBSON, *Mayor.*

BOLTON CONSERVATION COMMISSION,
Bolton, Mass., February 28, 1973.

Representative JOHN A. BLATNIK,
Chairman, House Public Works Committee,
Washington, D.C.

MY DEAR MR. BLATNIK: It has been called to my attention that the New England Regional Commission may be seriously curtailed or closed down which would penalize the Nashua River Program. The Nashua River, which has become an industrial and city sewer, is a disgrace, yet has great potential as a regional asset if once again clean. A good start has been made. The industrial polluters are cooperating with the cities, a large citizen organization is active, and the Nashua River Program is in my opinion a vital link in this demonstration program which is critical to the whole valley region.

I wish consequently to urge you to work for the passage of Senate Bill S 467 and House Bill HR 2246 in order that this important work may continue.

Very sincerely yours,

WARREN K. COLBY,
Chairman.

TREASURY DEPARTMENT,
Salem, Ore., February 28, 1973.

HON. JOHN A. BLATNIK,
House Public Works Committee,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN BLATNIK: I am advised that the above measure is in your committee and would continue the existence of the Economic Development Administration.

Most of us in Oregon feel that E.D.A. has done a good job and their existence should be continued.

We appreciate the difficulties that a veto and/or impounding may bring, but urge you to make every effort to continue the existence of this valuable agency.

Very truly yours,

JAMES A. REDDEN.

THE FIRST NATIONAL BANK OF BOSTON,
Boston, Mass., March 2, 1973.

HON. JOHN A. BLATNIK,
Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE BLATNIK: When I came to New England nearly three years ago, it was easy to perceive that the hand of discouragement had fallen on the region. Things seemed to be in a rut, unsettled, and New England had grown tired and very much out of joint.

New England no longer played an important role in the national economy. The region lagged behind national rates of growth as exemplified by the high unemployment rates. Today, the region's unemployment rate still remains more than two percentage points above the national average and most of our old mill towns continue to have unemployment rates in the zones of 12 to 15 percent.

But when I looked around it seemed to me that there were many persuasive reasons for greater economic and social strength. Revitalization of the region requires that New England leaders of government and industry recognize the importance of breaking away from traditional industries, and of capturing their share of rapidly expanding national growth industries. The obstacles to a successful transition are great. New England is handicapped by worn-out plant and equipment, haphazard development, and inadequate planning.

On top of all these problems is the governmental structure of New England. Economic problems in the last third of the Twentieth Century demand a responsive governmental decision-making process. Yet, within an area half the size of California there are six sovereign states, sixty counties, 1,600 cities and towns, and literally thousands of people ranging from the town selectmen to six Governors. Each of these individuals must participate in economic policies that affect them or their constituencies.

The cultural, social, economic, transportation and communication systems continue to be centered at the town hall; the decision-making process increasingly has become regional in nature. Business and industry alone cannot bring about a rational regional policy. New Englanders are fierce individualists. But real progress can be made by demonstrating that coordination and cooperation work to the economic benefit of all. More than any other part of the country, New England needs regional planning and coordination.

In 1967, the New England Regional Commission was formed under Title V of the Public Works and Economic Development Act. Through the cooperation of each of the six New England governors and the Federal representative, the Commission has developed and carried forward programs directed at creating a viable regional economy through greater planning and coordination of development efforts.

Among their many programs, I would like to cite a few examples which have been designed to encourage selective commercial and industrial expansion especially in areas experiencing chronic economic decline. Their programs are ongoing and will continue to assist economic revitalization of New England only if they continue to be funded.

Growth Centers and Center Cities

These major pilot demonstration programs have been formulated to test new strategies for balanced economic growth—a growth center demonstration program addressed to the needs of small urban communities in the region's outlying areas, and a center city demonstration program designed to restore the economic vitality of core areas and cities of moderate size.

The Commission with each Governor has selected St. Albans, Vermont; Bangor, Maine; Pittsfield, Massachusetts, and Ansonia, Connecticut as Growth Centers. The Commission has expended \$2.5 million on these programs. In Bangor, Maine, the Commission has assisted the city in developing a major international airport. The Commission with EDA assistance provided funds of \$8 million for terminal facilities. Today, the airport employs 1,200 people and is now ranked 14th in the nation for international landings. The Commission is now assisting the airport in developing an air-cargo center. In the city of Bangor, the Commission has provided funds to attain greater self-sufficiency through industrial park development, labor skill training, and transportation facilities.

Industrial Development

The Commission has also sought to assist in the establishment and expansion of business and industrial enterprises through various mechanisms. The New England Industrial Resource Development Program works directly with entrepreneurs in business planning and venture capital seeking. The seed funding was \$50,000. The program has developed a venture capital directory and has been assisting in bringing together entrepreneurs and investors.

