EVALUATION OF THE 1965 ECONOMIC DEVELOPMENT LEGISLATION

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I. Introduction

This is a brief and necessarily subjective evaluation of the two major economic development bills passed by Congress in 1965.

Both the Public Works and Economic Development Act and the Appalachian Regional Development Act were experiments in attempting to achieve more rational and effective development of areas that chronically lagged behind the nation. There is no comprehensive evaluation available for either program. This survey is not intended to be a substitute for a more comprehensive evaluation; nevertheless, though quantitative measurements are lacking, it is obvious that both acts have weaknesses that should be corrected.

In his recent article in the Public Administration Review, Aaron Wildavsky proposed divorcing policy analysis from the comprehensive quantification contemplated under the PPB system.[1] It is in this spirit that this analysis is offered.

Because changing approaches tell a great deal about the hopes and strategies implicit in the present programs, this present paper first reviews the historical development of Federal economic development programs.

The second part of the paper is an explicit statement of what we believe to be the goals, objectives, and strategies of both the Appalachian Regional Development Act and the Public Works and Economic Development Act. These statements will be the foundation of the analysis of the present acts and their implementation.

The third section centers on an analysis of the two acts, pointing out their implicit strengths and weaknesses. This is strictly a subjective review of the general logic of the legislation. Even without looking at how these two programs were carried out, it is possible to see that both acts have important flaws that should be corrected now. Needless to say, it is not necessary to wait until all the sewers funded under the program have been built.

The fourth section examines the acts in practice. Basically, they were expected to produce both an organizational and an investment strategy. That is, they were intended to result in the establishment of a network of planning and development organizations which would cooperate with the central agencies established by the acts in order to formulate overall investment strategies that would maximize the impact of the limited Federal funds available. It is fair to ask whether these expectations have been met. Perhaps one cannot quantify the benefits of these programs and measure the dollar worth of the project investments; but one should be able to tell in simple terms whether they have done what they were supposed to do.

The final part of the paper contains recommended revisions in the economic development legislation and in the practice of Federal grant agencies.

II. Historical Change in Economic Development Legislation

The Federal government's role in economic development has changed over the preceding decades. Failures and successes (and there are examples of both) of previous programs are, of course, a major force in shaping the legislation that comes after them. One could trace the evolution of the Federal role in economic development from the Homestead Act, or even the colonial period, but for the purposes of this evaluation it is only necessary to trace the antecedents of the two 1965 economic development acts as far back as the 1930's. The purpose of this historical review is to point out in what ways the present acts were expected to follow those that preceded them and in what ways they were to be different.

A. New Deal Legislation

There were many pieces of legislation during the 1930's that could be styled "economic development acts." Since our concern is with the central ideas behind all of the legislation of this period, we will not spend time considering each relevant act, but rather we will concentrate on the two main strategies behind such programs as the Tennessee Valley Authority, rural electrification, and the public works programs of the Civil Works Administration and the Civilian Conservation Corps.

These strategies were:

Public Works. Those who were idled by the depression were to be put to work building useful public facilities. This was to provide not only employment, but also roads, parks, and other projects the country could use.

Resource Development and Conservation. The strategy for rural areas was based on the belief that their plight was the result of the misuse of, or the inability to use, natural resources. The dust bowl and the massive migration of stricken people off the farms was partly caused by the misuse of resources. Farms and farmers faced severe problems during the depression and chronically lagged behind urban residents. This situation launched a wide variety of financial and technical assistance programs to assist them.

Thus the New Deal experience shaped future economic development activities in two ways.

First, it taught us to think of the government's role in economic development primarily in terms of public works. As a consequence Congress later tried to replicate the New Deal action of putting the unemployed to work building public facilities through the Accelerated Public Works program of 1963. It did not work well. Few of the unemployed benefited because they were usually untrained for the highly mechanized construction techniques of the 1960's. During the depression craftsmen as well as laborers were out of work.

Second, the resource programs and agricultural development programs worked very well, so well in fact that they vastly increased the productivity of agriculture and displaced many workers from farms and agricultural industries. This is a major cause of the present patterns of unemployment and underemployment in the United States.

B. Post-World War II

While the Federal government had the leading role during the 1930's, after the Second World War the focus shifted to private industrial development groups. Nearly every city and town had one. After the way many communities found that their traditional industries were sick; changing technology was leaving them behind. The coal industry, iron and steel, and textiles faced this problem. The plants and mines were closed, and some areas began to develop chronic unemployment. A race began to secure new industries. The local industrial development groups bought land, built shell buildings, and advertised their communities' advantages; state and local governments offered tax incentives. The South was particularly active in seeking diversified industry to supplement its traditional economic base of agriculture.

