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# NOMINATION OF JOHN W. EDEN

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## HEARING

BEFORE THE

### COMMITTEE ON PUBLIC WORKS

### UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

THE NOMINATION OF JOHN W. EDEN TO BE ASSISTANT  
SECRETARY OF COMMERCE FOR THE ECONOMIC  
DEVELOPMENT ADMINISTRATION

AUGUST 2, 1976

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NOMINATION OF JOHN W. EDEN

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## NOMINATION OF JOHN W. EDEN

MONDAY, AUGUST 2, 1976

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

The committee met at 9:35 a.m., in room 4200, Dirksen Senate Office Building, Hon. Jennings Randolph (chairman of the committee) presiding.

Present: Senators Randolph, Stafford, and McClure.

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

Senator RANDOLPH. Good morning. We are privileged to have this nomination before us this morning. We welcome all of you.

We are considering the nomination of John W. Eden to be our Assistant Secretary of Commerce for the Economic Development Administration. I am sure that none of you caught the word I used, "Our Assistant Secretary."

I think it is very important that we realize that all of these positions are of an interest to all people in the workings of the U.S. Government.

I have used the word often because I do not want to feel personally or to have a nominee feel a detachment from the people. People are a part of the job. The job is a part of the people.

We will be discussing the Economic Development Administration. This is a very important agency of the Federal Government. I think that the nominee realizes the importance of the work that he has been called on to undertake.

We, as members of the Public Works Committee and particularly the membership of the Subcommittee on Economic Development, have been, without partisanship, intensely interested in the most effective use of the programs and activities under the aegis of the Economic Development Administration. I believe this has gone on for approximately a 10-year period.

Those programs, coupled with the Appalachian program, and the title V commissions continue to be vital to hundreds of communities in this country. Senator McClure and your chairman are interested as are all the members of this committee in the refinement of the development programs that come yearly so that the agency and those that head it can more effectively implement, not only the law, but the intent of Congress as well in helping people to help themselves.

As we know, the Senate recently passed the 5-year extension bill. We wait on the House to act in reference to that measure. Off the record.

[Discussion off the record.]

Senator RANDOLPH. We have reason to believe that the House immediately after the return of the Members from the recess that begins on the 11th will have this under consideration. I hope they will take action. I would want this measure to not be delayed. We run into a very tight scheduling program.

I believe that both the Senate and the House have a responsibility, to go to a conference as quickly as possible. The programs of the Economic Development Administration needs a continuity of this effort. It will be very tragic if the program were to become disjointed.

Mr. Eden, as we know, has been since last October a part of the Commerce Department, serving as Deputy Undersecretary for Field Programs and also as an acting special assistant to the Secretary of Commerce for our title V regional commissions. He was appointed as Acting Administrator of EDA on May 11. His present duties as Assistant Secretary are accentuated by his continuing work as a Special Assistant for title V commissions.

I think that our nominee has had experience. He has the background, knowledge, expertise, and a feel for those programs. He has a life that is full of an indication of responsibility and response to need.

I want very much, Senator McClure, to have the nomination moved from this committee to the floor, if that is the will of the Members. I am certain that Mr. Eden, if given the full opportunity through the appointive process with the advice and consent of the Senate will respond to these challenges.

We welcome the opportunity to discuss with the nominee his feelings regarding the problems and challenges that are presented while implementing programs of economic development.

Senator McCLURE. Mr. Chairman, I wonder if I could insert a brief opening statement?

Senator RANDOLPH. The statement of our able colleague, Senator McClure of Idaho will be included in the record at this point.

#### OPENING STATEMENT OF HON. JAMES A. McCLURE, U.S. SENATOR FROM THE STATE OF IDAHO

Mr. Chairman, I am glad to join you today in welcoming Mr. Eden. The witness has already appeared before this committee earlier this year in his capacity as Special Assistant to the Secretary for Regional Coordination to testify on legislation extending the title V regional commissions. Mr. Eden has served in that office since December 1975, to the present, and he has also served as acting Assistant Secretary for Economic Development since May 11. I know he has taken a keen interest in the development programs authorized by this committee and has gained a sound working knowledge in a very short period.

Last month the Senate passed a 3-year extension of the Public Works and Economic Development Act reported by this committee. I consider it a very good piece of legislation, continuing the basic purposes and programs.

For nearly 10 years the Economic Development Administration has provided long range assistance to distressed communities to help build public facilities necessary to long-range development and to encourage private enterprise to expand and create new jobs. Many communities across the country have been aided by this effort.

The program is entering a very important period in its existence and I look forward to working with Assistant Secretary Eden.

Senator RANDOLPH. It is our privilege to have a letter from Robert Roe—he is chairman of the Subcommittee on Economic Development in the House. He has indicated to me his approval of the nominee and expresses the feeling that Mr. Eden has demonstrated an ability in this field that he has had the opportunity of working with him.

That letter will be made a part of the record.

[The letter follows:]

HOUSE OF REPRESENTATIVES,  
Washington, D.C., July 29, 1976.

HON. JENNINGS RANDOLPH,  
U.S. Senate,  
Washington, D.C.

DEAR JENNINGS: It is my understanding that on Monday, August 2, you will consider the nomination of John W. Eden for the position of Assistant Secretary of Commerce for Economic Development. I want to express to you my strong support for Mr. Eden's nomination and urge an early confirmation by the Senate.

As you know, Mr. Eden has served as the Acting Assistant Secretary of Commerce for Economic Development since May, 1976. At the time Secretary Richardson named Mr. Eden to his present position he was serving as Deputy Under Secretary of Commerce for Field Programs and Acting Special Assistant to the Secretary for Regional Economic Coordination.

I have had the opportunity to work with Mr. Eden on a number of issues concerning our regional economic development programs and have found him to be an extremely capable and dedicated Acting Administrator. Mr. Eden has clearly demonstrated his strong leadership in administering the Title V Regional Action Planning Commissions during the past year and his willingness to work with Congress to improve the future role of Federal economic development programs in aiding communities and regions throughout the nation. During a recent meeting of State and local officials from Arizona, California, New Mexico and Texas, I was particularly impressed with Mr. Eden's active participation in helping to establish the new Mexican Border Title V Regional Commission.