The Commission funded two New England-wide Reverse Investment Missions to Europe to attract Western European direct investment into our region. Public and private efforts were used to bring back to New England both manufacturing joint ventures and export sales. While the payoff has not been dramatic, it has produced steady and positive results such as Degen & Co. from Switzerland; Anhydro Co., Inc., Denmark; Lenzar & Co., West Germany; Multipoo Co., Inc., Austria, and two other investment decisions presently in negotiation and others on joint ventures.

New England Municipal Center

The nation's first regional association of state municipal leagues was incorporated under Commission auspices when the New England Municipal Center was formed with \$80,000 for the purpose of developing and implementing modern management programs in New England's 1,600 cities and towns. The center has brought together city and town officials to discuss mutual problems and introduce new management techniques.

Though the Commission has shown success in these areas, I feel that their efforts have not been concentrated enough in areas relating directly to the business revitalization of the region. A number of the Commission's problems were highlighted last fall in a series of articles in the *Boston Globe*. The main thrust of these articles was that the Commission was poorly managed and staffed. Both points were valid ones in my opinion.

Nonetheless, in the last six months, the Commission has seemed to show signs of new life, to show interest and vitality in the areas where we need a hard core payoff: jobs and regional planning.

I am greatly concerned about the current mood in the Executive Branch that is aimed at doing away with regional commissions. It is not an exaggeration to say that the peculiarities of our region—lagging behind economically and little or no regional planning—would only be aggravated if the Commission is lost.

Over the last several months, we have had numerous meetings with key staff members of the Commission. I am persuaded that much is in the process of being changed so that the Commission will work to help solve our region's economic problems. If funding is terminated this summer, this momentum would be lost.

I am optimistic that the Commission's new Federal Co-Chairman Russell Merriam will develop new and imaginative programs aimed at jobs and planning within a more effective Federal-State cooperative effort to improve the regional economy. Moreover, in an environment of general and special revenue sharing it seems imperative that the Commission be continued to ensure that these monies are spent in an efficient manner to bring New England back into the mainstream of our national progress. I urge this Committee and the Congress to approve legislation extending the Title V Commissions and especially the New England Regional Commission. Should you like, I would welcome the opportunity to come to Washington to personally discuss these matters with you.

Sincerely,

JAMES M. HOWELL,
Vice President.

COASTAL AREA PLANNING AND DEVELOPMENT COMMISSION,
Brunswick, Ga., March 2, 1973.

HON. JOHN BLATNIK,
Chairman, House Public Works Committee,
Washington, D.C.

DEAR CONGRESSMAN BLATNIK: Enclosed is a copy of a resolution adopted by the Coastal Area Planning and Development Commission in support of the continuation of the Economic Development Administration.

We consider the EDA program invaluable to our member cities and counties, and earnestly solicit your every effort to see that the program is continued.

Sincerely,

VERNON D. MARTIN,
Executive Director.

Whereas, the Economic Development Administration (EDA), U.S. Department of Commerce, will terminate on June 30, 1973; and,

Whereas, the EDA Public Works Programs have had a profound affect in coastal Georgia by providing nearly \$4 million in public works grants, providing critically needed water and sewer systems, industrial parks, and railroad to further deep water port development; and,

Whereas, the EDA Technical Assistance Program implemented through Georgia Tech has enabled existing industries to resolve numerous problems and expand production; and,

Whereas, these public works, business development and technical assistance programs have created thousands of job opportunities for our economically depressed residents; and,

Whereas, certain communities in the CAPDC area have benefited immensely by the EDA Public Works programs; specifically:

	Grant	Loan
Colonel's Island Railroad.....	\$2, 620, 000	
Hinesville water/sewer.....	379, 000	\$287, 000
Pembroke water/sewer.....	449, 000	
Richmond Hill water.....	222, 600	
Ludowici water and recreation (PWIP).....	172, 800	
Total.....	3, 843, 400	287, 000

and,

Whereas, termination of EDA will mean the loss of its planning grant to our Commission and accordingly the professionals who provide technical as-

sistance to our communities in the areas of industrial development, tourism development, public works development and human resource development; and,

Whereas, the EDA staff has effectively assisted our cities, counties, businesses and individual citizens in improving both present and future economic conditions; and,

Whereas, several critical projects pending with EDA would die along with that agency, specifically:

	<i>Grant</i>
St. Marys water/sewer system-----	\$1, 000, 000
Woodbine water-----	98, 000
Total-----	1, 098, 000

and the loss of these would further retard and suppress economically deserving residents of our area; and,

Whereas, it has been clearly demonstrated in our District, and others like it across the nation, that EDA has provided intelligent, realistic and effective leadership to all other components of the federal government involved in community development: Now, therefore, be it

Resolved, That the Coastal Area Planning and Development Commission strongly supports the further continuation of EDA and requests Congress to extend the program of the Economic Development Administration: and, be it further

Resolved, That true and certified copies of this resolution be sent to the President of the United States, U.S. Senators Herman Talmadge and Sam Nunn, U.S. Congressman Ronald "Bo" Ginn, the Governor of Georgia, and all other vitally concerned parties.