This local industrial development era lasted from the end of the Second World War into the 1960's. While the South enjoyed some success and other communities across the country did get new industry, the local industrial development activities had major flaws.

(a) There was not enough industry to go around. Thousands of industrial development groups were chasing a few hundred annual plant locations.
(b) The communities that were growing anyway got most of the new industries because they were attractive and had the facilities and services the most modern and desirable industries wanted.
(c) Lagging communities beggared themselves offering incentives and succeeded only in attractinv low-wage, female-employing industries. They lacked the facilities and services industry wanted. Often an existing, declining heavy industrial base of coal and steel left them dirty and unattractive places to live.

C. ARA and APW

The early 1960's saw the increasing popularity of a new term which came to characterize the new Federal role in economic development. The nation's economic development problem was said to center in so-called depressed areas. These were places which had either never been industrialized or had lost the old industries they had previously had. Whether the nation was at the peak or trough of the business cycle, the depressed areas lagged behind and suffered chronic unemployment.

The depressed areas shared one common feature: a lack of social and economic infrastructure. They did not have the basic public facilities--water supply and sewage treatment plants, streets, and recreational facilities--that modern industries seemed to demand from their industrial development groups. Public programs to provide the infrastructure for the depressed areas appeared to be the answer to this problem. This view, although greatly oversimplified here, was the basis of the Area Redevelopment Act of 1961 and the Accelerated Public Works Act of 1962.

Neither act fulfilled the hopes expressed in its preamble. One reason for this has already been discussed. To the extent that the acts intended that those actually unemployed would be put to work building the infrastructure, the programs were unsuccessful; the nature of both the unemployed and the construction industry had changed significantly since the Great Depression era. But the programs also failed in their attempt to solve the problems of the depressed communities, for the following reasons:

1. The public works construction was scattered, unguided by any strategy of investment, all over the United States. The attempt to develop all of the depressed communities at once clearly flew in the face of economic reality. Even before the construction programs, there were more than enough developed communities to provide homes for industrial expansion. Building a sewer for a depressed community merely allowed it to compete with thousands of other communities that had sewers and a great deal more.
2. The relatively small amount of money that was available was spread too thinly. A single public works project was of little use to a poor

community. Most depressed communities needed massive attention to plan, organize, and carry out a comprehensive development effort.
3. The people of the depressed areas needed more attention than the public facilities. Many workers had seen their old skills become obsolete, if they had ever possessed any skill at all. (Although the ARA provided some funds for manpower retraining, this amount was only a small portion of total authorizations and was not nearly enough to deal adequately with the problem.) Worse yet, the prospects were no brighter for the children. The community educational and health systems in the depressed areas produced generation after generation of young people who were at a serious competitive disadvantage in the nation's job markets.
4. The acts encouraged planning, but only on an individual community basis. This was both politically and economically unrealistic. Economic development planning deals with the allocation of scarce public and private resources in highly interdependent national and subnational economies. This requires planning on a scale much larger than a single town or even county.

In summary, these acts had too narrow a concept of economic development, and as a result they produced random and uncoordinated project activity. These were the weaknesses the Public Works and Economic Development Act (PWEDA) and the Appalachian Regional Development Act (ARDA) were to correct.

D. The 1965 Legislation

Both of the newer acts retained the strong infrastructure and public emphasis of their predecessors (PWEDA more so than ARDA), but they were to depart from past practice in the way in which the programs were to be planned and implemented. Three basic ideas were to be embodied in this new generation of legislation:

1. A pyramidal system of planning and action agencies was needed. This would be composed of the Federal government, the regional action planning commissions, the states, multi-county development districts, and individual counties and communities. Each layer of the system would have a different role. For example, a state would not merely collect district plans but would also relate them to each other in a state-wide framework and set priorities for activities among the various districts within the state. The result would be consistent and interrelated plans for those parts of the nation with lagging economies. This system would replace a collection of "wish-list" plans that depressed communities had sent to the Federal government in order to obtain grant money.

2. It was recognized that resource limitations made it impossible for every city and town in the United States to become an industrial center. Infrastructure projects should therefore be concentrated in the smaller number of communities that offered better growth prospects. This concentration should be done within an area-wide growth context, so that the people living in communities outside of the growth area could still benefit by moving or commuting to the growth center.