I am sure that your Committee will agree with me that Mr. Eden is not only qualified to administer the Economic Development Administration but also, that he brings to this job considerable experience which will be invaluable in carrying out the E.D.A. programs.

With warmest personal regards,

Sincerely,

ROBERT A. ROE,

*Chairman, Subcommittee on Economic Development.*

Senator RANDOLPH. Off the record.

[Discussion off the record.]

Senator RANDOLPH. We will hear from the nominee. We are happy, as I have said, to have John W. Eden already on board; but we want to make it official.

Secretary Eden, I know the schedule of our Senators is tight. Senator Scott is here. His presence is appreciated.

STATEMENT OF HON. HUGH SCOTT, U.S. SENATOR FROM THE  
STATE OF PENNSYLVANIA

Senator SCOTT. Mr. Chairman, I am sorry to interrupt. Mr. Chairman, Mr. Eden, I came over because I had not heard of the hour until a few minutes ago. I am sorry I am late; but I did want to join in the recommendation of Mr. John W. Eden.

I have known him a number of years. I know that he is well qualified. He has in recent years been with Graham Engineering in York, Pa. and came to the Department in October 1975. He has been very much a part of the community since he moved to our State from Michigan where he had his own corporation and where he was vice president in another company.

But mostly I speak because I know Mr. Eden, his family, his wife, and his son. He is indeed a thoroughly qualified man to be Assistant Secretary of Commerce for Economic Development.

I have no prepared statement. I simply want to say that my recommendation is based not on biography, but on my own long acquaintance with Mr. Eden and with his family. I am certain that he is highly qualified. I do indeed recommend him strongly for the post.

Thank you, very much.

Senator RANDOLPH. Thank you, very much, Senator Scott.

It was my privilege to be with Mr. Eden as we took part in ceremonies initiating projects in Wood County in the State of West Virginia.

It is an area that suffers an unemployment problem and has many opportunities for development. One such project is the extension of the airport runway which would permit a better scheduled airline service and development of general aviation. A terminal building is needed to take care of the people who are to use the airport facilities. There is presently underway the development of Mountainwood Park which has a multiple-use purpose.

During that day, I was convinced that Mr. Eden was not just on a visit to West Virginia. He was attempting to understand the people and their problems and their needs. This was very important to all of us. We are very appreciative of your coming.

Senator McClure, do you have any comment?

Senator McCURE. Not at this time. I will reserve our time for questions when he has completed his statement. I, too, want to express my appreciation of the minority leader for coming. I think it is a real tribute that he is taking time from his business schedule to be here.

**STATEMENT OF JOHN W. EDEN, NOMINEE FOR ASSISTANT SECRETARY OF COMMERCE FOR THE ECONOMIC DEVELOPMENT ADMINISTRATION, ACCOMPANIED BY WILLIAM F. CLINGER, CHIEF COUNSEL**

Mr. EDEN. Thank you very much, Senator Scott.

Senator SCOTT. I would like to thank again Senator McClure and the chairman.

Senator RANDOLPH. Thank you.

Mr. EDEN. Mr. Chairman and members of the committee, I want to thank the members of this committee for the invitation to appear before you today. I am honored to be here and to have this committee consider my nomination for Assistant Secretary of Commerce for Economic Development.

My regard for EDA and the staff who implement its programs has grown steadily during the 3 months I have served as Acting Assistant Secretary. With the confirmation of the Public Works Committee and



the Senate, I shall continue to perform the duties of the office of Assistant Secretary for Economic Development with great enthusiasm.

To direct the course of the Economic Development Administration in its mission and to work with this committee in the conduct of the Agency's programs are opportunities I welcome. The goal of EDA is the creation in distressed areas of private sector, long-term jobs with the resources Congress has provided.

To a businessman who finds himself offered the reins of EDA, this objective is an exciting and welcome challenge. The focus of my 24 years in industry, probably more than in most businessmen's careers, has been on economic development.

Mr. Chairman, I now wish to submit for the record a short biographical sketch for the members' information.

[The biographical sketch follows:]

#### BIOGRAPHICAL SKETCH OF JOHN W. EDEN

John W. Eden was born in 1927 in Cleveland, Ohio. He was graduated from Yale University with a bachelor of arts degree in 1951.

Mr. Eden served as vice president of sales and was part owner of Production Die Cast Company of Grand Rapids, Michigan, from 1951 to 1955. He took a leave of absence from this position from 1953 to 1955 to serve as a lieutenant in the U.S. Navy.

From 1955 to 1959, Mr. Eden headed the Eden Corporation, Detroit, his own company, which engineered and sold component parts to the automobile industry.

In 1959 Mr. Eden became associated with AMF, Inc., in Stamford, Connecticut, where he served as general manager of the Friction Welding Division and then as executive vice president of AMF Thermatool, Inc., a subsidiary. In 1961, during his association with AMF, Inc., Mr. Eden attended the Program for Management Development at Harvard Business School.

In 1968 Mr. Eden joined Graham Engineering Corporation of York, Pennsylvania. There he served first as vice president, then as executive vice president with responsibilities in corporate management and marketing, and finally as assistant to the president.

Mr. Eden came to the Commerce Department in October, 1975, and has served as Deputy Under Secretary of Commerce for Field Programs and as Acting Special Assistant to the Secretary for Regional Economic Coordination. He is a member of the Secretary's Staff, the Commerce Policy Council, and the Consumer Policy Council.

Mr. Eden twice sought the Republican nomination for Congress from the 19th District of Pennsylvania, in 1972 and 1974. Although unsuccessful in both attempts, Mr. Eden finished second of seven candidates in the 1974 primary election. He has served as director of the American Red Cross of York County, Pennsylvania, and as vice chairman of the United Fund, a school-board member and an Episcopal vestryman. Mr. Eden is a former president of the Yale Alumni Association of Central Pennsylvania.

Mrs. Eden, the former Caroline Brayton Ballou of Providence, Rhode Island, is a professional artist. The Edens and their four children reside in York, Pennsylvania.