This is to certify that the above is a true and correct copy of resolution adopted by the Coastal Area Planning and Development Commission in regular meeting on the 14th day of February, 1973.

C. E. HASKINS,
Chairman.

CITY OF PHILADELPHIA,
Philadelphia, Miss., February 28, 1973.

The PRESIDENT,
The White House,
Washington, D.C.

MR. PRESIDENT: It is a pleasure and honor to write you on behalf of my state of Mississippi and my area of the state.

Individually I know that a continuing development program of economic stimulation is vital to our state, particularly to our area of Mississippi, and certainly to other states. Nonetheless, it is my understanding that you have plans which call for the elimination of the Economic Development Administration.

The EDA approach in Mississippi has brought measurable benefit through economic expansion, creation of jobs, and general total advancement.

Your insistence on revitalizing the numerous important programs of the Federal government is understandable and appreciated. However EDA has made a positive difference in our recent past and our current progress and thus, I hesitate to recommend any change.

Thank you for your further consideration of this matter.

Respectfully yours,

ALLAN KING, *Mayor.*

LITTLE LAKE INDUSTRIES,
San Francisco, Calif., March 13, 1973.

HON. JOHN BLATNIK,
House of Representatives, House Public Works Committee,
Washington, D.C.

DEAR CONGRESSMAN BLATNIK: This Company has now completed its first full year of operation, during which it received an *Economic Development Administration* Loan in the amount of \$558,000.00 for the purpose of assisting it to purchase real property plant facilities and equipment for its manufacturing operations in Willits, California. We desire to write to you as a member of the House committee having jurisdiction over the Economic Development Funding to advise you of the benefits of the program to the general public welfare and to the specific economic welfare of the community of Willits, California in which our Company has its principal place of manufacturing.

Application to the EDA was made by this Company in the fall of 1971 for the purpose of acquiring a loan to permit the acquisition of plant facilities and equipment existing in the community of Willits from a prior manufacturer which had discontinued its manufacturing activities. The termination of manufacturing activities by the prior manufacturer had resulted in a general economic decline, including high unemployment, in the area of Willits. As a result of the financial assistance given by the Economic Development Administration loan, in excess of 220 persons were employed from the community of Willits. This employment reversed the trend of previous economic depression and unemployment in that community. In addition to the employment created in Willits, an additional 150 persons have been employed in the Company's distribution facilities in other areas of the United States. It was estimated at the time of application for the loan that the Company, when operating, would employ 350 persons in the area of Willits, and the Company has made substantial progress towards this goal and will, in our opinion, achieve the employment of 350 persons in the Willits area within the next two years.

As an added benefit to the public welfare resulting directly from the EDA loan, the Company, in its first full year of business operations, has paid to the federal and state governments in income taxes an amount in excess of the \$558,000.00 which was received by it under the EDA loan. This benefit is in addition, of course, to the repayment in the next 15 years of the original principal of the loan with interest to the government.

Upon the basis of our experience with the Economic Development Administration, it is our opinion that the program of this agency is administered by knowledgeable and dedicated public servants who have made every effort to achieve the goals of the program and, in the instance of our Company, have justified the continuing existence of the program. In summary, the Economic Development Administration loan was the only financial assistance available to our Company, and the loan permitted us to achieve the development of a strong and profitable manufacturing business in Willits, California, an area of chronic and persistent unemployment in Northern California.

We are sending a copy of this letter to Honorable Donald Clausen, the Congressman from our District in California who was most helpful in assisting us to obtain this loan.

Very truly yours,

MILES F. SULLIVAN,
President.

DEPARTMENT OF PUBLIC WORKS,
Fitchburg, Mass., February 20, 1973.

HON. JOHN A. BLATNIK,
*Chairman, House Public Works Committee,
Rayburn House Office Building,
Washington, D.C.*

DEAR MR. BLATNIK: The Department of Public Works of the City of Fitchburg, Massachusetts, requests your kind consideration of House Bill HR-2246 to continue program for the New England Interstate Water Pollution Control Commission in order that the City may receive funds to extend the clean-up of the Nashua River.

The City is not in a position to continue the program without Federal assistance and meet the standards as imposed by Congress.

Thanking you, I remain.

Very truly yours,

GEORGE J. LANIDES,
Commissioner of Public Works.

HON. JOHN A. BLATNIK,
*Chairman, Public Works Committee,
Rayburn Office Building, Washington, D.C.*

HILLSBORO, TEX., March 14, 1973.

DEAR CONGRESSMAN BLATNIK: It is my understanding that Congress will soon consider legislation to extend the Economic Development Administration and the Economic Development District programs for one additional year. As you are probably aware, major economic accomplishments and improvements have been attained and made possible in this area by these programs

and through this organization, however, it is without question that the needs still exist for this assistance. Since I know you are aware of the many projects and accomplishments made possible in this area through these programs, I will not attempt to elaborate. However, we would sincerely urge your support for the extension of the Economic Development Administration and the Economic Development District program.

