

Y4  
P 96/10  
95-H3

1045

95Y4  
P 96/10  
95-H3

# NOMINATION OF ROBERT T. HALL

GOVERNMENT DOCUMENTS

Storage

APR 15 1977

FARRELL LIBRARY  
UNIVERSITY  
KAN



## HEARING

BEFORE THE

### COMMITTEE ON

### ENVIRONMENT AND PUBLIC WORKS

### UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

THE NOMINATION OF ROBERT T. HALL TO BE ASSISTANT  
SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT

JANUARY 26, 1977

SERIAL NO. 95-H3

Printed for the use of the Committee on Environment and Public Works



U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1977

85-232 O

AY  
01/09/9  
E H-29

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

JENNINGS RANDOLPH, West Virginia, *Chairman*

EDMUND S. MUSKIE, Maine

MIKE GRAVEL, Alaska

LLOYD M. BENTSEN, Texas

QUENTIN N. BURDICK, North Dakota

JOHN C. CULVER, Iowa

GARY HART, Colorado

WENDELL R. ANDERSON, Minnesota

DANIEL PATRICK MOYNIHAN, New York

ROBERT T. STAFFORD, Vermont

HOWARD H. BAKER, Jr., Tennessee

JAMES A. McCLURE, Idaho

PETE V. DOMENICI, New Mexico

JOHN H. CHAFFEE, Rhode Island

MALCOLM WALLOP, Wyoming

JOHN W. YAGO, Jr., *Staff Director*

BAILEY GUARD, *Minority Staff Director*

LEON G. BILLINGS, RICHARD D. GRUNDY, and HAROLD H. BRAYMAN (Minority),

*Senior Professional Staff Members*

PHILIP T. CUMMINGS, RICHARD M. HARRIS, RICHARD E. HEROD (Minority), and

KATHERINE Y. CUDLIFF (Minority), *Associate Counsels*

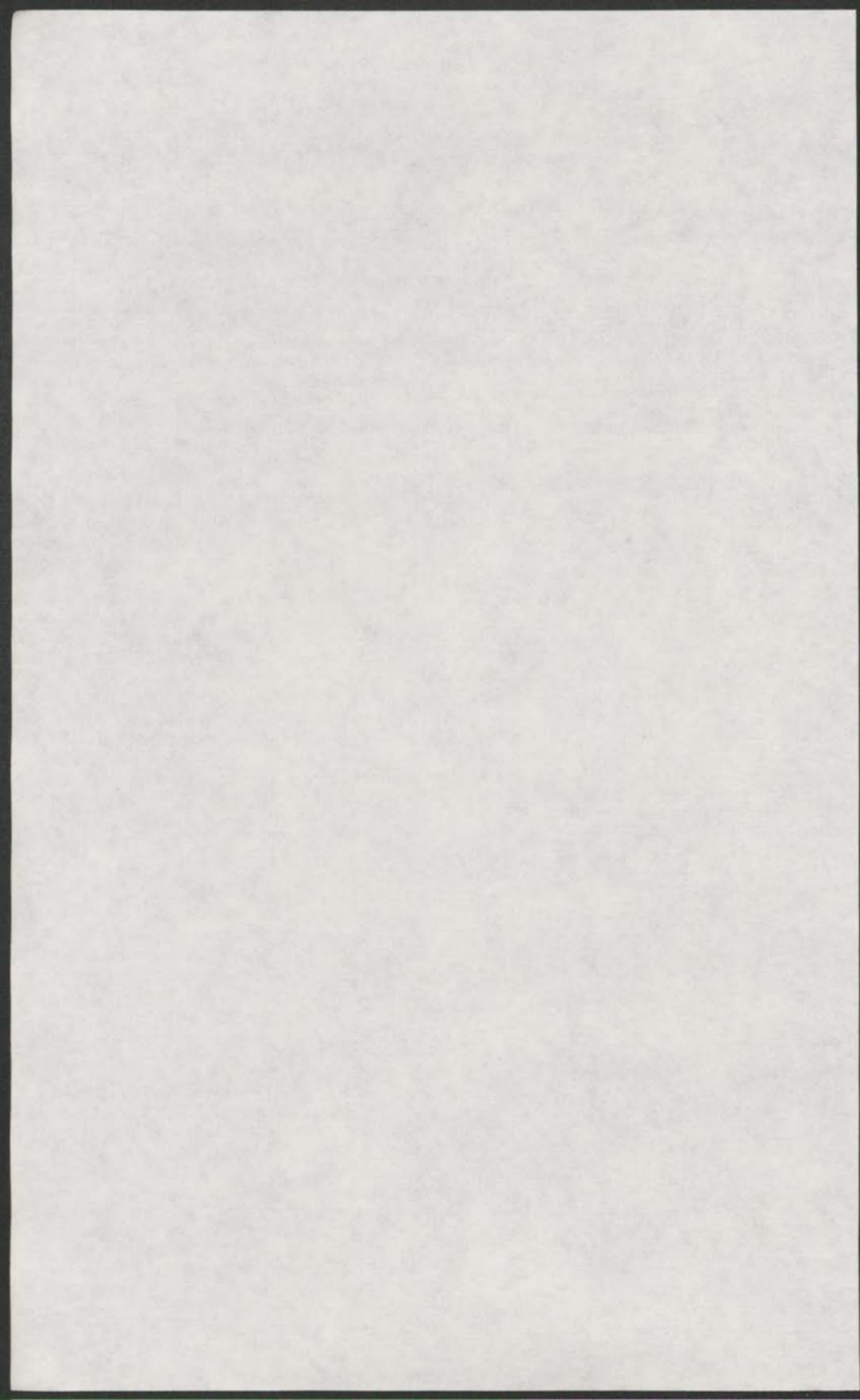
*Professional and research staff:* KARL R. BRAITHWAITE, PAUL CHIMES, TRENTON CROW, GEORGE F. FENTON, Jr., RANDOLPH G. FLOOD, KATHALEEN R. E. FORCUM, JOHN D. FRESHMAN, ANN GARRABRANT, RICHARD T. GREER, WESLEY F. HAYDEN, VERONICA A. HOLLAND, RONALD L. KATZ, JUDY F. PARENTE, JOHN B. PURINTON, Jr., JAMES D. RANGE (*Assistant Counsel, Minority*), JACQUELINE E. SCHAFER, CHARLENE A. STURBITTS, E. STEVENS SWAIN, Jr., ROBERT VAN HEUVELEN, SALLY W. WALKER, and HAVEN WHITESIDE

(II)

## CONTENTS

---

|   | Page |
|---|------|
| Randolph, Hon. Jennings, U.S. Senator from the State of West Virginia,<br>opening statement of-----             | 1    |
| Hall, Robert T., nominee to be Assistant Secretary of Commerce for<br>Economic Development, statement of-----   | 3    |
| Biographical sketch-----  | 5    |
| Dawkins, Dr. Maurice A., president, National Government and Legislative<br>Relations Service, statement of----- | 28   |
| Randolph, Hon. Jennings, responses from Mr. Hall to written questions<br>from-----                              | 32   |



## NOMINATION OF ROBERT T. HALL

---

WEDNESDAY, JANUARY 26, 1977

U.S. SENATE,  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,  
*Washington, D.C.*

The committee met at 9:40 a.m., pursuant to call, in room 4200, Dirksen Senate Office Building, Hon. Jennings Randolph (chairman of the committee) presiding.

Present: Senators Randolph, Bentsen, Burdick, Morgan, Stafford, McClure, Domenici, and DeConcini.

### OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator RANDOLPH. A pleasant morning to our guests and to those who are participating in this hearing on the nomination of Robert T. Hall to be Assistant Secretary of Commerce for economic development.

We are gratified, this morning, for the attendance of several members of the committee. I hope that their schedules will permit them to stay throughout the hearing.

Mr. Hall has been nominated to fill a very important position. I say it is an important position because I think Members of the Congress and people generally realize that there are economic problems which continue to plague the Nation. These economic problems are many faceted. The agency that Mr. Hall would head addresses these critical needs.

It is my feeling after talking personally with the nominee, and I hope other members have had that opportunity, that he does understand the importance of this assignment, the scope, and depth of the Economic Development Administration as it administers these programs. I think he has great hopes for the strengthening of the programs which are underway.

The Congress has recognized the importance of these programs. They are stimulators to our economy. We enacted, and that legislation was drafted and brought from this committee to the Senate floor, a 2-year extension of the economic development program. That action took place in the 94th Congress. This extension made available, for the first time, funds for urban as well as rural areas. I thought that that legislation was especially significant because it demonstrated the Congress recognition of the fact that economic constraints are not limited solely to our rural areas.

The problems are very real throughout the country, no matter where unemployment and the need for worthwhile projects prevail.

All of the members of the Public Works Committee—there is no partisanship in our approach, Mr. Hall, to these problems—have been intensely interested in the most effective way we could help the economic situation through the drafting of legislation and then the administration of the law so that these programs and activities can be of direct benefit to the people and to strengthen the overall economy of the country.

I think that the new administration recognizes the value of these programs. I think the administration wishes to work with the Congress. Certainly we wish to work with the administration. But we want to effectively implement whatever programs are now in being and whatever may be in the future, so that we can sustain the economic growth to all regions of the country.

Earlier this year I had the privilege of attending the Commerce Committee's hearing on the confirmation of Juanita Kreps. I was there at the request of the chairman. At that time I asked a series of questions relating to the White House Conference on Balanced Economic Growth. I want to say now that Senator Domenici was a leader in this effort. We enacted title II of the Public Works and Economic Development Act last year. The Conference has an important role to perform. We had felt that it should be held within 1 year after the enactment of the law. I discussed this in colloquy with Secretary Kreps. She expressed, I felt, a genuine interest in the Conference, and I asked her if she felt there might be a need—I discussed this with members of the committee also—to postpone the Conference for 3 months because of the change of administrations.

She has not yet indicated that that would be desirable. But she has been an enthusiastic supporter of the worth of such a conference.

Mr. Hall, I know that you have had experience in matters of the problems associated with employment. Your background will be discussed as the hearing progresses. You have a certain expertise, and I feel from talking with you, that you have a sense of your responsibilities, if you assume this job, toward the development of our economy, keeping it strong, viable, not subject to constant ups and downs. I felt that.