Mr. EDEN. In my first job—with AMF, Inc., as director of commercial development in the research and development division—I was part of an endeavor to take new products and develop business around them. We saw a new welding process, whose technology development I directed, evolve into a million dollar division of the company.

Later, at Graham Engineering Corp., in York, Pa., I was a partner in the transformation of a 25-man company into an organization with 1976 sales of approximately \$14 million. This kind of development leads directly to new, long-term jobs. One of the challenges of Government, it seems to me, is how to encourage more of this. One way the Government can encourage such development is through the activities of an agency such as EDA.

EDA has its own place in the chain of cause and effect from business risk taking to new, long-term jobs. The challenge to any Assistant Secretary for Economic Development is to help stimulate accomplishment of this job-creation objective along the routes and with the means Congress has provided. With the confirmation of this committee, I shall accept that challenge with enthusiasm.

Congress first funded EDA in fiscal year 1966. From that time until the close of fiscal year 1976, EDA's ventures with State and local entities and the private sector have produced tens of thousands of jobs.

EDA has established this record with a range of programs, each flexible in itself; taken together, these programs have provided economic stimulus to communities in all sections of the country.

Titles I, II, III, IV and IX of the Public Works and Economic Development Act of 1965 embody the major techniques Congress has given EDA to help meet economic development problems.

Title IX is a particularly important program. Through it, political jurisdictions and Indian tribes can obtain grant assistance to address problems related to economic dislocation and severe changes in economic conditions.

Such entities, in turn, have the flexibility of using title IX grants in a variety of ways, including the provision of loan and loan-guarantee assistance to private firms. Private sector organizations are also eligible to receive direct financial assistance from EDA under the title II business development program.

Title III, to my mind, represents a most imaginative legislative technique. Its scope of operation permits EDA funding of economic development planning by public entities. Under section 304, States receive resources which they can use to provide to public and private applicants the types of grant and loan assistance authorized under titles I, II, and IV of the Public Works and Economic Development Act.

In particular, title III can be the vehicle through which local governments consider the concerns of business and labor in addressing local economic problems. Under the title III technical assistance and planning grant programs, EDA serves as a catalyst to bring together elements of the private sector and levels of government to counteract excessive unemployment and underemployment.

The recent history of the community of Jamestown, N. Y., is a concrete example of a title III success story. Since the inception in 1972 of a community-wide project to increase productivity and halt economic decline, Jamestown has enjoyed remarkable labor-industry harmony. Through the efforts of the local labor-management committee, which EDA has helped to support, productivity has been increased and time lost due to strikes has been greatly reduced.

The crowning achievement to date was the recent announcement by Cummins Engine that it would locate a 1,500-employee engine plant in Jamestown. It is the first major new plant to open there in 50 years. In Cummins' words, the reason they chose Jamestown was its progressive community spirit.

EDA can play this kind of synergistic role, bringing together the elements of a local community to solve economic problems; and, as the Jamestown story demonstrates, EDA can do this job well.

When called upon, EDA can also cooperate and work with larger departments of the Federal Government such as HUD, DOT, and HEW in situations where their missions intersect with economic development interests.

EDA is a small agency by Federal standards. But it occupies a unique role in the Federal structure for it provides the principal means through which the Federal Government can focus on the creation of jobs in distressed areas—long-term, productive, private-sector jobs. As such, it has the President's support, for it helps to provide the permanent economic structure through which we can help our businesses to grow and flourish.

If approved by this committee, Mr. Chairman, as I have said before, I would look forward with keen anticipation to the challenge of carrying out these programs.

That concludes my prepared remarks. I would be pleased to try and answer questions that you might have.

Senator RANDOLPH. Thank you very much, Mr. Eden. It has been brought to the committee's attention that you will be Assistant Secretary and Coordinator for the title V commissions. Do you feel that you can do justice to both of these responsibilities?

Mr. EDEN. Yes sir. I very much feel that I can. I have had the responsibility of the title V commissions since last December and have become familiar with the title V program. It is in many ways similar to EDA's. As a matter of fact, the commissions are authorized under the EDA legislation, although I see the two programs as distinct and separate in their own ways.

The title V staff that I have had the pleasure of working with is an excellent team. I look forward to continuing to work with them and feel that we can carry out the title V responsibilities as we have been.

Senator RANDOLPH. Then there is a coordination you feel that is there with title V and EDA that makes it compatible for you?

Mr. EDEN. Yes sir. I feel it is a very comfortable coordination and one in which we can possibly do some constructive things.

Senator RANDOLPH. Would you be able to say they complement one another in the work that is their responsibility?

Mr. EDEN. Yes, I feel very much that they do. As a matter of fact, a number of our grants are supplemental to one another. The Commission supplements some of the EDA programs, and the reverse is true.

Senator RANDOLPH. The economic adjustment program, what do you envisage that program to be at the present time?

Mr. EDEN. The scope of the program at this time has, quite frankly, not been as extensive as I might have expected it to be. We have extended invitations to those industries—the shoe industry and the special steel industry, for example—that have trade problems, and we have not had a very heavy response for assistance from firms in this particular area.

However, I think that as the technical assistance and other trade adjustment aid that we can provide is better known to the companies, perhaps we will have more involvement with them. But our activities in this area at this time are not that extensive.

Senator RANDOLPH. As you will recall, Mr. Eden, the President requested \$225 million for fiscal year 1977 in the EDA program. In Congress, we appropriated \$360 million. That, of course, is the intent

of Congress. Do you anticipate that you will be able to do what the Congress has requested be done with the appropriation of these funds?

Mr. EDEN. I feel that we have the staffing to carry out these programs very adequately, Mr. Chairman. Our funding in fiscal 1976 was \$360 million, so it does not represent an increase over our past activities. We have been carrying out our programs in, I think, an efficient manner this past year.

Senator RANDOLPH. What about OMB?

Mr. EDEN. The OMB guidelines to us, their admonitions to us, are to do all that we can to manage the program as efficiently as possible with the people that we have available to us at this time.

Senator RANDOLPH. You feel that the staff is able to do the job?