Yours very truly,

MARTIN, MARTIN & SHOWERS,
JAMES A. SHOWERS.

ECONOMIC DEVELOPMENT COUNCIL
OF NORTHEASTERN PENNSYLVANIA,
Avoca, Pa., March 6, 1973.

Hon. JOHN BLATNIK,
Chairman, House Committee on Public Works,
Rayburn House Office Building, Washington, D.C.

DEAR REPRESENTATIVE BLATNIK: The Economic Development Council of Northeastern Pennsylvania is a regional planning and development agency serving the seven counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne. We are an economic development district having been designated as such under the Public Works and Economic Development Act of 1965 as amended. Among the membership on our Board are the 21 County Commissioners from our seven-county region.

Recently as a result of Tropical Storm Agnes, EDCNP was designated as the lead long range flood recovery planning agency and the Economic Development Administration has been very active in our region to provide funding for a variety of projects involved in disaster recovery efforts.

Several months ago the Executive Committee of EDCNP adopted a unanimous resolution urging Congress and the President to enact legislation which would extend the Public Works and Economic Development Act for at least one year, and hopefully several years.

The Council would like to submit this letter into the record of your hearings concerning the extension of the Public Works and Economic Development Act of 1965, since the programs under that Act have been extremely important to the growth and development of Northeastern Pennsylvania, and we hope that Congress and the President will take appropriate action.

Yours truly,

HOWARD J. GROSSMAN, *Executive Director.*

CHAMBER OF COMMERCE,
Ada, Okla., March 1, 1973.

Hon. JOHN BLATNIK,
Chairman, Public Works Committee,
House of Representatives,
Washington, D.C.

MR. CHAIRMAN: I am Ted Savage, Manager of the Ada Chamber of Commerce, community of 15,000 population. I have served in this capacity as manager since 1956. This was one of the first rural communities immediately following World War II that realized that they must provide industrial sites at a nominal cost for new and expanding industries, if they ever had any hopes of stabilizing an agriculture economy, in which the job opportunities had been diminishing at an alarming rate.

This community formed the Ada Industrial Development Corporation and raised several thousand dollars and purchased choice property along a railroad to provide sites for industry. This program was very successful, because of the support that this community received from ARA, Accelerated Public Works Program, EDA and OZARKA. These programs have worked for our community and we believe have created substantial employment and that the income taxes paid by added employees have already more than offset any federal investment that has been made by ARA, Public Works and EDA.

During this period of time there was formed a Sciences and Natural Resources Foundation that is interested in research activities. This program was helped by ARA, and a Public Works Grant. It gave this community the seed money to take advantage of the long range ability to offer this area as a research com-

munity. In this park is a beautiful facility operated by the Environmental Protection Agency with other beautiful sites that can and will be made available at some future date to other research institutions looking for a peaceful place to operate.

A county development authority was formed, known as the Pontotoc County Industrial Development Authority, and was concerned with county wide efforts. We financed a \$1,700,000 building, guaranteed by limited liability bonds. We had some public works help from EDA in providing streets and water to this facility. This project failed but the building belonged to the community and The General Tire and Rubber Company has taken over this facility to make safety devices for the automobile industry. We speculate that they will have an employment potential of 500 persons, since they have acquired an additional 16 acres for future expansion. This plant should be operational by June 1, 1973.

The Pontotoc County Industrial Development Authority, of which this writer serves as its recording secretary, has a second project in which we worked with EDA and OZARKA. The first phase was an EDA Loan to erect a plant facility to make a food container. Our prospect was recruited by the Bureau of Indian Affairs and was funded by EDA, OIFA and bank loans. This plant is presently working approximately 200 persons. We were notified February 26, 1973, that a joint loan of \$1,333,000 had been approved for the second phase expansion of this project. Members of this Trust are volunteers that serve without any compensation, but feel deeply rewarded because of the employment opportunity that will be provided for youngsters in this area.

Ada Industrial Development Corporation developed a project with EDA in support of an existing industry. Local funds were extremely limited because of limitations placed on our taxing ability. The industry agreed to invest \$1,000,000 to rebuild an existing plant, provided the community would provide them with additional land, water, and a safe egress and ingress road system. Our Industrial Foundation had sufficient local funds to finance the water line. We were desperate for funds to build the road and eliminate a death trap at a railroad underpass. A project was developed with EDA to assist in the industrial road with the State of Oklahoma participating and the Industrial Foundation paying and acquiring right-of-way that would not be considered a part of the project cost. The industry spent over three million dollars and ultimately in the neighborhood of ten million dollars and is today the largest industrial employer with over four hundred people. EDA participation in this project was \$112,000.00.

Streets were built in the Industrial Park to serve the projects sponsored by Pontotoc County Industrial Development Authority. A young executive of a mobile home company, flying over the community spotted the Industrial Park by air and landed at the airport, inquired at the Chamber of Commerce if sites were available for industry and in about three weeks time Vindale Mobile Homes was in the process of building a large mobile home plant in our Industrial Park. This was a valuable experience to this community, that if we are to grow with economic job generating facilities we must have sites that are ready at a nominal cost, when the industry is ready to make a decision.