You have worked in the public sector for 16 years. You have participated in the development of programs where citizens were engaged in useful endeavors. For all members of the committee, we welcome the opportunity to discuss with you the pending nomination. We recognize that we have a challenge; you have a challenge with us. Hopefully, we can develop even here today a better understanding of what we want and expect and hope that you, representing the administration, can achieve and accomplish with the Congress.

Your chairman would want to give opportunities for comment from members of the committee before hearing the nominee. I would like to ask Mr. McClure if he would have any comments.

Senator McCLURE. Mr. Chairman, thank you very much. I will not take the time now to make a comment. I look forward to hearing the statement and to visiting with Mr. Hall in regard to his concept of this department, this area of economic development.

I think both Senator Domenici and I have to leave before too long to be in another committee on another confirmation; he to introduce

the nominee and I to question the nominee. I look forward to your statement and working with you in this area.

Thank you, Mr. Chairman.

Senator RANDOLPH. Senator McClure is the ranking minority member on the Subcommittee on Economic Development. The chairman of that subcommittee is Senator Burdick of North Dakota.

Senator, would you have comments before questions and listening to the witness?

Senator BURDICK. Mr. Chairman, I welcome the nominee to the committee. I have a series of questions, but I presume you have a short statement you wish to make. When you conclude your statement, I have a few questions.

Senator RANDOLPH. Senator Domenici?

Senator DOMENICI. Mr. Chairman, I will have to leave to attend the Interior Committee hearings to introduce the nominee for Director of the FEA. I could be back shortly. I assume we will still be in session?

Senator RANDOLPH. We would be, yes. We would welcome your comments and questions at that time.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator RANDOLPH. Thank you, sir.

Senator DeConcini?

Senator DECONCINI. I have no questions at this time.

Senator RANDOLPH. We are happy you are sitting with us.

Senator DECONCINI. I appreciate being included.

Senator RANDOLPH. Senator Stafford?

Senator STAFFORD. Mr. Chairman, I have no comments or questions at this time beyond saying I talked with Mr. Hall in my office. I may have some questions after his statement. I think he understands how important we consider the EDA program in the country and to this committee and to our States.

Thank you, Mr. Chairman.

Senator Randolph. Thank you, Bob.

Senator Morgan?

Senator MORGAN. I have no questions.

Senator RANDOLPH. The fact that this hearing is so well attended is not only a compliment to you, Mr. Hall, but a demonstration by the members of this committee of the importance of this work.

Senator Bentsen, would you have any comment before the statement of the witness?

Senator BENTSEN. No; I do not. Thank you. But I am looking forward to the statement.

Senator RANDOLPH. Thank you very much.

Mr. Hall, I think that we are ready now for your statement.

#### STATEMENT OF ROBERT T. HALL, NOMINEE TO BE ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT

Mr. HALL. Thank you, Mr. Chairman.

Mr. Chairman and members of this committee, thank you for the speedy invitation to appear before this committee as you consider my nomination as Assistant Secretary of Commerce for Economic Development. It is a personal privilege and honor to have been nominated and to be before you.

I interpret your wish for an early hearing as sharing the same commitment as I do that the Economic Development Administration in addition to its traditional role in economic development, has an important task assigned it by the Carter administration in the economic recovery package which has been outlined and will soon be transmitted formally to the Congress.

An examination of the legislative history for the Economic Development Administration finds many of you here today as key leaders in the establishment of this agency and the battles which are now behind us to pursue this foresighted concept as stated in the purpose of the act to "help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development."

I would like the record to clearly show and state that I join with you in your commitment as first adopted in 1965 to carry out the purposes of EDA. I will do my best to help guide this agency in implementation of long-term economic policies and programs. The implementation of such economic policies and programs has been too long neglected in recent years. This administration will not continue that shortsighted neglect.

More than ever, economic and social necessity requires that the Nation vigorously pursue policies of balanced national growth and of area and regional economic development in order to create and expand the job opportunities which our labor force requires. A greater investment is therefore required to achieve the necessary growth in our economy. I deeply believe that EDA has a major role in this effort.

I pledge to effectively and efficiently administer the Economic Development Administration, working closely and cooperatively with the members of this committee and your colleagues in the Senate and the House. I will truly seek and value your counsel.

To accomplish the long term economic development mission, we must use a variety of fundamental tools. These include business loans, technical assistance grants, planning grants, research, economic adjustments assistance, the use of development organization, Trade Act assistance, and public works grants. I believe that the traditional EDA program which is under way has proven itself.

However, I see a further opportunity to strengthen this important agency through a broadened assessment and evaluation system, a greater encouragement of innovative ideas, and streamlining the agency's processes to enhance EDA's adaptiveness and responsiveness to the Nation's needs.

In a recent conversation with Chairman Randolph, he made a statement which I noted. The Senator said he views EDA projects as investments and not expenditures. I will always attempt to abide by this philosophy as I make decisions as Assistant Secretary, if confirmed.

Let me now discuss the local public works and Capital Development and Investment Act of 1976 for which many of you on this committee, along with other Senate and House Members, can claim credit for. As noted, President Carter has included further funding of this program as an important aspect of the economic recovery plan which he recently proposed. I am equally committed, along with President Carter and Secretary Krepes, to this new role given EDA when it was asked to implement the \$2 billion public works job creation program.

From the few short days I have been exposed to local public works programs, I have learned many of you have questions about this program and some aspects of its administration. I truly wish it were possible for me to sit here this morning with answers to your questions, but it is not. It is possible, however, for me to say I will closely observe the hearings being planned in the House Public Works Committee beginning tomorrow and in your own hearings planned for next week.

It is my belief through the development of testimony in the House and Senate hearings, along with the best thinking of this administration, we can make the needed improvements in the second phase of LPW. In line with the direction set by President Carter, we must through LPW make a major contribution toward relief of severe unemployment and the stimulation of the American economy.

Mr. Chairman, members of the committee, at this point I would be remiss if I did not note the very commendable job which the staff of the EDA did in accomplishing the most difficult task of mounting the initial phase of the LPW program.

Although much has been accomplished, in my belief there is a need to step back and reexamine our Nation's growth policies and economic development assistance activity. In this regard, the proposed White House Conference on Balanced National Growth and Economic Development presents an excellent opportunity for such a reexamination and the formulation of new policies and programs. EDA has played an important role by assisting States, local communities, and private enterprise to restore economic health to areas burdened with high unemployment. I believe that EDA has demonstrated that the Federal Government and local communities can work together to solve their economic problems. As local officials, mayors, and Governors have worked together with EDA, I will work with each of you as this new administration needs the joint stimulus of traditional EDA programs and the local Public Works act to help reduce unemployment and stimulate the economy.

Finally, I wish to express my strong belief that EDA and its policies and programs are ready to embark on a new era. I am personally committed, if confirmed, to do all I can to help achieve the full promise and opportunities which are before us.

Thank you, Mr. Chairman.

[A biographical sketch of Mr. Hall follows:]

#### BIOGRAPHICAL SKETCH OF ROBERT T. HALL

##### EMPLOYMENT

September 1974—Present. Director of National Commission for Manpower Policy, a statutory Presidential advisory commission. (See attachment for description of Commission's structure and function.) The Director is nominated by the Commission Chairman and confirmed by the Commission. Serves as the staff director and under the guidance of the Commission identifies the policy issues to be addressed, organizes and carries out the analytical staff work including the preparation of policy options and recommendations. In addition, designs and manages outside expert staff work to support commission policy considerations. Engages in formal and informal discussions of key policy issues with a broad spectrum of governmental and non-governmental experts and concerned parties. Represents Commission to governmental agencies including State and local officials as well as non-governmental agencies. Coordinates Commission's activities with the principals of the member Federal agencies.

July 1973–August 1974. Recipient of Secretary of Labor's Career Service Award which provided for one year assignment with Australian Department of Labour. Served as Manpower Advisor to Minister of Labour in Australian effort to implement comprehensive manpower policies and programs.

January 1973–July 1973. Special Assistant to Assistant Secretary for Manpower, Manpower Administration, U.S. Department of Labor. Detailed from Office of the Under Secretary for a period to assist newly appointed Assistant Secretary. Served as the de facto Deputy Assistant Secretary for Manpower. GS-18.

October 1972–January 1973. Director, Special Projects Staff, Office of the Under Secretary, U.S. Department of Labor. Responsible for directing staff arm to the Under Secretary in developing policies, programs and plans and management systems for new legislation and functions assigned to the Department. GS-18.

April 1971–October 1972. Director, Welfare Reform Planning Staff, Office of the Under Secretary, U.S. Department of Labor. Responsible for providing legislative support, policy development and operational planning for DOL responsibilities under the Administration's proposed welfare reform program under the direction of the White House Domestic Council Subcommittee on Welfare Reform. GS-18.

December 1970–April 1971. Deputy Associate Manpower Administrator for the United States Training and Employment Service, Manpower Administration, U.S. Department of Labor. Served as Deputy with major responsibility for day-to-day management of the principal MA staff agency. Staff responsibilities for USTES encompassed United States Employment Service, Veterans Employment Service, Rural Manpower Service, Immigration Certification Staff, and the full range of manpower development programs—MDTA, WIN, CEP, JOBS, etc. GS-17.

July 1970–December 1970. Director, Operations Review and Analysis Staff, Office of the Manpower Administrator, U.S. Department of Labor. Established a new organizational unit which set up a central operations planning and performance measurement system for \$2 billion plus manpower development program. GS-16.

1969–70. Director, Special Review Staff, Office of the Assistant Secretary for Manpower, U.S. Department of Labor. Served as Special Assistant to Assistant Secretary and carried out special program reviews and evaluations. GS-16.

1968–69. Deputy Assistant Manpower Administrator, U.S. Department of Labor, and Director of Recruitment and Government Programs, National Alliance of Businessmen. As DOL liaison in NAB, provided the principal policy contact between NAB and Department. GS-15.

1965–68. Manpower Program Officer, Bureau of the Budget Executive Office of the President. Senior examiner on all Federal manpower programs operated by DOL, HEW and OEO. Evaluated appropriation requests and program plans. Assisted development of policy and legislative program. Evaluated and monitored operating manpower programs to assess their effectiveness and to recommend program changes where required. From January 1967 to June 1967, served as staff to White House Task Force studying urban unemployment. GS-14-15.