Mr. EDEN. I feel the staff is there to do the job within the requirements of this legislation.

Senator RANDOLPH. Yes, in the amount of \$360 million?

Mr. EDEN. Yes sir.

Senator RANDOLPH. We are told that certain border States, Texas, New Mexico, Arizona, and California have been seeking to have a regional commission that would run along that part of the Mexican border. I am not sure whether you have knowledge of this proposal.

Mr. EDEN. Yes sir, I do.

Senator RANDOLPH. What do you think about the proposal and what would you recommend Secretary Richardson do if you were called on or if you have been called on, even informally?

Mr. EDEN. I am familiar with that activity, Mr. Chairman. The four States held a preliminary meeting in El Paso in May on the subject, at which I was fortunate to be present. This was in response to Secretary Richardson's letter to the four Governors of those respective States, advising them of the potential for the establishment of a border commission.

The four States have joined together in forming a request document which we received 2 weeks ago. The staff is evaluating the contents of that document at this time. I think it might be somewhat premature for me to indicate what our position might be in response to that document, for we haven't had a chance to review the details of it. However, the border States and that region along the border of all four States do have some unique economic problems that encourage us that there might be the basis for a decision on the Secretary's part in favor of such a commission.

Senator RANDOLPH. Thank you very much.

Senator McClure?

Senator McClure. Mr. Chairman, there are a couple of areas that I would like to address to Mr. Eden. It seems to me it causes us all a little problem on the focus of EDA. I am quite aware and I am sure that you are too, Mr. Eden, that the thrust for title V commissions has in recent years begun to assume the proportions of making certain that every area in the United States or its territories have a title V commission. The chairman has mentioned the border situation between us and Mexico and the application that is being made by those States that are involved.

I am also aware that Puerto Rico and the Virgin Islands have asked for title V commissions there. As a matter of fact, that has been pending for some time. Are you aware of their submission?

Mr. EDEN. Yes sir. We have their request under consideration at this time, along with the border commission request. The request from the Virgin Islands and Puerto Rico preceded the border region request by a couple of months.

Senator McCLURE. I put it in the context I did because as we are getting to the point of almost universal application of title V commissions, so that there is no area of the country or its dependencies that is not covered by a title V commission. Then we begin to wonder how we fit the direction and thrust of EDA within the scope of a nationwide program. There are those who will convert EDA into a kind of a general assistance program for all areas without regard to the criteria that are set forth in the EDA statute.

As stated in the committee report explaining the need for the 3-year extension of the act, I quote from the committee report:

Nearly 11 years ago, Congress passed the Public Works and Economic Development Act. The purpose was to assist regions, counties and communities suffering from substantial and persistent unemployment which have lagged behind the rest of the Nation. The Federal Government, in cooperation with the States, was to assist these areas to take effective steps in planning and implementing economic development programs based on public works investments.

Do you agree with the committee that there is a continuing need for EDA to serve these areas and should continue to be the focus and goal of the Agency and its programs?

Mr. EDEN. Yes, sir. I believe that it should be the role of EDA to continue to serve economically depressed areas; the areas that we see have a need within the country.

Senator McCLURE. That need is based upon the substantial and persistent unemployment and under the guidelines as set forth both in the statute and the regulations.

Mr. EDEN. Yes.

Senator McCLURE. The reason I emphasize that is that we have a lot of areas in the country that would like something done. They all have needs. I know of no city anywhere in the United States that doesn't have some needs or any area that doesn't have some needs. The question then becomes the focus of the program, are we going to be a general assistance program for economic development or a program targeted toward those areas that have substantial and persistent unemployment, as in the words of our report.

I think we need to keep that focus before us. As you know, we had some criticism of grants in the State of New Jersey to organize a corporation under title IX that was money which was that portion of the grant that went to the State and then the State in turn would make the loan. There was substantial criticism that that loan really was not one that was targeted toward an area of substantial and persistent unemployment. Even though it was done by the State, it didn't make the guidelines for the program.

That money, when repaid, then goes back to the State for a revolving fund for economic development purposes; but again, I assume still subject to the same guidelines of trying to target areas of substantial and persistent unemployment, rather than just someplace that may need a business loan. Would you comment?

Mr. EDEN. I agree again, Senator, that we should be targeting our effort to those areas that have been the most severely impacted from an economic point of view. To speak to your earlier point with regard

to the title V commissions, I think the time has arrived where we should make an evaluation of the overall thrust of the title V commissions as to where they are going and what limit, if possible, we should put on their continued expansion. Because at the rate at which we are going, we are going to end up with requests from throughout the country.

It might be an appropriate time now to take an in-depth look at the role of the commissions, as well as at their structure, as they relate to our long-term goals with that program.

Senator McCLURE. Are you referring to the entire EDA program when you say that?

Mr. EDEN. No. I am speaking of title V.

Senator McCLURE. What is your conception of the title IX economic adjustment program? Where do you feel its principal focus could rest?

Mr. EDEN. I feel its principal focus should continue to be on those areas which have been severely affected by one type of economic setback or another, be it a military base closing or some Federal activity or an environmental position that plays havoc with an industry in an area or any other occurrence that would hurt a company and be outside its control. I think we within the Agency should be particularly vigilant and perceptive of the needs for this type of assistance and be capable of responding quickly to it with the title IX legislation. It is new to us. As I have examined its use over the past year, I have admired the kind of things that have been done. I think we need to be even more resourceful in the implementation of that legislation.

Senator McCLURE. Chairman Randolph, a few moments ago I mentioned the fact that we didn't seem to have as much activity under title IX. As I recall, your response was that you weren't quite sure why that was so. Maybe the businesses that were affected had not been aware and had not made application.

Mr. EDEN. I was referring there, sir, just to the Trade Act section of title IX. For overall title IX, our budget last year was \$77 million. That entire portion was utilized.

Senator McCLURE. Do you feel that the response of the communities and local planning entities and the States has been adequate under title IX?

Mr. EDEN. Yes, I feel that it has. I think they have learned the program quickly through our economic development representatives and our regional offices and have responded well to it.