The Ada Industrial Development Corporation could see they needed additional property if they were to sustain and fulfill the mission of providing sites for industry so that jobs would be available for our people entering the labor force. They launched a comprehensive study of this area using aerial photographs and other information that was available to them, with a criteria that the land must be within ten miles of Ada, free of flood damage, level and served by a highway system. This community has found 243 acres. They are paying it out at \$10,000 a year. This is one of the most desirable industrial locations the community could find that could be acquired. We are faced with the problem of providing sewer, water and internal streets. If an EDA type program continued in which local funds could be matched with federal funds to provide Public Work facilities, a small community such as Ada could make a real contribution toward stabilizing the out migration of our population to the supposedly job generating metropolitan centers.

Our community consistently generates from 1200 to 1300 youngsters entering the labor force each year. 600 of these come from our area highschools; 400 graduate from college and post highschool institutions and 300 are drop outs. We feel we have performed a real service when we created 200 new direct jobs thru our industrial development activities. As these figures indicate we are creating an employment program in other communities with our heavy rate of out migration. These statistics are more alarming if looked at beyond the county limits or the trade area.

I am a product of the 'Dust Bowl.' I know that thru an enlightened approach to some of our social problems that our rural economy can be saved and we can provide real strength to our federal government by investing in Public Works Projects that encourages economic development in communities such as Ada.

Mr. Chairman, I would like for this to be a part of your records of any hearing that you have concerning the Economic Development Administration concept. I think you would be proud of what the EDA has done for this area and perhaps the only way it can be appreciated is to visit our community. It would be interesting to know how long it would take the federal government to recover all their investments thru the added employment and federal income tax collected.

We appreciate the foresighted vision of Congress in providing this program which has provided the tools for us to help ourself. We hope you will continue to see the merit in the program and continue to give us a resource to build with.

Sincerely,

TED R. SAVAGE, *Manager.*

ARDMORE, OKLA., *February 27, 1973.*

Mr. JOHN A. BLATNIK,
Chairman, Public Works Committee, Rayburn House Office Building, Washington, D.C.

DEAR MR. BLATNIK: Reports and statements coming forth over the past few weeks concerning the availability of grants and/or loans for public works and development facilities under Sections 101, 102 and 403 of Public Law 89-136, have been of grave and vital concern to the future development of the Ardmore growth center, said center being the growth base for southern Oklahoma in terms of permanent employment opportunities for the unemployed and underemployed.

The U.S. Department of Commerce, Economic Development Administration, through grant assistance secured through Public Law 89-136 as amended, coupled with local efforts, has enabled this community to reverse the national trends taking place in rural America in the area of out-migration, unemployment and underemployment. The city of Ardmore has in the past two years reduced its unemployment rate from 6.4% in June 1971 to 3.7% in December 1972. Obviously with this drastic change in our unemployment rate, we have had considerable vertical mobility of our underemployed people in our community. This community has been able to attain an unemployment rate far below the national goal of 4.0%, which is considered to be full employment.

We would further like to point out that our growth in per capita income, as well as the growth in total employment, has greatly expanded the tax base of this community, thus enabling this community's government to improve the services to its citizens without tax or service cost increases.

The City of Ardmore, in cooperation with the State of Oklahoma and the Economic Development Administration, embarked on a public works program beginning in 1969 consisting of the construction of improvements to its water distribution system, sanitary sewer abatement program and highway construction which was vitally necessary in order to accommodate the industrial growth in the community.

The city of Ardmore has over the past four years been able to attract a 100 million dollar industrial facility employing between 1300 and 1500 full time employees, expand an existing industry from 40 to between 800 and 1000 full time employees, as well as many additional supportive type services and businesses directly related to this industrial growth. Obviously this growth would not have been possible had we not been able to secure grant assistance under Public Law 89-136, and certainly if the community is to continue to grow and prosper and provide a sound economic base for existing and future development it is imperative that a grant assistance program such as the U.S. Department of Commerce, Economic Development Administration Public Works and Development Facilities Public Law 89-136 be continued and expanded.

It is the consensus of leaders of this community that the above referred program has been the most meaningful in the redevelopment of this community and toward assisting us in establishing a community growth base of any federal programs that have previously existed. The City of Ardmore would like to respectfully request and urge favorable consideration for the continuance of

the grant assistance program as provided for in Public Law 89-136 and the amendments thereto.

We have attempted to make this statement as brief as possible and avoid setting out in detail reams of statistics, etc. However, we would like to extend to you and your committee an invitation to come to this community and see first hand the tremendous results which have been accomplished as a direct result of the above mentioned program. If you or your committee were to accept this invitation we sincerely believe you would make every effort to continue and expand this program through rural America.

We respectfully request that this statement be made a part of the public works hearing transcript. I would be happy to appear before the committee to testify in support of the continuance and expansion of the above mentioned program.