1964–65. Human Resources Development Fellowship, Organization for Economic Cooperation and Development, Paris, France; conducted studies on manpower and education policy, planning, and administration.

1960–64. Economist and Manpower Development Specialist in various manpower programs of the U.S. Department of Labor. Engaged in economic and program analysis; assisted in the designing of emerging manpower programs and reviewed operating performance. GS-7-13.

#### CIVIL SERVICE GRADE

GS-18.

#### BORN

New York City, N.Y. September 22, 1933

#### EDUCATION

BA—Economics, University of Texas, 1958.

MA—Labor Economics and Industrial Relations, University of Illinois, 1960.  
Additional Graduate Study—School of Public Administration, George Washington University, Washington, D.C.

## OTHER

Research Assistantship, Ford Foundation, University of Texas—Study of Texas Right to Work Law—1957-58.  
 Scholarship, Graduate School, University of Illinois—1958-59.  
 Management Intern, Department of Labor—1960-1961.  
 Arthur S. Flemming Award—Honoring Outstanding Young Men in Government—Finalist—1970.  
 Federal Executive Institute—Charlottesville, Virginia—May-June 1970.  
 Miscellaneous DOL performance awards.

## MILITARY SERVICE

U.S. Army—Korea—1952-1954.

## MARRIED

Kathleen Mary Egan of New York City, N.Y.

## CHILDREN

Barbara 17, Gregory 15.

## RESIDENCE

503 Woodland Terrace, Alexandria, Va. 22302. (703) 683-6890.

Senator RANDOLPH. Thank you very much, Mr. Hall.

I call attention to the presence of high school students from New Orleans. You are here as a part of the continuing "closeup" group observing the Congress at work. We are delighted that your schedule permits you to come by for this confirmation hearing on the nomination of Mr. Hall to be the Assistant Secretary of Commerce for Economic Development.

I will not question the witness at this time. Would you, Senator Burdick, as chairman of the Economic Development Subcommittee, begin the questioning?

Senator BURDICK. Mr. Hall, it appears from your testimony and from the evidence and information you have supplied the committee that your past career has been entirely in the manpower field. How does that qualify you to head the Government's principal economic development programs?

Mr. HALL. I would respectively suggest, Senator, that my experience has not been fully and wholly in the manpower field. In my initial Government experience, I spent considerable time working on the Area Redevelopment Act. In my experience with the Organization for Economic Cooperation and Development in Paris, France, I was assigned to the Mediterranean regional project which was an economic self-development project. Recently, I had an opportunity to spend 1 year in Australia in exchange with the Australian Government. As part of this assignment I worked on their regional economic development programs.

I would further add, Senator, that my experience in manpower has been more in the area of employment and economic policy than the traditional manpower training and retraining activities. In the last 2 years, as Director of the National Commission for Manpower Policy, I was involved in the development of basic employment policy recommendations for the United States. These included in large part questions of economic development, balanced economic growth, and the use of public works as one tool in the economic and employment policies of the United States.

I would not tell you that I have at this point an in-depth knowledge of the workings of EDA and its programs. But I feel that I have a sufficient background to readily grasp the mechanics and the aspects that I will need to know to perform my job.

Senator BURDICK. What was your principal interest in accepting this position?

Mr. HALL. My principal interest in accepting this position was the realization and the understanding that if we are going to have successful employment policies in the United States and successful economic growth, that we had to move forward with an expanded effort for balanced national growth and the use of selected economic stimulus.

My manpower background in part has brought home to me that we can only do so much with training and retraining. We can only do so much in terms of public service employment jobs. In order to get the economy going, balance the economy's growth, then we have to do much more in the area of capital investment and economic development. In the long run, the economic and employment viability of the United States must be based on the growth of the regular economy.

Senator BURDICK. What you are saying in essence then is it is bigger than just manpower training?

Mr. HALL. Absolutely, Senator. In fact, if I may say so, I feel in the manpower business we are too often running "human car washes." Instead we have to put people to work in regular jobs.

Senator BURDICK. What kind of linkages between economic development and the manpower program do you see in your new job?

Mr. HALL. I would hope that we could begin to move economic development activities such as public works and the related activities of EDA much more closely to the related activities in the manpower area. I noted with some interest that just recently 10 pilot projects were funded which involved the Department of Housing and Urban Development, the Economic Development Administration, and the Department of Labor where they were able to put together their respective programs in a common effort.

For example, on the one hand, the manpower people could provide the training and retraining support for an employer. EDA could provide the financial loans or other kind of financial assistance. As I am sure you gentlemen are aware, in previous years there was a more formal linkage between the manpower programs and EDA. Under CETA this important relationship hasn't been as close. This is something I would like to do something about by bringing together in a much more cooperative and coordinated way the training, retraining and other manpower programs and the various activities of EDA.

Senator BURDICK. EDA has been underfunded for many years, if we judge the appropriations versus the authorization levels. Will you recommend any change in the level of funding?

Mr. HALL. Yes, sir. My understanding is that approximately only one-third of the authorization has been funded. The Ford budget, as you are well aware, is now being reexamined and we are making some recommendations in several of the areas concerning EDA. I personally believe that it is very difficult to do much in the area of balanced national growth and targeted economic development in hard hit areas, with only a budget of \$360 million or so a year. I find that that is a marginal sum relative to the need.

For my part, I will do all I can to argue for increased support of these programs. At the same time, I think we all have to satisfy ourselves that we are doing the best job we can in administering and managing the moneys we now have, and that we are getting effective returns on the moneys that would be used for these activities.

Senator BURDICK. We are now finishing up the first round of the public works jobs program. As we consider a second and perhaps third round, what are your impressions of this approach and of the loud complaints against EDA's management of it which we have been hearing in the press and elsewhere?

Mr. HALL. Clearly, Senator, I have not had an opportunity since Monday to get very deeply into the specifics of the LPW program. I would, however, try to respond to your question with several comments and observations.

The first is, I think that public works programs have a decided role as part of a countercyclical strategy. I think the program that was put together under much difficulty by the Congress has a major role to play. One of the charges against public works in terms of it being a countercyclical program is that it takes a long time to implement. I think the LPW program has demonstrated that with the proper guidance and requirements, that a very sizeable program can be mounted in a very short period of time. I would suggest that this very rapid implementation of the program has perhaps inevitably created some problems in trying to think through how you go through it and allocate the moneys, and so forth.

In terms of some of the specific problems of which I have only a very general knowledge of, clearly I think the 70-30 formula has created some difficulties. I think there have been some difficulties in the use of unemployment rates, that is whose statistics and what data period to use.

I have been apprised there is some problem perhaps of applicants gerrymandering their project areas for their own benefit, perhaps at the expense of their neighbors. We are hopeful that in the next week or two we will be able to dig into some of these operational and administrative problems and hopefully get them corrected in time for round two of LPW.

Some preliminary thought has been given to the general approach to be followed. At this point, we would like very much to expedite the second round and, therefore, we would like very much to be able to use the projects currently contained in the computer and file system which has some \$20-plus billion worth of projects. We hope that we could administratively, and perhaps with some minor legislative changes, make the necessary changes so we can quickly turn around and get the next phase of the LPW out.

Senator BURDICK. You said this was sort of an emergency approach to the first round. I don't want to take the time of the committee, but I want to ask you one question about administration. Will you or will you not make sure when you announce grants in States that you will back them up? In my State of North Dakota two grants in two cities were announced and then they were taken away. You can imagine the letters I got.

Mr. HALL. Senator, I will pledge I will do everything I can not to have that happen. As you are well aware, these things do happen. We will certainly try to minimize that. I think perhaps the second time out we will have a little more chance to refine some of the procedures. We must minimize those kinds of embarrassing situations.

Senator BURDICK. I understand this isn't fundamental. When a mayor calls you, it seems fundamental at the time.

Mr. HALL. I can appreciate that, sir.

Senator BURDICK. I believe the chairman has indicated that in order to get around the committee this morning, we limit our questions to 10 minutes.

At this time, I will yield to another member and come back.

Senator RANDOLPH. Thank you very much, Quentin.

I want to toss in a very quick question. It is our understanding that you, Mr. Hall, participated, in the development of the administration program for the economic stimulus. You have done that, as I understand it. I haven't talked with you about it, but that is what I believe has taken place. I am personally concerned, not just as a member of this committee, but I am personally concerned with the so-called allocation of funds in the Carter proposal which gives only \$1 billion to public works jobs and \$1 billion to public service jobs. I want it clearly understood I have supported public service jobs. But I believe that there is a very real reason to give a greater percentage to public works jobs than to public service jobs. Will you comment?

Mr. HALL. Yes. I was involved in the Carter-Mondale transition team in the area of working on the economic recovery package. I am not sure if the exact figures you are quoting, sir, are those that are in the package.

Senator RANDOLPH. They were announced yesterday evening, as I understand it.

Senator McCLURE. Just a press report.

Senator RANDOLPH. Only a press report?

Can you comment on the press report?

Mr. HALL. I don't believe it is correct. There have been several meetings since I left the transition team a week and a half ago. So I am not in a position to accurately state what is now in the package or is not in the package. But I will give you my understanding as of when I was still involved.

My understanding is we are talking in terms of an additional \$2 billion in the remainder of fiscal 1977 and another \$2 billion in fiscal 1978 for local public works.

Senator RANDOLPH. That is the figure that we have placed in our bill which was introduced yesterday, with cosponsorship of members of this committee. I am not going to go into it further at this time. I don't want to interrupt the questioning. But we appreciate your saying to us that you have been a participant in the planning process because I think that is very important.

Would you, Senator McClure, continue the questioning?

Senator McCLURE. Thank you, Mr. Chairman.

I don't know what was in the report, other than the fact that it was reported that Mr. Lance had said this about what was in the package. We are concerned. I recognize the arguments, part of which you have

given already, but to minimize the argument that public works takes too long, it also costs more per job created, it is not as efficient in job creation as public service jobs. But that is something we want to look at very closely, and I am sure you do, too.