Senator McCLURE. Do you think the title V commissions and EDA coordinate well at the present time? Are their problems in coordination? Are they doing the same things? Are they overlapping in what they are doing or are they complementary to each other? How do you feel about the way the commissions and EDA mesh?

Mr. EDEN. They are complementary. They have means of a system and means of working effectively together. I am anxious, however, to try to stimulate more joint cooperation in this area. But there are channels of communication through the staffs of the title V's and the regional directors of EDA on a regular on-going basis as it relates to specific projects and specific areas where they could cooperate in funding. But I would like to see more creative things undertaken with that cooperation.

Senator McCLURE. You do think the cooperation is working well, if I understand you, but it could be improved? But generally, you think that the two administrations are at least complementary to each other, not merely duplicative?

Mr. EDEN. Yes; I agree. The title V's bring to economic development a regional overview and have a regional thrust that I think is very valuable, as it complements the more district-oriented activities of the EDA.

Senator McCLURE. In one respect, a confirmation hearing such as this is a little different than many because you have been on the job. We are not just asking you as an outsider your views of a program. Perhaps because of that it takes some elements of an oversight hearing as well. Let me ask you this question: In the short time you have been at EDA, what do you see as the single most important need or problem confronted by EDA?

Mr. EDEN. I might answer that from a philosophical point of view. To me, it is to continue to find ways that EDA can be as creative as possible in stimulating jobs in the private sector. I think that economic development is a very difficult thing to undertake. How does the Government go about helping businesses to thrive, and therefore provide long-term private sector jobs? I think that the challenge is to do all we can to be as creative and imaginative as possible.

Let me also answer your question about EDA's biggest undertaking from an administrative viewpoint. Our main objectives, I think, should be to be as responsive as we can possibly gear ourselves to be to our constituents, be they States, cities, counties, or the businesses located therein; to be as responsive as we can with our correspondence; and to make our decisions on applications as rapidly as we can.

Senator McCLURE. There are a couple of old cliches embedded in American-political social life that occur to me in this context. One is that, "The rich get richer and the poor get poorer." The other is that, "Them that has, gets."

Is that a problem with you in the sense that those communities that need the help the least are most competent in being able to apply to you for help?

Mr. EDEN. That is a problem about which we have to be vigilant. However, I would say that I have been very impressed with the economic development representatives that EDA has in the field. These are dedicated men and women who have a bent towards the small fellow who needs the help. I think that attitude has been some of the tradition of the Agency. Repeatedly, I find people approaching me when I am out of Washington, in the field, who will comment about how we, the Agency, have come to help a small community or a small business, and so forth.

I think we have done an effective job there, really, of searching out and communicating with that small entity that otherwise might be overlooked. I would say we are vigilant about that. We talk about it in our staff meetings quite regularly and try to structure our procedures to be certain that it isn't the large city, the large State, the large municipality that gets the favor over some other locality that might not be as capable of bringing its case to us.

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

Senator RANDOLPH. Thank you very much, Senator McClure. Senator Stafford, do you have a comment?

Senator STAFFORD. Thank you, Mr. Chairman. I have no questions. My reaction generally is one of approval. I am ready to vote on the nomination whenever the chairman wishes.

Senator RANDOLPH. Thank you very much, Senator Stafford. I do feel that the committee has a responsibility to move the nomination to the Senate. With the absence of a quorum it is almost impossible. Would there be an objection, Senator McClure, or Senator Stafford, to polling the members of the committee in reference to the nominee?

Senator McCLURE. As you know, Mr. Chairman, that is not a policy that I favor as a matter of policy. But I do realize, too, the constraints of time that both this committee and the Senate as a whole faces between now and the recess. For that reason, I not only will raise no objection, but I support the objectives of the Chairman in doing it in this manner.

Senator STAFFORD. Mr. Chairman, I agree with Senator McClure.

Senator RANDOLPH. Then without objection, we will follow that procedure.

One final question. We have agreed that the programs of EDA are important. They are in the process, oftentimes, of transition in order to comply with the law as it is amended necessarily as conditions change. In our new Public Works Employment Act we authorized, in three titles, funding necessary to carry it into being. I would ask you this final question. Contingent upon the amounts that will be voted in appropriations, of course, some action has already been taken in the House on title I by the subcommittee which is chaired by our colleague from West Virginia, Representative Slack. Are you ready to organize and to move forward, Mr. Eden, in this program, Public Works job?

Mr. EDEN. Yes, sir, Mr. Chairman. I feel we are. We are required by the legislation to have rules, regulations, and procedures ready within 30 days of the enactment of legislation. We are working very diligently on those at this time. They will be published on August 23. We have a task force that has been working, as I say, very regularly on the legislation. I feel we will be ready when and if funds are apportioned to us.

Senator RANDOLPH. I think this is a very positive statement. It is very important for the record because undergirding the action in the Congress and the overriding of the veto in both bodies—I will not go into that controversy. But there was a general agreement that if this program was to be substantial in alleviating unemployment, provided projects that were substantial in nature for a lasting benefit, that we wait not for 6 months or a year, but that we move boldly, effectively.

I think we can do that. This assurance from you that you are ready, that you are geared to such a program, I think this is very helpful to us.

Mr. EDEN. There are difficulties with it. We are encountering some problems, which we are working on now. But EDA will be ready.

Senator RANDOLPH. Thank you very much. Without further questioning, we will follow the procedure we have agreed on. We hope to have that polled today. I think, without objection, we will consider that as our procedure in this matter. To you, Mr. Eden, and to your associate who we should identify—



Mr. EDEN. This is Mr. Bill Clinger who is the General Counsel of EDA.

Senator RANDOLPH. We are appreciative of your cooperation.

Senator McCLURE. Off the record, Mr. Chairman.

[Discussion off the record.]

Mr. EDEN. Thank you, Mr. Chairman.

Senator RANDOLPH. Thank you.

[Mr. Eden's responses to written questions follow:]

U.S. DEPARTMENT OF COMMERCE,  
Washington, D.C. September 2, 1976.

Hon. JENNINGS RANDOLPH,  
Chairman, Senate Public Works Committee,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your letter of August 13, I am providing the enclosed set of answers for your consideration. I hope that they will provide you with insights into my views with respect to the roles of EDA and the Title V Commissions.