Respectfully submitted,

DICK THOMAS, *City Manager.*

Santee-Wateree Regional Planning Council,
Sumter, S.C., February 22, 1973.

FRED DENT,
Secretary of Commerce, U.S. Department of Commerce, Washington, D.C.

DEAR SECRETARY DENT, Let me first congratulate you on your appointment by the President as Secretary of Commerce. As I am sure you realize, it is indeed a privilege for South Carolina to be represented again in the National Cabinet and all of us here in South Carolina are looking forward with a great deal of pleasure to working with you and the staff of your Department in the coming months.

As I am sure you are aware, the President's proposed FY 74 budget currently provides for the abolishment of the Economic Development Administration, a program which has been of significant benefit to most of the counties in South Carolina and of special importance to rural and non-metropolitan counties in an area such as the Santee-Wateree Regional Planning District (Kershaw, Lee, Clarendon, and Sumter). During the past two years, EDA funds have been instrumental in the successful planning and implementation of a number of projects in these four counties. Specifically, EDA funds have been utilized in the renovation of the Lee County Courthouse, for water system improvements in Lynchburg, S.C., for water and sewer improvements in Summerton, S.C., and for the development of several small scale industrial parks in all four of our counties. In addition, the EDA program has had a substantial impact on improving the employment and economic situations of these rural areas through a million and a half dollar business loans in Lynchburg to the A-Q Mills Corporation resulting in approximately 250 private sector jobs for this area. In addition, there are currently pending in the EDA Atlanta office applications from the towns of Manning and Turbeville, S.C., for water and sewer improvements which will generate approximately four hundred new industrial and commercial jobs in Clarendon County. In these particular applications communities have successfully put together large scale projects involving a combination of funds from EDA, EPA, FmHA, the State of South Carolina, and local borrowed funds. A withdrawal of EDA funds at this time would render the completion of these projects impossible.

Because of the great significance of the EDA Program to the Santee-Wateree region the Regional Planning Council on January 15 passed a resolution supporting the pending one year congressional extension of the program. In the opinion of the Regional Planning Council, this extension would allow those projects currently in the pipeline to be completed and bridge the gap until the Rural Development Act could take over these program areas.

I am enclosing for your consideration a copy of this resolution along with a report on EDA projects in South Carolina and a membership listing of the Santee-Wateree Regional Planning Council. In addition, you will find a resolution recently passed by the Lee County Council and articles from the Lee County Newspaper indicating that two EDA projects were the County's top news stories during 1972. Finally, I am enclosing copies of letters from Senator Strom Thurmond and Congressmen Floyd Spence, Ed Young and Mendel Davis from three South Carolina districts indicating support of the EDA extension. In addition, it is my understanding that Senator Hollings and all other members

of the South Carolina Congressional Delegation also support the continuation of the EDA program.

Your consideration of the continuation of this vital program and particularly your attention to the funding of those projects currently in the EDA pipeline which involve local, State and other federal agency commitments would be greatly appreciated.

Sincerely,

AUSTIN M. SHEHEEN, Jr., *Chairman.*

A RESOLUTION OF ENDORSEMENT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

Whereas, the programs and projects funded by the Economic Development Administration (EDA) since 1965 under Title V of the Public Works and Economic Development Act of 1965, have contributed significantly to the planned economic growth and development of the Santee-Wateree Region (Lee, Clarendon, Kershaw and Sumter counties), and,

Whereas, projects including technical education and training facilities, water and sewer system expansions, industrial park developments, technical assistance studies have been funded through EDA for the benefit of counties and municipalities in this region, and,

Whereas, EDA has provided business loan funds enabling private industry to expand in economically depressed areas of the region, thus creating additional new job opportunities, and,

Whereas, EDA is the federal agency whose purpose has been to concentrate its efforts and resources toward alleviating the depressed economic conditions in various parts of South Carolina and the Nation,

Now, therefore, be it resolved, That we, the members of the Santee-Wateree Regional Planning Council, designated to represent the economic development interests of Lee, Clarendon, Kershaw and Sumter Counties by City and County elected officials, ask your consideration of the continued support and legislative extension of the EDA and its programs.

Unanimously passed by the Board of the Santee-Wateree Regional Planning Council, January 15, 1973.

AUSTIN M. SHEHEEN, Jr.

Chairman, Santee-Wateree Regional Planning Council.

JANUARY 15, 1973.