I was struck by one thing that you said about the role of economic development in locating and alleviating spot economic distress, that there are areas within the economy that simply don't respond as readily as others to overall economic conditions. I think that is the reason for the economic development program, to ferret out those areas and provide some direct economic stimulus directed at those particular areas.

You also, as I recall, were somewhat critical of some of our manpower retraining programs. I would characterize them as being somewhat the same kinds of problems that overall economic stimulus doesn't necessarily reach all segments of our society in exactly the same way. So some of our programs must be directed toward the spot areas in our economy, not just in economic development but in human retraining as well.

You made some reference to the fact that our job training and retraining programs are more like human carwashes. Would you expand on that a little?

Mr. HALL. Yes. Perhaps I should, Senator.

Senator McCLURE. I like the term. I am not critical of it, because my own feeling has been that a lot of the reason for job training and retraining is those are repair jobs on the failures of our educational system.

Mr. HALL. I couldn't agree more. Let me say, I wouldn't want to mislead the committee to believe that I am very critical of manpower and manpower retraining programs. That is far from the truth.

What I was trying to suggest is that there are certain limits. Let me say there are roles and functions for a whole range of activities, and I think manpower programs, such as retraining, relocation programs, public service employment, et cetera, they have certain roles and functions, but they also have certain limitations. I think the same can be said for several of the activities of the Economic Development Administration. It also has important roles and functions but there are also certain limitations.

That is why we need to put these pieces together. Clearly the selective policy measures the selective use of programs, such as EDA's activities in concert with the targeting of training and retraining programs in hard-hit economic areas, is very important for effective economic development policies.

As the Senator has noted, macro policies can take you only so far. Indeed, if you try to correct and cure the selected and pocket problems with only macro policies, you would have to stimulate the economy more than would be desirable in order to help these pocket kinds of situations.

So in short, I think you need to balance the macro with selected targeted efforts. I would certainly say that manpower retraining programs are an important key part of such selected or targeted policies to be used in conjunction with EDA type activities.

Senator McCLURE. I certainly agree with that. I think the studies which I have seen and participated in would indicate that out of the

approximately 8 percent unemployment, there is only about 1½ percent of that that is really cyclical unemployment, that the balance of it is structural or frictional in nature, and that macro policies are not going to do a great deal to reduce it unless we couple with that some very precise programs directed toward the micro policies, the spot areas either geographically or socially or economically that don't yield themselves readily or efficiently to macro policies.

I am pleased to hear you say that, because I think there has to be a major shift in emphasis, a major change in emphasis if we are going to be successful in leading back to an economy that has been so "hyped-up" in an effort to reduce gross numbers that we will have high interest rates and another high rate of unemployment.

Mr. HALL. Senator, if we do achieve the increased economic growth that is sought, there still will be particular groups and sectors that will be just left behind. So we have to keep a careful watch on what is happening below national levels. That, to me, is the concept behind balanced national growth and balanced economic development.

Senator McCURE. There are a number of ways of saying it. Some have said the rich get richer and the poor get poorer. Others have said, them who has, gets. There is another way, that is the people most aggressive and most capable in our society are most able to profit from economic stimulus or economic movement in the society. Those that are already disadvantaged are least able to take advantage of economic growth. Perhaps we do have to recognize that incapacity for one reason or another to benefit from general economic growth.

One of the things we have been working on, some of us, is the phenomenon of the youth unemployment as a segment of our society that is left behind. Fifty percent of our work force is over 25 years of age. Twenty-five percent of our work force is under 25 years of age. Yet that 25 percent of our work force has 50 percent of the unemployment. That will not be solved by microeconomic policy. But that is perhaps a little different area than the EDA mission, which is a geographical rather than a cyclical, properly as microeconomic policy instead of macroeconomic policy, if those terms have any meaning to us.

There is a little concern, perhaps I need a little better definition of your concern with the 70-30 formula and why that has restricted or constricted the benefits of this program.

Mr. HALL. My understanding, and I am getting on some thin ice here, is that in terms of the 70-30 formula is that 70 percent of the funds went to those areas with unemployment above the national average with 30 percent of the funds going to areas below the national average. As I understand the way it worked out, they went down the projects until they ran out of the 70-percent money and then they went to the 30-percent pot and they started on those projects. Left behind were a band of projects where the unemployment rate may have been 7 or 7½ percent. Those areas were not getting projects, whereas other communities in the 6½- or 6-percent unemployment range were getting projects funded. It was sort of like a leapfrog which created some inequities.

Senator McCURE. I will just follow with one comment on that point. I think the rigid formulas do have problems. This is something we discussed at length in the conference. I was sensitive to the fact

you mentioned, that they gerrymandered their areas so that they could get unemployment statistics. That was one of the things I was most critical of in the development of this bill, that we had not removed that possibility.

I know my time has expired. I do want to get into the question of the title X implementation because I have been very disappointed that we haven't done more under title X. I don't think it has ever lived up to its potential.

Just one final comment, Mr. Chairman, if I may.

Senator RANDOLPH. Yes, indeed.

Senator McCLURE. Then I will go to the other hearing for a few minutes and come back later.

But the question of the allocation or the selection of these grant applications, you mentioned the fact you have to go back and get some more out of a computer. I am mindful of what Senator Humphrey said at a recent meeting in regard to the allocation and selection of these programs. He said the computer made some errors in his State of Minnesota where two competing communities side-by-side, one with a vibrant economic growth because of some local economic stimulus got the grant and the one very close to it that was lagging behind and had no real opportunity for growth was denied. The computer did that. His comment was, "I am the best computer for Minnesota."

I am not saying you want to come back and ask the Senator what allocation for the grant should be. I am not sure I want that responsibility. But I do believe the computer had made gross errors. I think that we have had too great a reliance upon what would be printed up by a machine, even when the machine was obviously wrong. I think that is an administrative problem. I think that is going to be one of your great challenges, to learn how to use that computer down there rather than having it run you.

It is very comfortable to say, "That must be right. It came out of the computer." When the results are obviously wrong, then something else has to be done.

Mr. HALL. Senator, I fully agree with you. I have a concern with what I call the black-box mentality. It should be the tool rather than the master.

Senator McCLURE. It is a comfortable shield against responsibility, too, sometimes.

Senator RANDOLPH. Thank you very much, Jim.

Senator Bentsen?

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

I have not been one of the cosponsors of this particular public works bill because I have some concern about the formula. I agree with the chairman that public works projects are investments. They are also expensive job creations, \$25,000 a job. You have lasting benefits from them. That is where we run into problems. I believe in the counter-cyclical formulas when you are talking about public service jobs. But when you are talking about public works, you are talking about things that last far beyond the current problem. You are talking about an investment of the taxpayers' money and giving those areas that might have high unemployment today Federal buildings, public works projects, that are going to be there for the next 40 and 50 years.

Now you go to 85-15. I am going to argue with that position in this committee because I don't think it is fair and I don't think it is the right allocation of the taxpayers' money. I have got that problem across Texas. I have areas where we have very low unemployment. But then I can go to south Texas, and you went to the University of Texas for part of your education, and you know south Texas where I have unemployment of 17 to 20 percent.

Mr. HALL. And likely to get higher, Senator.

Senator BENTSEN. Sure, with the devaluation of the peso. We have had sales go off in those border towns from 50 to 70 percent. The lowest per capita income is not in Appalachia. It is in south Texas, along that border. I take no pride in that. But I do want to see something done about it, and I want to help. But I want to see us come up with something better in the way of allocation of the long-term public works.

I go along with the chairman. I think that is one of the ways you take care of unemployment. But you have to balance off that you are making a long-term investment of taxpayers' money and not just a short-term application to take care of a current unemployment problem.

We have a border commission that has been created. I don't know what part the EDA is going to have in that, if any. But that is for all border counties along those four States. I have more miles on those borders than all of those other States put together.

Are you involved in that? Will EDA get involved in it?

Mr. HALL. The title V and the regional economic commissions are not directly under EDA in the Department of Commerce. There is a separate official, although the position is now vacant, that has responsibility for that. No decision has been made yet in terms of whether the Assistant Secretary for Economic Development might play a dual role or not. But the commissions are separate and independent from EDA in terms of organizational structure.

Senator BENTSEN. That was my understanding. But I wanted your version.

Mr. HALL. But no decision has been made.

Senator BENTSEN. You were on thin ice a while ago on a 70-30 formula. Do you want to get back on that ice?

Mr. HALL. If you want to drag me out there again, Senator.

Senator BENTSEN. I sure do. I want your feeling on it. If you are talking about a long-term investment of the taxpayers' money on the public works project, how do you strike some equity there? Do you just give it to the areas of high unemployment? Do you go 85 percent of those projects to areas that are above the national average and 15 percent to those that are within 6 and 7.8? Or is it more appropriate perhaps to do that on public service jobs?

Mr. HALL. I don't have a direct answer for you, Senator. I have wondered myself that perhaps rather than going to some sort of 85-15, 90-10, 70-30, whether we could have a State allocation, and then within the State allocation have suballocations related to the size of geographic subunits and their population and let them compete on the basis of unemployment rates, and other indicators within their own suballocations. That would certainly get perhaps more of an equitable

distribution of the funds. But again, that is something that I really have to think about and get some expert advice and counsel from the EDA staff.

Senator BENTSEN. Do you agree there is a serious problem there when we are talking about a long-term capital investment that can be far beyond the period of high unemployment?

Mr. HALL. That is correct. It is the balancing and trading off of using local public works as an economic stimulus instrument, the question of to what degree you are using it for a long-term investment to further economic growth and other growth policies and the degree to which you are trying to use it to soak up some unemployment in the short term in the countercyclical sense.

Senator BENTSEN. Mr. Hall, other members want to confer with you. I know we had a meeting yesterday and we got caught with a vote on the floor. But I would like for you at your convenience to drop by and let us pursue some of these things more.

Mr. HALL. I will certainly do that.

Senator BENTSEN. Thank you, Mr. Chairman.

Senator RANDOLPH. Lloyd, this is not the time for us to discuss that \$25,000 figure. I believe it is in error. But that is a matter of discussion. But I do appreciate your discussion of what do we get for the dollars that are expended. I certainly am in agreement with you that in this program we must not surge forward hastily, without careful consideration, in order to insure that the moneys spent will meet what the administration and/or the Congress intends. You feel that strongly, do you not?