I also want to take this opportunity to express again my appreciation for your courtesy during my confirmation hearing. As I indicated at that time, I am thoroughly enjoying the challenges offered by EDA and look forward to continuing to work closely with you and the other members of the Public Works Committee.

Please do not hesitate to let me know if I can be of further assistance.

Sincerely yours,

JOHN W. EDEN,  
Assistant Secretary for Economic Development.

*Question 1.* EDA has responsibility for State and local economic development planning. There are some who believe it has done an uneven job in this important area. What is your view of the role and importance of economic development planning?

Answer. I believe that sound, dynamic planning involving public officials and private citizens is crucial to the implementation of successful economic development programs at local, district, State, and regional levels. Through such planning, economic potentials and problems can be identified on a continuing basis, and coordinated approaches to exploiting or resolving them can be agreed upon by those in a position to insure that those approaches are carried out.

As you are well aware, economic development planning assistance is an integral component of EDA's approach to stimulating development in economically distressed areas. We provide support to local areas, districts, and States to enable them to develop professional planning capabilities and a comprehensive, ongoing planning process. Although the primary form of this support is funding for staff and other administrative expenses, EDA has also assisted in improving planning through the provision of training for local leadership, relevant research, and various types of technical assistance.

In the months that I have been associated with EDA, I have become increasingly appreciative of the Agency's ability to provide planning assistance to different levels of government. I have also been convinced of the importance of coordinating the planning activities of the various levels of government in a State or region to insure consistency among plans and cooperation on developmental efforts affecting more than one jurisdiction.

In short, I view the promotion of coordinated, comprehensive economic development planning as a major EDA responsibility, and assure you that I am giving high priority to the Agency's planning assistance programs.

*Question 2.* What is your philosophy of the role of economic development in our economy? It has been alleged that you favor larger businesses over small businesses when project grants and loans are made by EDA. How would you respond to that charge?

Answer. As I have said on numerous occasions since becoming associated with EDA, I view the Agency's mission as one of using Federal funds to stimulate the creation of permanent jobs in the private sector. In my judgment, this approach to promoting economic development is an appropriate, effective means of improving the national economy, as well as the economies of distressed areas.

EDA has no policy that is related to the size of applicant firms. In each instance, applications for assistance are judged on their merits in terms of what the project will do for the local community, and on the basis of evidence that there is a reasonable expectation that the loan in question will be fully repaid. In fact, 90 percent of our borrowers have fewer than 500 employees.

*Question 3.* We have seen little enthusiasm for EDA by the Executive in recent years. What is your assessment of that history and what do you think of the present and future support for economic development?

*Answer.* As you know, the President has requested a three-year extension of the EDA legislation, an action that reflects a positive attitude toward the goals and functions of the Agency. Even when our country's economy has been healthy, pockets of substantial unemployment and underemployment have existed. As a consequence, there has been a continuing need to address the problems of such areas. The President's request for a three-year extension of our authority is an expression of his concern and recognition of the need to provide financial assistance to these economically depressed areas.

*Question 4.* We have been disappointed in the past with the seeming reluctance of the Administration to make the business development program a stronger force in the EDA mission. What is your judgment about the value of this program and its future potential?

*Answer.* I feel that the business development program is one of the most important tools available to EDA for stimulating economic development. Over the years, EDA has had considerable success with this program as a means of creating new job opportunities in the private sector. Recently, it has also proven extremely valuable in saving existing jobs by helping to provide financial assistance to companies suffering the severe effects of the recent economic decline. Although there has been no dramatic increase in the funding for this program, we have been able to increase its effectiveness through the additional authority granted this program in December of 1974. Through the use of the guaranty program, we have been able to leverage the modest appropriation for this program to generate a substantially larger investment by the private sector. I see a very definite near- and long-term need for this program as a key feature of any effort to stimulate economic development.

*Question 5.* You stated it is time to look at the Title V Commissions. Who do you suggest should do that? The Department of Commerce has been generally hostile to these Commissions.

*Answer.* In stating that it was time to look at the Title V Commissions, I was reflecting the fact that many changes have taken place over the ten years since the legislation was enacted in 1965. Many of the Commissions now contain substantial urban areas, in contrast to the predominantly rural character of their initial designations. The Congress has also given them new authorities which go beyond the original theme of assistance to lagging economies.

Secretary Richardson has recently established a special Task Force within the Department to examine the current form and activities of the Title V Commissions, including criteria for designation, and to make recommendations for improvement of the program. This action has not been taken in a spirit of hostility, but rather with the intention of better delineating the strengths and virtues of the Commissions so that their programs become more productive and effective.

*Question 6.* I have heard that there is interest in forming Regional Commissions from Illinois, Indiana and Ohio, as well as New Jersey, New York and Pennsylvania. Have you had contact with any governors of these states? What is your view of new Commissions for these states?

*Answer.* My staff has received inquiries from representatives of the Office of the Governor of New Jersey, the Office of State Planning and Development of Pennsylvania and the State Economic Development Board of New York, all speaking in behalf of the Governors regarding designation of the three-State region. We have also had inquiries from staff to the Governor of Ohio concerning a region consisting of Ohio, Illinois, Indiana, and Iowa. Representatives from these four States met recently in Indianapolis to formulate a plan for requesting designation. We have provided information concerning the requirements for designation.

Whether these proposed regions should be designated is, of course, a function of their satisfying criteria of the law. Deciding that question is contingent upon an analysis of the evidence to be submitted by the applicants. Assuming they meet the criteria, I believe there is general merit in the proposed groupings. Certainly New York, Pennsylvania, and New Jersey have much in common economically. The large urban component adds another element to their economic picture. These States have indicated that their primary interest in regional designation lies in benefits derivable from regional planning, research, and analysis.

The Ohio, Illinois, Indiana, and Iowa region also seems appropriate. These States appear to have economic links drawn from the Great Lakes ports and waterways activities, in addition to indications that the strength of the manufacturing elements in their economies is failing.