SANTEE-WATEREE REGIONAL PLANNING COUNCIL MEMBERS

Name, county, and position

- Mr. Austin M. Sheheen, Jr., Chairman, Kershaw, Certified Public Accountant, County Councilman.
- Mr. Charles R. Harvin, Vice-Chairman, Sumter, Businessman.
- Mr. Earl Vaughan, Secretary-Treasurer, Sumter, School Principal.
- Mr. Richard P. Moses, Mayor, City of Sumter, Sumter, City Councilman.
- Mr. James O. Ham, Clarendon, Pharmacist, City Councilman.
- Mr. W. C. Coffey, Jr., Clarendon, Attorney.
- Mr. Floyd Boykin, Kershaw, Furniture Dealer, City Councilman.
- Mr. Wade A. Green, Kershaw, Realtor.
- Mr. Clifton Alexander, Kershaw, Businessman.
- Mr. James L. Anderson, Kershaw, Businessman, Mayor Pro-Tem, City Council.
- Mr. H. D. Green, Jr., Kershaw, Banker.
- Mr. David Rhame, Lee, Barber.
- Mr. W. Ray Alexander, Lee, Businessman, County Commissioner.
- Mr. Herman H. Felix, Lee, Businessman, City Councilman.
- Mr. Robert D. Jennings, Lee, Attorney, City Councilman.
- Mr. E. Frank Bostick, Sumter, City Councilman.
- Mr. Lauren P. Booth, Sumter, Businessman, County Commissioner.
- Mr. W. T. Brogdon, Sr., Sumter, Businessman, County Commissioner.
- Mr. James P. Nettles, Sr., Sumter, Businessman, County Commissioner.
- Mrs. Colleen Yates, Sumter, Homemaker, City Councilwoman.
- Mr. Ben DeWitt, Clarendon, County Commissioner.
- Mr. B. T. James, Clarendon, Farmer.
- Reverend W. S. Randolph, Sumter, Minister and Private Contractor.
- Mr. Harold Dupree, Clarendon, School Principal and County Commissioner.

LEE COUNTY COUNCIL,
Bishopville, S.C.

Be it resolved this 31st day of January, 1973, that the Lee County Council has highly endorsed the Economic Development Administration and its functions. Without the financial grants thru EDA over the past several years Lee County would not have been financially able to proceed with several projects; namely; the project at Lynchburg involving A. Q. Mills and the Court House project in Bishopville, S.C.

Also, the Lee County Council requests and recommends to the Congressional representatives, both House and Senate members from South Carolina to support the Continuation of the Economic Development Administration.

CLYDE N. BEASLEY, *Chairman.*
B. K. PHILLIPS, *Vice-Chairman*
J. T. SMITH, Jr.
W. R. ALEXANDER, Jr.
GRADY A. BROWN
A. L. MCCASKILL, Sr.

Dated this 31st Day of January, 1973.
Attest: Ed. McELVEEN, Jr.
County Administrator.

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., January 30, 1973.

Mr. W. SCOTT BARNES,
Assistant Director,
Santee-Wateree Regional Planning Council,
Sumter, S.C.

DEAR SCOTT: Thank you for your letter of recent date with the accompanying statistics in Economic Development Administration projects in South Carolina.

As you will note from the attached news release, I joined Senator Randolf as a co-sponsor of this bill on January 26. Be assured of my support for extending the Economic Development Act an additional year.

With best wishes,
Very truly,

STROM THURMOND.

HOUSE OF REPRESENTATIVES,
Washington, D.C., January 15, 1973.

Mr. W. SCOTT BARNES,
Assistant Director,
Santee-Wateree Regional Planning Council,
Sumter, S.C.

DEAR MR. BARNES: Thank you for your letter regarding the Economic Development Administration in which you enclosed a resolution passed by the Santee-Wateree Regional Planning Council along with a listing of the members of the Policy Board of that Council.

As you, I am a strong believer in EDA and I agree that it has been an especially valuable program in South Carolina. I am sure that I will find the information you sent helpful and you may depend upon my support of EDA and of legislation which would assure its continuation.

With best wishes, I am,
Sincerely,

FLOYD D. SPENCE, MC.

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 2, 1973.

Mr. W. SCOTT BARNES,
Assistant Director,
Santee-Wateree Regional Planning Council,
Sumter, S.C.

DEAR MR. BARNES: Thanks very much for your letter and the useful material you sent. I hope you will send us other information you have from time to time. I sure have a lot to learn, and appreciate your help.

I am happy to tell you Congressman Young will support legislation to extend funding for EDA. In addition, it is my understanding that some of the frozen

funds will be released within a few days. We are doing all we can to bring this about.

Again, many thanks.

Sincerely yours,

LA ROSE SMITH, *Administrative Assistant.*

HOUSE OF REPRESENTATIVES,
Washington, D.C., January 30, 1973.

Mr. W. SCOTT BARNES,
*Assistant Director,
Santee-Wateree Regional Planning Council,
Sumter, S.C.*

DEAR MR. BARNES: I have received your letter with enclosure of January 23. I appreciate your taking the time to forward this to me.

I am enclosing a copy of the bill introduced by the Honorable William Jennings Bryan Dorn which extends the EDA Program. You may rest assured that this legislation will have my full support.

Again, thank you for your concern, and any time you feel that I can be of further assistance, please do not hesitate to call on me.

With kind regards, I am

Sincerely,

MENDEL J. DAVIS, MC.

LUNENBURG, MASS., February 28, 1973.