Senator BENTSEN. Very much so.

Senator RANDOLPH. Thank you.

Senator Domenici?

Senator DOMENICI. I yield to Senator Stafford.

Senator RANDOLPH. Yes, Bob, I am sorry.

Senator STAFFORD. Thank you very much, Mr. Chairman, and Senator Domenici for yielding to me.

Mr. Hall, as the chairman has mentioned, he and I, along with other members of this committee, have introduced a bill designed to provide early job experience and skilled training to young people ages 16 through 19 on community improvement and activities. It is also included as title II of the bill extending the Public Works Employment Act. Assuming this bill survives the legislative process, do you believe the Economic Development Administration could administer a program of this type?

Mr. HALL. On the assumption that the bill was enacted into law, I believe that the Economic Development Administration would have some initial difficulty, but could administer a bill like this. My hesitancy, Senator, is based on my concern that the staffing and support of EDA is not what it should be. Quite frankly, as the potentially responsible official for administering two additional rounds of LPW and given the staffing constraints and the personnel cuts in EDA over the last several years, if the Congress were to enact and it were to be signed into law a youth responsibility for EDA, I would hope there would be some provision for some additional wherewithal to accomplish the new mission. But I should add that as part of the administra-

tion's economic recovery package, there is a sizeable youth initiative in there and the basic decision has been made to use existing legislation in existing agencies. I am sure, however, the question of what type of additional youth effort is needed will be much debated in the weeks and months ahead. There is no question that there is a very serious youth unemployment problem. It is not a single youth unemployment problem, it has many different dimensions. Clearly this problem should be a high national priority. What type of programs to be administered by what type of agency. I think that these issues are something that both the administration and Congress will really need to pay some close attention to in the period ahead. I might add that today's youth unemployment problem is too often tomorrow's adult unemployment problem.

Senator STAFFORD. Assuming, Mr. Hall, that the bill does become law, would you be enthusiastic in carrying it out, assuming we supply you with the necessary wherewithal to do so?

Mr. HALL. Senator, I would be very enthusiastic, depending on what law was eventually passed.

Senator STAFFORD. I am talking about title II of the Public Works bill that this committee has introduced.

Mr. HALL. Senator, I have a very great personal concern about youth unemployment. If it was the will of the Congress and the country that this responsibility were to be given to EDA, certainly we would do everything we could to effectively administer that law.

Senator STAFFORD. Much attention has been focused on the Public Works Employment Act, and I believe that is natural. Members of this committee, however, are genuinely interested in furthering EDA's regular program and basic purpose of promoting long-term development in lagging regions.

Do you believe there is still a need for a program which attempts to focus aid on lagging areas? Do you believe such an approach can be effective, or do we need to develop a broader and more general program?

Mr. HALL. Absolutely and I agree we need to do more. I would hope that my opening statement conveys my support and commitment to the regular ongoing activities of EDA. Indeed, in the long run, they are the most important activities that EDA administers.

I would hope, Senator, in regard to the second part of your question, that through the White House Conference on Balanced National Growth and Economic Development, that perhaps we could step back a bit, take a look at what are our national principles, objectives, and policies in this important area; what does our legislative base look like, what are the missing program pieces, what are the pieces we might want to put together differently, and subsequent to that, take a look at the institutional arrangements we have to organize and deliver the policies and programs. So there is no question, Senator, that I am fully and completely behind the regular activities of EDA, and hopefully some improvement in the scope of its activities and expansion in the level of budget.

Senator STAFFORD. In your statement, Mr. Hall, you say that you will work to extend EDA's adaptiveness and responsiveness to the Nation's needs. What are these needs that you foresee?

I ask this question in view of economic hardships developing in many areas of the country as a result of the severe winter weather we are experiencing: Has EDA been approached for assistance and have you given consideration to the potential problem and the role EDA might have in this particular circumstance?

Mr. HALL. Yes, Senator, there have been some very, very preliminary discussions in the area of what can be done to address the energy situation, both in terms of stimulation of energy supply and also more immediately the question of energy conservation, particularly the insulation of public buildings, et cetera. It is too early for me to discuss this in detail. But there is very serious consideration being given to some sort of special effort. That I think would be an example of EDA being adaptive and responsive to the Nation's needs. If I may, Senator, something I would like to see us try to accomplish, not only in EDA but in any Government program, is try to increase the return we get from individual programs. We have so many activities which are considered as only having a single purpose, and maybe with a little imagination we could marry some of these efforts to get a double return. So if you had an energy initiative that EDA would be involved in, you get the conservation of energy on the one hand, you get employment on the other hand, and you would also get some economic stimulus.

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

Senator RANDOLPH. Thank you, Senator Stafford.

Mr. DeConcini?

Senator DECONCINI. Mr. Chairman, thank you very much for including me in these hearings, and those members of the committee.

Mr. Hall, I have a couple of brief elementary questions, being new. I come from Arizona. We had severe unemployment in the area of construction, above 30 percent, in two of our major metropolitan areas, and yet our State unemployment is 7 or less percent. Do you anticipate any adjustments or suggestions to this committee or Congress in applying EDA to high unemployment areas, in the construction area for instance?

Mr. HALL. Senator, clearly the local public works program is largely directed at and involves construction workers. There has been some consideration that perhaps in the formula some weight could be given to construction unemployment in addition to regular overall levels or rates of unemployment. As I am sure you appreciate, there are some difficulties in getting accurate data on the levels of construction unemployment. It may not however be as difficult as some would say.

Senator DECONCINI. You would favor that type of criteria or formula being implemented because, if it is in the bill, and I do not know that it is not, it certainly was not demonstrated by the grants that were given to the metropolitan area of Phoenix, Ariz., which received none but have a construction unemployment rate of above 30 percent.

Mr. HALL. Senator, I do not believe I could say at this time whether I favor it. It certainly is one thing I want to look at when we reexamine the procedures for LPW.

Senator DECONCINI. That is all I have, Mr. Chairman. Thank you very much.

Senator RANDOLPH. Thank you, Mr. DeConcini. We are very gratified that you have been tentatively assigned. You have been present, I believe, at all of our meeting and hearings.

Senator DECONCINI. Yes.

Senator RANDOLPH. Senator Domenici has returned. Pete, why don't you continue the questioning?

Senator DOMENICI. Thank you, Mr. Chairman. I assume that you will be back very soon, that you obviously will be concerned, Mr. Hall, and you will be back and we can go into more detail on accelerated public works. Let me ask you a couple questions about it.

If you had these two situations, what would your head tell you about them? A public works project, let's take the State of Arizona, use it as an example. The city of Phoenix in all respects qualified and had a big project. The people in that community have had a bond election to pay for that and voted no. So the project is ready to go, but that town said, "We don't want to pay for it." Then over in Tucson they have that same kind of project, \$2 million, ready to go. Tucson's people had a bond election and agreed to pay for it. But the mayor of that town sent that project in anyway. What is your thinking about how you would do that? Is there any distinction between those or the kind of program we have got?

Mr. HALL. Senator, that is a tough question. I guess you would have to look at it from several aspects. One could say in the community people did not want to put the money up, this is something they didn't want to do and therefore should Federal dollars be used to fund such a project? There may be in other cities other circumstances where they couldn't have raised the money in terms of local taxes, et cetera. On the other hand, if you have the problem where the community was ready to go with the project and had made funds available and possibly had put the bids out, clearly there is some question of the use of LPW. Is this the appropriate role of the Federal Government to come in and in effect substitute Federal money for local money? I guess one also has to answer the question in terms of what are your objectives? Is it to try to get some economic stimulus or to get some employment underway. In your first example, at least you will be achieving that, even though the local community did not want to on its own finance and support the effort.

Senator DOMENICI. That is fine. I don't think there is any answer. I just wanted to hear your reasoning. Let me give you another one. A little community of 500 people, they fit your criteria in all respects, and they are looking for an \$800,000 city hall community center, population 531. They qualify. The major city, 300,000 or 400,000, they have the exact same building in a suburban part of a town that qualifies or slum part of the town or underdeveloped part of the town. Any difference between the two we ought to think about in terms of which one ought to get the money?

Mr. HALL. Again, it would depend a lot on other circumstances that might be involved. Let me respond this way, if I may, Senator: I think what you are pointing up is the difficulty in attempting to distribute and disburse several billion dollars for an activity which may have several different kinds of objectives and goals. It is difficult to set up some kind of ranking and grading system which on the one hand is equitable from a fund distribution standpoint and the other hand perhaps reduces some of the ability to use some subjective kinds of judgments.

My reaction would be that perhaps we should try to have a little more flexibility for some subjective judgment in the granting of these

awards. By subjective judgment, I am not suggesting Federal subjective judgment, but rather that of local officials. For example, as I understand it, there was very little opportunity for the local communities to establish their own priorities. If they have six projects that rank the same, perhaps there is a need for letting the local community decide what are their priorities among the six projects and for them to be funded accordingly.

Senator DOMENICI. I want to just give you a few more so that they can be going around in your head.

Senator DeCONCINI. Would you yield just a moment?

Senator DOMENICI. Sure.

Senator DeCONCINI. This is a very viable point in my State. That is exactly what occurred. I don't know what the answer is. But the inequities there are so obvious to people in Arizona that if you feel like pursuing that at all, it would certainly help me in my deliberations today. Because I don't think it is something we can say we just have to have more objective consideration. I think there has got to be some policy where you are weighting 500 people versus 400,000 and you have similar projects. To me, I can make a decision. I may be tough on the smaller community. But if it is a sanitation or sewer project, to me that makes more sense for the 400,000 people concerned than it does for a smaller community. I think that is an excellent, and in my State, a perfect example of what happened. Excuse me.

Senator DOMENICI. I am delighted to yield to the Senator from Arizona. I was just going to raise that very point with another example. I want it in the record. How would we distinguish between a community center with the same job production? It is going to produce for 1½ years 300 jobs.