*Question 7.* Public Law 94-188 authorized the Commonwealth of Puerto Rico and the Virgin Islands to be designated as an economic development region and in mid-March the governors applied to the Secretary for designation. We understand that the Secretary has not yet made a decision on this application. What role have you played in this matter? Can you explain why it has taken four months for this application to be considered with as yet no decision? What is holding it up?

*Answer.* My Office reviewed the Antilian Regional designation request immediately after it was received. While the application was substantively convincing in its case for designation, at that time Congress had not yet appropriated funds for FY 1977. Therefore, to have designated and formed the Commission would have required reprogramming monies from allocations already made to existing Commissions from the FY 1976 funds. It soon became clear that other designation requests would likely be forthcoming with funding implications.

As a consequence, Secretary Richardson determined that it was necessary to examine the Title V program in a larger context, including a look at funding requirements under currently authorized programs, before designating any new regions. Thus, action on the Antilian request awaits the results of that Task Force investigation to which I referred earlier.

*Question 8.* Briefly explain the process of reviewing and approving the comprehensive long-range economic development plans required by Section 503 of the Act and give us the current status of each plan. What purpose do you see the plans serving? What instructions or guidelines have been given the Commissions as a basis for developing their long-range plans? Are these guidelines mandating minimum estimates of appropriation requests?

*Answer.* The Secretary of Commerce on August 19, 1975, published in the *Federal Register* proposed regulations covering the basic elements required of long-range plans. Also published were review standards for these plans as a prerequisite for the Secretary's submission of these plans for review by other Federal agencies, and, eventually, to the President. The proposed regulations were republished and made effective October 15, 1975 (copy attached for ready reference).

The process of plan review consists broadly of the following steps.

(1) The Regional Commission prepares a draft plan and submits it to the Secretary of Commerce for his review and approval.

(2) The plan is reviewed both internally within Commerce and also by other Federal agencies constituting the Federal Advisory Council for Regional Economic Development (FACRED). Normally, 60 days are allowed for this review. Written comments are requested.

(3) A meeting of the FACRED is convened at which the agencies summarize their views on the draft. The proceedings and agency written comments are published.

(4) The Regional Commission adjusts and modifies the draft as it sees fit based on the agency reviews and comments.

(5) The amended draft is then resubmitted by the Commission in final form to the Secretary for approval.

(6) The Secretary also transmits the Plan to the President, along with a transcript of the FACRED meeting.

## TITLE 13—BUSINESS CREDIT AND ASSISTANCE

### Chapter V—Regional Action Planning Commissions

#### ADMINISTRATIVE PROCEDURES

##### PART 530—REVIEW OF COMMISSION PLANS

Sec.

530.1 Authority and purpose.

530.2 Comprehensive planning.

530.3 Review standards.

AUTHORITY: 42 U.S.C. 3181 et seq.; 42 U.S.C. 3211; Executive Order 11388, dated December 28, 1957.

#### § 530.1 Authority and purpose.

Section 503(a)(2) of the Act (42 U.S.C. 3183(a)(2)) requires each regional commission to develop a comprehensive long-range economic plan to be approved by the Secretary. Section 503(b) (42 U.S.C. 3183(b)) requires the Secretary to

"present such plans and proposals of the Commissions as may be transmitted and recommended to him (but are not authorized by any other section of the Act) first for review by the Federal agencies primarily interested in such plans and proposals and then, together with the recommendations of such agencies, to the President for such action as he may deem desirable." The Secretary, in cooperation with the Federal Cochairman, will determine appropriate procedures for obtaining review of commission plans by interested departments and agencies.

### § 530.2 Comprehensive planning.

Commission plan normally should be supported by regional programs which have been endorsed by the commissions; when fully developed these plans will ordinarily include the following elements:

(a) *Review of prior studies.* The regional plan should include a review of prior studies concerning the region's economy.

(b) *Framework for analysis.* The regional plan should include an estimate of the gaps in research and data needed to conduct effective development.

(c) *Review of the regional economy.* The regional plan should include projections of population and labor force and employment by key industrial sectors, and an inventory of natural resources. It should analyze the present capability of the infrastructure to support economic growth. It should identify the major growth centers within the region which are capable of long-term economic growth.

(d) *Review of conditions inhibiting growth.* The regional plan should include a review of the major factors which have caused the region to lag behind the Nation as a whole in economic development.

(e) *Review of major plans and pending decisions.* The regional plan should review public and available private plans for capital expansion and investment, and should relate these other public and private plans to the commission's regional plan.

(f) *Establishment of regional goals.* The regional plan should include an explicit statement of the region's economic goals, such as reducing unemployment, raising personal income, raising educational levels, and so forth.

(g) *Determination of a development strategy.* The regional plan should set forth an explicit strategy for achieving the region's specified development goals. This strategy should include an analysis of the extent to which public investment should be concentrated or dispersed, and what kinds of public investments are the most critical for achieving a higher rate of economic growth.

(h) *Review of existing program adequacy.* The regional plan should include a review and analysis of the extent to which existing Federal, State, and local programs are adequate to support the commission's goals and strategies. It should identify the major gaps, modifications, or supplements to existing programs which will help carry out the commission's development strategy.

(i) *Criteria for project identification.* The regional plan should include an analysis of the classes of projects which are consistent with the commission's goals and programs and an identification on a regionwide basis of the locations and types of projects necessary to carry out the regional plan for economic development.

(j) *Consideration of other planning in the region.* In developing plans and carrying out other activities under section 503(a)(2) and (7) of the Act (42 U.S.C. 3183(a)(2) and (7)), due consideration shall be given to the planning and activities of other Federal, State, local and sub-State planning agencies (including economic development districts) in the region.

### § 530.3 Review standards.

In reviewing the commission's regional plans prior to making recommendations to the President, the Secretary will consider the following factors:

(a) *Consistency with national economic trends.* The projections of economic activity contained in the plans will be compared with trends in the national economy. Such projections of regional growth should be reasonably consistent with the projections of national growth and other projections of regional growth, particularly when the regional projections depend for their success upon growing regional exports to national markets.