Representative JOHN A. BLATNIK,
*Chairman, House Public Works Committee,
Rayburn House Office Building, Washington, D.C.*

DEAR REPRESENTATIVE BLATNIK: Information furnished this Board indicates that Congress will soon be holding hearings on a resolution which relates to the continued funding of the various Regional Commissions for fiscal year 1974.

This Board wishes to go on record in support of the continuation of funding for the Regional Commissions and specifically, the New England Regional Commission which has assisted this community with funds to conduct preliminary planning for the town's sewerage system and the town's participation in a program for the abatement of pollution of the Nashua River Basin.

Very truly yours,

F. CLIFTON MILLER,
Chairman, Board of Selectmen.

FORT APACHE TIMBER CO.,
Whiteriver, Ariz., March 1, 1973.

Mr. JOHN A. BLATNIK,
*Chairman, Public Works Committee,
Rayburn House Office Building,
Washington, D.C.*

DEAR MR. BLATNIK: Had it not been for the financial help given by the Economic Development Administration, it would not have been possible for us to build the Small Log Mill. By EDA making us a loan under project No. 09-3-01009 for \$1,099,750.00 we were able to create 65 extra jobs for the Apache people. (The Fort Apache Reservation is designated under Title IV of the Public Works and EDA Act of 1965. The rate of unemployment is still 53%.)

It should be pointed out that since it is the published intent of the EDA to build viable, self-supporting industries on Indian Reservations, the abolishment of the EDA would be in direct contradiction to this intent.

Through your efforts in our behalf we are in the process of establishing a business that will make the White Mountain Apache Tribe self sufficient.

We would also request that if a hearing is granted before the abolishment of the EDA, that this letter be used as our testimony as to its value for this Tribe.

Sincerely yours,

HAL BUTLER,
General Manager.

RESOLUTION NO. 1-20A-73

At a regular meeting of the City Council held January 23, 1973. Alderman Froiland seconded by Alderman Narverud introduced the following resolution and moved its adoption:

Whereas, the City Council of the City of Thief River Falls has observed and experienced benefits provided by operations of the Economic Development Administration in the City of Thief River Falls and elsewhere in this region and

Whereas, the Council believes that a program of assistance and grants of this type is essential to the economic and social progress of our community and other communities throughout the nation and

Whereas, the administrative machinery of Economic Development Administration is established and functioning and it would take a long period of time for any alternative program to be effective and

Whereas, the City of Thief River Falls has various specific projects very essential in nature which would properly be subject of E.D.A. action and

Whereas, the Council is informed that E.D.A. is in danger of being phased out,

Now, therefore, be it resolved, That the City Council of the City of Thief River Falls does hereby urgently request that the E.D.A. be continued in existence and immediately be granted sufficient funds to permit it to undertake prompt and effective activity in the area of its designated authority.

Be it further resolved, That certified copies of this Resolution be furnished to Senators Mondale and Humphrey, to Representative Bergland and Representative Blatnik.

[Telegram]

SANTA FE, N. MEX.

HON. J. BLATNIK,
*Chairman, Committee on Public Works,
U.S. House of Representatives, Washington, D.C.*

DEAR JOHN: Urge extension of H.R. 2246 of critical importance to our State.

WILLIAM C. SIMMS,
Director, New Mexico Department of Development.

JUNEAU, ALASKA.

HON. JOHN BLATNIK,
*Chairman, Public Works Committee,
U.S. House of Representatives,
Washington, D.C.*

Please have inserted for the record that E.D.A. has spent \$33,000,000.00 in approximately 40 Alaskan communities, and at present all other funds are and will do an inadequate job of helping in community work projects. We strongly urge and respectively request the continuation of an E.D.A. program in Alaska.

Respectively yours,

CLARENCE JACKSON,
President, Central Council, Tlingit, Haida Indians of Alaska.

GLOVER PACKING CO.,
Roswell, N. Mex., February 23, 1973.

MR. JOHN A. BLATNIK,
*Chairman, Public Works Committee,
Rayburn House Office Building,
Washington, D.C.*

DEAR MR. BLATNIK: We are writing in regard to the Economic Development Agency bill which is presently being heard, and we request that this letter be made part of the hearing transcript.

Our company made application with the Economic Development Agency for assistance in a rather extensive expansion program for our Roswell meat packing plant. The EDA people were extremely helpful in the preparation of this application, with the loan request being approved and funds being allocated for our project.

We feel that the Agency has been extremely helpful in developing areas such as ours and we definitely feel that the program should be continued. Our expansion program will provide new employment for a minority group, primarily Spanish-American, who reside in this area. We feel that this project is indicative of the assistance provided by EDA. Additionally, projects of this type have a very definite economic impact on the communities in which they are located.

Again, let me say that we appreciate the assistance afforded by the personnel of the Economic Development Agency, and we take pleasure in recommending the continuation of this program.

Sincerely,

R. W. NAROD,
Executive Vice President.