Is there some difference between that and a sewer system that is going to produce the same number of jobs? Now I really bring this out because I ran into it, just as Senator DeConcini did, when we found out about some of these grants, even among communities. We called to tell them they got some of these. They said, "We didn't want that; we wanted the other one we didn't get." I think it points up some local prioritization is necessary. Let me leave that because I don't want to delay the committee too long. Just a general question now. EDA generally, and in accelerated public works, had a great deal to do in the past with the Indian people in our country, regardless of which State. It is title I under accelerated public works. Knowingly or unknowingly they have had a great impact on Indian economic development. Do you intend to have some people in your office at high levels that are knowledgeable in the matters of Indian affairs to help you in this particular area?

Mr. HALL. Yes, Senator. In fact, there is a special assistant to the Assistant Secretary for Indian Affairs and that position is currently filled. Also, I think in terms of the local public works program, some consideration is being given, and it is in the Senate bill, for having a special Indian allocation or set-aside.

Senator DOMENICI. Let me ask you, the whole concept of accelerated public works is directed at statistical evidence that there is very high unemployment among construction workers. I read your background, and I ask you this question based upon your knowledge, not necessarily what EDA has been doing. Why do we have such high unem-

ployment in construction, among construction workers? Is this cyclical? Is it something that is going to be with us in spite of what we do? Is there some structural rearrangement needed? What are your views?

Mr. HALL. My view, Senator, is it is a combination of cyclical and structural. Perhaps the construction industry has its own kind of cycle, if you will. I think you also have to differentiate between the different parts of the country. In the Northeast, for example, New York City, they have a long-term prospect of high unemployment in the construction industry because of a high period of overbuilding. Their high unemployment however has been compounded by the cyclical situation. I think also one has to be quite realistic. Every time we start to get very worried about inflation, one of the first things we do is start clamping down on the interest rate. This folds back into the mortgage situation, business loans for construction and so forth. So the construction industry is quite often at the mercy of macro policies.

The other point I would like to make is that I think we should not think of the LPW employment effect as solely being that of the construction industry and its workers.

Of course, there is also offsite employment being generated and a general multiplier effect. I wish we had the knowledge and expertise to demonstrate the offsite employment a little better. I think that would affect the question of the \$25,000 per job unit cost. I want to make one additional comment, if I may. Clearly I believe that in public works we have to look in terms of the long-term payoff in terms of creating other employment opportunities. So if we are talking about sewer and water construction or other kinds of activities that could help industry locate, develop and grow that clearly those kinds of decisions should be made as opposed, perhaps, to putting up a new library, or so forth. You have to make hard choices.

Senator DOMENICI. With reference to this last question about construction unemployment, do you have any idea as to the relationship of construction employment in the construction industry in public buildings, public projects, versus private? Is the construction of public facilities of all types—local, State, county, Federal—is that 20 percent of the construction high in America? Do you have any knowledge on that?

Mr. HALL. The biggest user of construction manpower in the United States by and large is in your small business construction and your home construction, not your major kinds of construction. So in terms of large public facilities and large public works, the amount of construction labor in proportion would be relatively small.

Senator DOMENICI. Do you have any feeling for whether the United States in public works construction, again using the broadest definition, whether that is lagging in the United States or whether there is some real reason for it dropping in real dollars?

Is there an onfield need that is going to catch up with us?

Mr. HALL. I do not have any knowledge at my fingertips from which I could give you any figures on that. But I would guess that the very extended recession we have had and the financial situation of State and local communities is such that a lot of construction, public construction, has had to be postponed. That would be just a gut feeling

on my part, that we do indeed have a backlog of badly needed public construction. I would like to just expand on that a bit. The Europeans have what they call an active manpower policy. That is manpower in its broadest sense. It is really an active employment policy. Some of the European countries have been quite successful in using public works as a countercyclical tool and using investment in public facilities as a counterbalancing effort in managing their economies. That is delaying and drawing back on construction when the economy has heated up, perhaps reducing public investment in terms of the normal public expenditures for capital works.

Then when the economy starts to slacken up, then they move in with increased public works expenditures and try in this manner, if you will, to use public works as a balancing wheel. More specifically in terms of direct countercyclical efforts, some of the European countries have had considerable success with having standby public works programs that are relatively quickly triggered in to soak up unemployment and also to provide some immediate economic stimulus. I think those are the kinds of things we ought to be thinking about in the United States. That is the kind of thing I would hope the White House Conference on Balanced National Growth and Economic Development could take a hard look at.

Senator DOMENICI. Thank you. I want to yield back to the Chair. I do have additional questions, but I think I have used up my time. I would say on your last statement, however, that I am interested and also very skeptical because I don't know that our construction work force and the demands on that force for public construction are such that we can subject it to the ups and downs of being a countercyclical ingredient. That would seem to me to make very highs and lows in terms of using that kind of work force. I would be interested in seeing how you solve that problem. But I think it is inherent in the United States in the way of using construction workers. Maybe not there.

Senator RANDOLPH. Thank you, Senator Domenici.

Reference has been made to the construction workers directly. We believe there are about 5 million in this country. Is that your thinking?

Mr. HALL. Roughly, yes. However, it is a very elastic work force.

Senator RANDOLPH. Fifteen percent are unemployed, we will say. So it does cause concern, doesn't it?

Mr. HALL. No question, Senator.

Senator RANDOLPH. We can't let them just sit at home for 9 months and then, hopefully, put them to work for 3 months? They are productive people. The only way they can be productive is to have projects on which they can work; isn't that correct?

Mr. HALL. Yes, Senator. Let me comment in this way: In 1975, we spent almost \$18 billion on unemployment compensation in the United States. One has to raise the question whether some portion of those funds couldn't be better used in investments where people in effect instead of receiving income transfer, income maintenance, have instead some opportunity to earn wages. The costs of unemployment insurance also compound the question of economic growth in certain areas of the country. We have, for example, in the State of Michigan, a large amount of money which they have had to borrow from the reserve fund in order to pay their unemployment insurance benefits. Now the employer payroll tax is going up in Michigan to pay these loans back.

The State of Michigan is therefore in a very poor competitive position relative to other States in terms of attracting and retaining industry when it raises its payroll taxes to pay back unemployment insurance loans. I think that is another example of the kind of overall policies that have to be looked at in the larger economic development picture.

Senator RANDOLPH. Thank you very much. Last year, and I mentioned it briefly in my opening remarks, we authorized the convening by the White House of the Balanced National Growth and Economic Development Conference—I restate my commendation of Senator Domenici for his efforts in this regard. What would be the role of EDA in such a Conference?

Mr. HALL. Just this week, Dr. Kreps and I had a long discussion on this matter. She feels and I feel that EDA should play a key role, if not the key role, in managing and mounting that conference. The legislation however, provides a major role for the Domestic Council. I have instructions to write a very supportive and strong memorandum to the White House suggesting a major role for EDA. I hope I can get a draft of that done very quickly. There is the question also of getting some recognition of the cost of this activity, getting some moneys in the budget and getting the planning work underway as rapidly as possible.

Senator RANDOLPH. Thank you. It is reassuring to have you speak as you have on this matter.

Senator Burdick.

[Discussion off the record.]

Senator DOMENICI. I think you made a superb point, and in passing you mentioned the present Director and the accelerated public works program. I should have done this in my opening remarks. Whatever criticism has been lodged against it, this Senator feels any criticism that contends it had political overtones or was motivated by political process, I think that is absolutely false. I have found they may have set in motion through the computer system something we want to adjust now. But I found absolutely no evidence that it was politically motivated. Quite to the contrary, I believe that some of the decisions, just because of the politics involved, and I know in my State, and having spoken to others, that I feel it would have been much more political to do some of the things much differently. So I want that on the record. I have talked to the chairman about it. He can speak for himself. I feel very strongly about that.

Senator RANDOLPH. May I interrupt? I call myself a working Democrat. I am sure that is understood. But I fully subscribe to what you have said. I have stated that publicly over and over again in West Virginia and throughout the country, that the only politics involved was the politics of helping America to strengthen itself through employment, construction of projects that helped to build a better America. I think that by and large that is what was done.

Mr. HALL. Senator, if I may, in the short period of time that I have had working with the staff and with John Eden at EDA in digging into some of the difficulties and problems with LPW it is clear to me that problems will occur even with the best of intentions. It is not an easy program to mount. There were difficulties. Listening to their discussions of the problem of dealing with a very complex situation and

program revealed to me the many technical problems that were involved. I think that certainly I would disagree with anyone who has any view that there was some sort of political motivation or hanky-panky. I certainly would not want to be associated with that view.

Senator RANDOLPH. Thank you very much.

Senator BURDICK. Can you tell us about how the economic development programs in the Commerce Department may be affected by the President's possible reorganization of some of the programs?

Mr. HALL. I cannot adequately respond to your question. Senator. The issue of the reorganization of the executive branch, as you know, is an item of major interest on the part of President Carter. At this point, I have no indication of even any preliminary thoughts on what kind of restructuring or reorganization is under consideration, let alone that which would affect economic development programs.

Senator BURDICK. For much of its agency life, EDA has been a stepchild in the Department of Commerce. Do you envision any change?

Mr. HALL. I believe so or else I wouldn't be here, Senator. To support my position that EDA will no longer be a stepchild in the Department of Commerce I would make the following comments. One I think is the strong interest of President Carter himself in area and regional economic policies, given his own background as Governor of the State of Georgia and his involvement in the activities of the planning districts and other related activities. Secondly, I think one only has to know the Secretary of Commerce, her own professional and intellectual interest in this area, and her own deep personal interest given her own background in Appalachia. In long conversations with Dr. Kreps, it is clear to me that EDA has the full and complete support of the Secretary of Commerce, and that I believe we will bring this stepchild back into the Department.

Senator BURDICK. From what you have learned about EDA and its programs in recent days, can you tell us some of the changes or changes in emphasis that you might undertake?