(b) *Interregional consistency.* Regional plans developed by the commissions will be assessed to determine their reasonable consistency with each other, taking into account the differing needs and objectives of the various regions.

(c) *Transference of employment.* The regional plans will be assessed to assure that they do not provide for nor encourage industry or business to relocate in a region if such relocation will result in a transfer of jobs causing unemployment at the original location of the industry or business.

(d) *National benefits.* The regional plans should attempt to provide reasonable assurance that economic growth within the region can be sustained, and that the identifiable benefits from the proposed regional program justify the estimated Federal investment.

The current status of the seven Regional Commission plans is as follows.

(1) *Coastal Plains:* The Plan approved in 1970 is being revised to reflect regional expansion and more recent economic and demographic changes. Current target for submission for review is October-November 1976.

(2) *Four Corners:* The prior plan approved in 1972 is being revised to reflect regional expansion and to improve the planning process. Current target for submission for review is Spring 1977.

(3) *New England:* The plan of 1972 has been revised. FACRED review is scheduled for October 1976.

(4) *Old West:* This new Commission's plan was reviewed at a FACRED meeting on August 11, 1976. After modification by the Commission, it is expected to be submitted to the Secretary for approval in September 1976.

(5) *Ozarks:* The revised Ozarks plan was reviewed in February 1976. It was approved by the Secretary of Commerce on June 21, 1976.

(6) *Pacific Northwest:* The plan is nearing completion. An initial draft is being revised. FACRED review is projected for Spring 1977.

(7) *Upper Great Lakes:* The revised plan was reviewed by FACRED in June 1976 and the draft is being modified on the basis of FACRED comments. A final version is expected by December 1976.

The plans serve to identify major economic development problems in the regions, to display the development goals and the proposed means of achieving them, and to estimate the public and private costs involved. By making this information explicit, the plans induce discussion and consideration by private citizens and organizations and public agencies. The plans also provide a basis for budget justification, since they incorporate the best available assembly of data, analysis, projections, and regional asset inventories.

The published guidelines that have been issued do not mandate minimum estimates of appropriation requests. Such requests have been more typically a function of general Department budgetary levels in the context of the overall Federal budget.

*Question 9.* The Congress is currently considering the Administration's legislation that would extend authority for EDA and the Title V Regional Commissions through fiscal 1979. Based on your experiences with the Regional Commissions to date, what future pattern of programs and activities do you see for them?

Answer. As you know, over the ten years in which the Title V Regional Commissions have been functioning, there have been clear shifts and changes in their purposes and programs. Originally conceived solely as planning agencies oriented toward depressed rural regional economies, they have more recently both taken and been given responsibilities that depart considerably from this earlier, and narrower, view. Most Commissions now address full State territories, which means they have significant urban features. Also, the Congress has recently charged them with duties in such areas as energy impact, transportation, and health and education that are not exclusively keyed to lagging economic development. Rather, they are directed more toward dealing with critical growth impacts or general socio-economic needs.

For my own part, I accept this evolution as both right and necessary. A main strength of the Regional Commissions has been their successful joining of State and Federal interests. The regional program is one of the rare instances in which Governors have a full and active voice in the determination of Federal program activities. I believe this is a constructive way to proceed. The plans that have been produced thus far indicate that there are significant problems of regional scale that must be addressed. The Title V Governors have universally indicated their commitment to the concept of regional planning and program implementation.

*Question 10.* For the past several years the Department of Commerce appears to desire abolishment or modification of the regional program by transferring some or all of its functions to another agency. This action by Commerce continues to take place despite the Secretary's designation of new Commissions and a resulting expansion of program demand. The Department submits minimum budgets with no increase from year to year. Can you explain this procedure on the part of the Commerce Department?

Answer. The Department has in the past proposed the abolition of the Title V program. However, I think it is correct to describe our current position as an interest in modifying the program to better serve the regional problems and needs that have been identified. As I pointed out earlier, Secretary Richardson has established a Departmental Task Force to examine the Title V program with the objective of identifying its strengths, as well as its weaknesses. The evolution of the program during the past decade and the strong support of the Governors have been more than adequate evidence of its basic merit and meaning in the difficult area of inter-governmental relations. I recognize this virtue and am concerned that it be protected and preserved. At the same time, I also recognize that it is alleged that there are cases in which the Commissions may duplicate activities that can more effectively be accomplished by other agencies and that their programs and projects have local, rather than regional, impact. I believe it to everyone's interest that the program be reviewed with the objective of eliminating any evident duplications and inefficiencies in order to give greater strength to areas of greater promise and potential.

With regard to the matter of minimum budgets, as you know, budgeting is always a matter of balancing a number of different needs against the financial resources available. The Regional Commission budget requests in the past have generally been held to a stable level under the notion that increasing demands should be met by improved use of the funds; by being more careful and selective in the programs and projects that were actually funded. It is true, however, that if new Commissions are designated, additional funding demands are likely since the aggregate needs will be increasing. In the initial years of a Commission, its programs are not sufficiently advanced to warrant funding levels akin to the older Commissions. Therefore, only modest increases are immediately implied by new designations and, in any event, the authorizing statute limits annual appropriations for all new Commissions to an aggregate of \$5,000,000 or less for the first two full years of their existence.

*Question 11.* Prior to your designation as Acting Assistant Secretary you were also named Acting Special Assistant for Regional Economic Coordination and you have continued to be the Acting Special Assistant. How much of your available worktime have you devoted to Title V Regional Commission activities? Explain how you have been able to fulfill your regional commission responsibilities, since previous to your appointment all Special Assistants were full-time employees in that job.

Answer. During the four months that I have had responsibility for both the Regional Commissions and EDA, I have found it possible through careful scheduling and somewhat extended working hours to devote the amount of time necessary to each program. Since the two programs have much in common, I have not experienced the totally conflicting demands on my time that might occur if I were administering two unrelated programs. In fact, I believe that each of the programs has benefitted from the insights I have gained in working with the other. Thus, I view my dual responsibility as an asset, not a liability, to both programs.

[Whereupon, at 10:25 a.m., Monday, August 2, 1976, the committee was recessed, to reconvene subject to the call of the Chair.]

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