Mr. HALL. I am not capable of responding in great detail, but let me mention a couple of my preliminary concerns that will answer your question in part. One of my concerns is that if, and it is likely there will be, an additional \$4 billion provided under LPW, we are talking about \$6 billion worth of projects and activities going out in a relatively short period of time. I think EDA has a responsibility not only to efficiently, effectively and equitably disburse funds, but it has a great responsibility to see that the purposes for which those funds were disbursed are in effect carried out. What I am saying is I think that one of the things I would like to emphasize and hopefully strengthen in EDA's operation is the whole area of program performance assessment. I believe that a lot of debate and discussion about public works and regional policies could be helped if we had some better understanding of some of the results and the returns from such investments. Another area that I would like to expand and pay more attention to, and it is related to my first set of comments, are the research activities. I think we need to do much more in-depth research, better relate the research to operational activities so we can get some answers to some of the day-to-day questions we are wrestling with. Those are sort of two quick reactions, albeit in a 2½-day exposure to the agency.

Senator BURDICK. That is pretty good for 21½ days. According to the President, the new administration has set welfare reform as a high priority. Can you share with me the plans of the Carter administration for integrating the welfare programs with those designed to create work, such as this program?

Mr. HALL. Senator, I am not privy nor have I been involved in the current thinking and design of what might come out in the way of this administration's welfare reform proposals. I might, if I may, add some comments. As you may know, I spent 18 months heading up the Department of Labor's planning for H.R. 1, a previous welfare reform effort in the early 1970's. Clearly I am of the personal view that one of the things we have to do is to try to maximize the employment opportunities for individuals that find themselves caught up in or condemned to long periods on income maintenance. I would hope that any work in designing and expanding an improved welfare reform system would give some cognizance to the fact that perhaps one of the greatest improvements you can make as far as welfare reform is to create regular job opportunities and put people to work and in general to have sufficient work opportunities for people.

Senator BURDICK. You said a few minutes ago that the cost of unemployment compensation is several billion dollars. It has been said that 1 percent of unemployment costs about \$16 or \$17 billion, with all of the attendant costs, loss of revenue, loss of income tax payments and all the rest. So it is very important that we put people to work, because you said it has a multiplier effect.

Mr. HALL. That is correct.

Senator BURDICK. More good than that one particular job indicates.

Mr. HALL. That is correct. As you indicate, 1 percent of unemployment, it is roughly estimated, cost \$16 billion; \$14 billion in basically transfer payments and related expenses and \$2 billion in lost taxes. To me it appears, back to the chairman's point, that perhaps we have to do more in the way of investment, creating job opportunities, putting people to work, rather than relegating people to income maintenance, whether it be unemployment insurance or welfare. I think that applies nationally and more especially for particular geographic areas with special economic problems.

Senator BURDICK. I want to join my colleagues today in comments they made about the Administrator. I think he has been as fair as he can be. But he made two bad goofs in my State. I hope you watch them in the future.

Mr. HALL. We will watch them very carefully, Senator.

Senator BURDICK. Thank you.

Senator RANDOLPH. Off the record.

[Discussion off the record.]

Senator RANDOLPH. I am very concerned. I see literally hundreds of young people in the area who could be working and earning money that could be used to purchase clothing, books, help pay for tuition, or even to start a little bank account.

Mr. HALL. Senator, I think in wrestling with employment policies in a very intensive way over the last 2 years as the Director of the National Commission for Manpower Policy, I must say I, too, have a great sense of unease about what may be happening in the attitudes

toward work among our people. I wouldn't restrict it only to young people. Perhaps, I don't know, maybe I am starting to feel old now, but perhaps it is a different kind of situation today as there are lots of alternative income sources. I think that income maintenance, such as unemployment insurance may be an example—let me make it clear however that I believe in unemployment insurance. I think it is a very important program. We need it. But all of us here in this room know of people who are abusing the system, albeit they are not perhaps a large number. But there is the growing attitude that it is kind of OK to get something for nothing these days.

My own philosophy is not one that would allow me to say this readily, because I believe there are a lot of people in this country that society has ignored, that society has beaten down, and therefore society has to help provide some help to. But the whole question of attitudes toward work goes to the question of maybe people being caught up as cogs in a big piece of machinery, whether it is a Federal bureaucracy or a private organizational bureaucracy.

In my concerned moments, I kind of worry about whether we are losing some vitality in terms of people wanting to build something and make something better. This gets translated into things like productivity, and productivity is very important. We spent a lot of time this morning talking about economic growth, et cetera. Increasingly the United States and the rest of the world are more economically interdependent. We are faced with very substantial international competition in the world markets and this directly affects our economic growth.

So in a larger sense we have a need, I think, to perhaps come back a little more to some basics in terms of that we have to put out a little more to get a little more back. In short, as the economist might say in colloquial terms: "There ain't no free lunch."

Those are my musings, Mr. Chairman, in response to your observations.

Senator RANDOLPH. I thank you.

Senator DOMENICI, do you have questions, sir?

Senator DOMENICI. Yes, Mr. Chairman. I want to comment on the last comment first and then I have one general question and two specifics, and then I will be finished.

I don't want to forget to commend you for your interest today, for your broad openmindedness to the role of EDA. I want to leave this one thought when you answered Senator Burdick as to what you might want to see by way of changes.

My beginnings in politics was as a mayor. My real special emphasis was to bring some economic development to a city that had a rather singular economic base. As a result, that community has a rather firm and strong industrial or economic or jobs development institution that has become institutionalized. I regret to tell you that the director of that, who I think is probably as expert as there is in the country, to this day does not involve himself one iota in the programs of EDA. He has never been asked for input, and I am only speculating, but I surmise that we have missed the forest through the trees and that there are economic development agencies within communities, headed by private sector economic development experts, that instead of work-

ing with you to develop new programs and using good programs have found another way.

I would urge you to see whether I am right or wrong. If I am right, it appears to me that at the very best we are negligent. At the very worst, we are working at cross purposes. I believe that is right where we have the liaison. And those kinds of communities that are working on community support ought to literally be side by side with EDA.

I don't know where the criticism lies. But I do hope that you do not think the Congress has all the wisdom on the role of EDA. I hope as you perceive it, it will be a broad role, because it is almost a misnomer today. It is supposed to be the Economic Development Administration of the United States. Regardless of our desire to say how great it is, it is certainly not any major American tool with reference to economic development.

I hope that you look at it and Secretary Kreps will in that regard, because I think it must move in that direction. I hope you don't have any conclusive notions as to the way we have set it in motion, it is the best for everyone. I have very serious concerns about the commissions and others, although I have supported them. I certainly look forward to a man with your quality looking for a better way to do it and a larger role.

Now with reference to that, I think there are two projects, two kinds of projects in my State that I want to share some thoughts with you on. There is a six-State project called the Ogallala Basin Economic Development Study. Your predecessor has been very enthused about it because he and his staff think it is a real opportunity for EDA. The Ogallala Basin affects six States. They are big States: Panhandle of Texas, Oklahoma, piece of Kansas, Colorado, New Mexico, and Nebraska. They are very excited about the fact that EDA ought to be looking at that economy and what is going to happen in terms of alternatives in the event it must change from an agri-economy to something else, and including to explore if it can continue to be an agri-community. They are on their own funding \$1,200,000 with subsidies on this.

The committee put in the omnibus public works bill a continuing effort or a substantial effort joint ventured by the Corps of Engineers in an effort to bring that into some kind of fruition. I call that to your attention that while I have just described EDA in my own language, I perceive this kind of thing of being a true EDA-type function in the broadest sense of its goals.

Then there is another that brings to mind a whole area that America is going to be interested in, and that is the conversion of energy systems that are presently based on natural gas to something other than natural gas. You know we have communities all over this Nation that because natural gas was cheap have their boilers presently run by natural gas. Some of them are community owned, city owned, or county owned. They are under the gun. They have got to convert or find an alternate way to tie in their small communities to a new energy source because we are not going to have natural gas.

One situation again finds itself in New Mexico. They have to find a way to get away from natural gas to a distance to coal burning. This is pending consideration by EDA under broad title I powers to help

fund the community portion of that. There again, I think that is responding in the broadest sense to the well-being of that community which is the essence of economic development. Without it, we can't think about relative matters. We are still thinking about survival.

These are specific, but I think they are broad kinds of concepts. In this institution and in the Federal Government, it seems agencies such as yours, that we have bothered with criticizing its role rather than looking for new roles for it with changing times. I suggest those kinds of concepts to you.

I commend you for your interest and testimony today.

Thank you, Mr. Chairman.

Senator RANDOLPH. Thank you, Senator Domenici.

I think perhaps you might close out our hearing with questions.

Senator BURDICK. I have one or two questions, Mr. Chairman. We talked about the under-funding of EDA in recent years. I want to give you an example.

The EDA representative in North Dakota also has the responsibility for the State of Montana. This stretches the human resources pretty thin. I wonder if you have any plans to look at this particular kind of staffing in the future, because that is a pretty big load for one man.

Mr. HALL. Senator, as I indicated earlier, one of my great concerns in the EDA area is the whole question of staffing levels overall and the question of the distribution of that staff. Obviously, I am not familiar with the distribution and allocation and the respective workloads of EDA's regional offices, but that is something I will closely look at.

An added comment I would like to make is that I think one of the first steps that is required is to try to develop some better workload measurements so that we can make the strong case to OMB and the others that hold the purse strings on salaries and expenses as well as ceiling slots so that we can clearly demonstrate where we need additional staff in a pretty solid and convincing way. But I assure you, Senator, I will look specifically at the situation you mentioned and we will examine that very closely.

Senator BURDICK. I see a part of the problem is in the rural areas of this Nation. They are plagued not only with the perplexing problems of outmigration and economic stagnation, but also with a notable void in technical experts who know how to marshal the available resources to counteract these trends. So for that additional reason I think the staffing would be something of importance to look into.

Mr. HALL. I agree, Senator.

Senator BURDICK. I think that concludes it, Mr. Chairman.

Senator RANDOLPH. Thank you, Senator Burdick.

[A statement from Dr. Maurice A. Dawkins, National Government and Legislative Relations Service and responses to additional questions submitted by Senator Randolph follows:]

TESTIMONY SUBMITTED BY  
DR. MAURICE A. DAWKINS  
NATIONAL GOVERNMENT & LEGISLATIVE RELATIONS SERVICE

TO

U.S. SENATE PUBLIC WORKS  
COMMITTEE

HEARINGS HELD ON THE NOMINATION AS ASSISTANT  
SECRETARY OF COMMERCE FOR ECONOMIC  
DEVELOPMENT

MR. ROBERT HALL

January 26, 1977

January 26, 1977

Mr. Chairman:

My name is Dr. Maurice Dawkins. I am the President of the National Government and Legislative Relations Service and I wish to go on record in support of the confirmation of Mr. Robert Hall as Assistant Secretary in the U.S. Department of Commerce.

Mr. Hall has an exemplary record of public service having performed in many positions, including Department of Labor assignments and the position of Director of the National Manpower Policy Commission created by the Congress in 1973 as a title in the Comprehensive Employment and Training Act.

I have had an opportunity to observe Mr. Hall's performance since I have been assigned to do the staff work for one of the members of the National Manpower Policy Commission, Dr. Leon Sullivan, who is the founder and Chairman of the Board of Opportunities Industrialization Centers of America (OIC). The goals and objectives of this Presidential Commission accountable both to the Congress and the President, have been reached in a timely fashion demonstrating Mr. Hall's skill as an organizer, an administrator and a master of diplomacy in working with congressional staff members as well as members of the staff in the Executive Branch of the Government.

I have personally been involved in the Federal Government as an Assistant Director of the Office of Economic Opportunity which was a part of the Executive Office of the President. I have, therefore, had an opportunity to know how critical it is to have in a position of Assistant Secretary, a person who understands the policy development process, including the legislative process well enough to guide the implementation of the intent of the Congress as well as the objectives of the President.

Mr. Hall has not only mastered the art of working cooperatively with his peers and adhering in a principled manner to the regulations, guidelines and legislation that have been adopted, but he also is a superb administrator of those who serve under his authority.

We have found him to be an excellent counsellor and public servant in the manner in which he works with the members of the Commission to whom he is responsible. We have found him an excellent liaison person to the various interest groups who have a stake in the successful operation of the Commission such as organized labor, the corporations in the private sector, city, county and state government officials, community based organizations such as the National Urban League, the Jobs for Progress Centers, the Opportunities Industrialization Centers, women's organizations and religious groups.

Beyond these qualifications, Mr. Chairman, I have known Mr. Hall on a personal basis when he was attending the U.S. Civil Service Commission Federal Executive Institute in Charlottesville, Virginia, for advanced studies. This civilian equivalent to the War College, was designed in 1959 under the Executive Training Act to provide for supergrade civilian administrators the kind of advanced or post-graduate study that the Admirals, Generals and top officers of the military receive. As a member of the faculty at the Institute, I came to know Mr. Hall as a superior student of government, public administration, policy development and human relations. He does his homework. He submits his reports and makes his judgments based on a careful, meticulous assessment of all of the facts, all of the alternative choices as evaluated in the light of national goals and priorities. He is a man that is totally dedicated

to serving the public interest and totally committed to the democratic process and the ideal of the United States of America.

I wish to add mine to the testimony of others who are recommending that you confirm his nomination for the position of Assistant Secretary for Economic Development, not only for the reasons stated above, but because he has an unusual grasp of economic policy issues, government systems, interagency and intergovernmental relations. He should be a tremendous asset to the Secretary of Commerce and invaluable member of the President's team at the sub-cabinet level. I unequivocally and categorically support his nomination and urge each of you to vote for confirmation.

## QUESTIONS SUBMITTED BY SENATOR RANDOLPH

## QUESTION 1

Do you think public works can be an effective counter-cyclical method of reducing unemployment and stimulating the economy?

## ANSWER

Yes, I do. Positive aspects of public works counter-cyclical investments include:

- (1) Public works projects can provide longer-term economic development impacts.
- (2) Public works projects typically impact directly on the construction and construction materials sectors of the economy, sectors which decline rapidly under recessionary pressures.
- (3) Lag times and targeting of public works investments can be minimized by proper advance planning and administrative actions.
- (4) Many public works investments that can be used for counter-cyclical purposes are simply an acceleration of the construction of scheduled projects and generate minimal additional costs to the economy.

There are, also, certain disadvantages to public works programs that must be considered:

- (1) There can be long lead times between the period of recognition of the need for counter-cyclical investment and the authorization and initiation of specific projects.
- (2) The types of projects and jobs necessary to employ highly skilled construction workers have a high cost-per-job created ratio. Past EDA and Bureau of Labor Statistics studies indicate that on-site wages on public works projects constitute only 19 to 32 percent of total project costs.

## QUESTION 1 (cont.)

- (3) Generally, there is no assurance that contractors will hire the jobless in the specific area of a public works project. Many contractors have their own crews who travel from project to project.
- (4) Public works expenditures that have the highest job creating potential at the lowest per job cost, such as recreation or beautification projects, often do not leave permanent economic improvements.
- (5) An optimal mix of public works and public employment activities is seldom obvious. The proper balancing of these activities with tax reduction and other fiscal devices requires a careful assessment.
- (6) In order to implement public works funds in a timely manner, we may need better indicators for triggering counter-cyclical actions.

I see a real need to improve our abilities for rational planning in the use of public programs as a major counter-cyclical tool as part of an overall anti-recessionary strategy.

## QUESTION 2

Do you believe that the Commerce Department could administer a billion-dollar program of community improvement job opportunities and skill training for the teenaged unemployed in our cities? Several of us in the Senate are considering such a program, and I would like your views on the potential of such an effort.

## ANSWER

The nature of the country's youth unemployment problem is terribly complex.

It touches the lives of different kinds of young people in different ways in different places for differing periods of time. No program to deal with this problem holds much chance of success unless it is responsive to this complexity. There are no simplistic answers. The problem is related to the function of youth in our society. The principal role of young people is to consume - education and commercial products; it is not to be "producers" in the primary labor market. To some degree they serve a purpose in the secondary labor market as part-time, temporary and pick-up labor.

It is a problem which is both cyclical and structural and one that will receive considerable focus in Governor Carter's economic recovery program. There is a great need to better coordinate and organize the existing youth employment efforts. While the Commerce Department may or may not be an appropriate place for a comprehensive youth program, I do believe that the Commerce Department can play an important role in addressing youth unemployment.

## QUESTION 3

There are some people who believe the South, or Sunbelt States, and the North, may become embroiled in an economic war over markets, jobs and Federal funds. Do you think the Federal Government should try to rectify the imbalances among the various regions? If so, how should this be done?

## ANSWER

The imbalances that exist among and between the various regions are a consequence of a number of complex historical, cyclical and structural forces. I believe that the Federal Government should identify and undertake appropriate actions that can assist regions in developing their latent resources and capacities. This should be accomplished through cooperative Federal, State, and local actions. Clearly a very careful review of growth trends and policies is required. I believe that the proposed White House Conference on Balanced National Growth and Economic Development will prove very helpful in this regard.

## QUESTION 4

I hope that you will recommend higher appropriation levels for economic development than we have seen in the past eight years. What are your thoughts?

## ANSWER

I am aware that over the past few years the amounts appropriated to the Economic Development Administration and the Title V Regional Action Planning Commissions have exceeded the amounts originally requested by the Administration.

The President-elect has already announced an economic stimulus package which is intended to have an immediate impact on the economy. In addition, I am confident that there will be longer term adjustments to our economic development activities.

I share your concern about the long-range needs of distressed areas and am confident that the new Administration and the Congress will be able to work together to establish appropriate funding levels for these activities.

## QUESTION 5

There has been increased interest in the formation of new multi-state regional commissions. A new regional commission has recently been approved for the Mexican border area. Others are pending for Puerto Rico-Virgin Islands, California, Alaska, Texas, and additional northern and midwestern states. What is your position on an expansion in the number of Title V commissions? How would you view making the Title V commissions independent of the Department of Commerce?

## ANSWER

The commissions represent a desire and determination of several contiguous states to work together on mutual problems and the Federal Government should capitalize on this common interest. Many problems are beyond the capacity of a single state to solve, or they have impacts on other areas. Joint action or coordination by neighboring states and the Federal Government should take place. For example, efforts by a single Northeast state to deal with the current economic changes in that region are likely only to affect balances within that state's borders and, possibly, lead to a beggar-thy-neighbor effect on adjacent states. This is not to the Nation's advantage.

Title V commissions also are able to address rural and urban problems of economic adjustment as well as economic lag within their regions. Most Federal programs are either urban or rural in focus and are carried out without regard to consequences to other kinds of Federal and state programs. Title V commissions, as Federal-state partnerships, have a potential for bridging or coordinating such programs. Such coordination is valuable in project decisions on a multi-state basis as well as on an intra-state basis.

I want to learn more about the effectiveness of Title V regional commissions and their relationships with other Federal departments before coming to a firm conclusion on how much they should be expanded and whether they should be independent. I shall work toward making them more effective mechanisms of cooperation between State and Federal activities.

## QUESTION 6

What is the potential for the Department of Commerce to lead in regional economic development in the Federal Government? Should one focus of the potential reorganization of the Executive Branch be to combine the rural development and community development programs into one economic development program?

## ANSWER

Since the early 1960's the Department of Commerce has taken a leading role in promoting economic development in this country. The Department has expertise in the areas of demography, economic and regional indicators, manpower development, capital formation, public works, and institutional infrastructure.

With regard to the geographic aspects of development, the Department has, over the years, widened its focus to encompass rural areas, towns, metropolitan centers, and multi-county districts. It has guided the development of both small and large geographic areas within the perspective of both national and international trends.

Economic development is inherently a fully integrated process; segmenting it into separate rural and urban programs could well lead to counterproductive advocacy efforts. This is a very important issue and one that the Department will be carefully considering.

Senator RANDOLPH. Presumably, we will be acting on the decision of the members on your nomination tomorrow morning at 10:30. I commend you on the manner that you have cooperated with the committee members in not only your statement, but even more importantly, your colloquy with those that have questioned you.

We appreciate the responsibility which we will share in presumably forwarding your name to the Senate for confirmation by the membership after we have discussed the matter tomorrow. I do say, as one of the members, chairman of the committee, I believe the sentiment is for, I would say, a very substantial vote for you. Who knows? It might be unanimous.

Senator BURDICK. Mr. Chairman, I, too, want to commend the nominee for his appearance here this morning. As far as I am concerned, it is going to be unanimous.

Senator RANDOLPH. Thank you.

[Thereupon, at 11:30 a.m., the committee recessed, to reconvene subject to the call of the Chair.]