3. Public works and the physical development of the communities should be balanced by human resource and manpower development. This was reflected in the expanded technical assistance program for the Economic Development Administration (EDA) and in the comprehensive planning, health, and education programs of the Appalachian Regional Commission (ARC).

There were three major needs at the time of the passage of the new acts; however, as we shall point out later, they were imperfectly embodied in the legislation. But before we turn to the analysis of the legislation and its implementation, we will set down more explicitly our understanding of the goals, objectives, and strategies of the two acts. This will provide another benchmark for the evaluation.

III. Goals, Objectives, and Strategies

Once the acts were passed and the agencies to administer them were established, the legislation was translated into operational guidelines. Ideally, these guidelines would be reflected in formal statements of goals, objectives, and strategies. The following two statements express the general principles that the agencies seem to be following. The Commission can of course be much more confident about its own statement than it can be for the one for EDA. The background for the statement on EDA was drawn from a 1967 draft document that does not appear to have been put into final form.

These two statements will illustrate some of the distinctions between the two economic development programs.

A. The Appalachian Commission

1. Mission

   To help the people of Appalachia to gain their share of national prosperity by increasing their ability and opportunity to contribute to and to participate in the nation's growth.

2. Goals

   a.) Social: To provide the people of Appalachia with the health, education, and skills they need to compete for opportunity wherever they choose to live.

   b.) Economic: To develop the underdeveloped human and physical resources of the region so that Appalachia can attain a self-sustaining economy capable of supporting its people with rising incomes, increasing employment opportunities, and standards of living reasonably equivalent to those of the rest of the nation.

3. Objectives

   a.) To help provide the basic public services and facilities (e.g., schools and hospitals) needed to meet the social goals of the program.

   b.) To cooperate with all public and private interests in the development of underdeveloped human and physical capital and, where necessary, to restore resources which have been damaged in the past in order to help develop a growing, self-sustaining economy.

   c.) To assist the region in building a framework of institutions, both public and private, at all levels of government and private enterprise needed to:

      i. Prepare long-term cooperative strategies for developing the region and its people; and

      ii. Assist the region in obtaining its share of national, state, and local resources and in making effective use of them in attaining its full potential for growth.

4. Strategies

   a.) The public investments made in the region under the act shall be concentrated in the areas where there is a significant potential for future growth, and where the expected return on public dollars will be the greatest.

b.) Heavy emphasis will be placed on continued responsible participation by the states in the development process. Consequently, the states will be responsible for recommending the local and regional projects within their borders that will receive assistance under the act.

B. Economic Development Administration

1. Mission

To enhance the national economy by assisting areas of substantial and persistent unemployment and underemployment in achieving lasting economic improvement through the establishment of stable, diversified and strengthened local economies.

2. Goals

a.) To reduce the incidence of substantial and persistent unemployment and underemployment characteristic of certain designated and qualified regions, counties, and communities to a level commensurate with the levels prevailing in the national economy. (The criteria for eligibility for designation as a redevelopment area under Title IV imply a specific goal of reduction of unemployment below six percent and/or increasing the median family income to above forty percent of the national average. The latter is rather difficult to measure, since the only reliable source of data on median family incomes is the decennial census.)

b.) To provide a basis for improved planning and coordination of Federal, state, and local activities relating to regional economic development, and for more efficient utilization of all resources available for regional and local economic development.

3. Strategies

a.) Investments, which should be aimed at reducing unemployment or underemployment by providing the conditions under which the private enterprise system can provide jobs and increased income, will be concentrated primarily in those areas in which the hardship is the worst. (This is implicit in the fact that $425 million of the $510 million annual authorization provided by the act is restricted to use in redevelopment areas which are so designated on the basis of high and persistent unemployment and/or low median family income; no more than $50 million is available for projects in "economic development centers," the growth centers provided for in the act.)

b.) Planning and cooperation on an effective scale will be encouraged by the organization of multi-county economic development districts which will be required to submit overall economic development plans, and by the stipulation that no project will be funded unless it is consistent with a development plan formulated on the local, district, or state level.

IV. Evaluation of the 1965 Legislation

Any piece of legislation represents a compromise, and it is very unusual to find an act that does not carry some scars from the legislative process. Although this section will review the strengths of the two bills passed in 1965, the principal purpose is to look at some of the weaknesses that were built into the legislation. These flaws could have been the result of compromise, lack of foresight, or simple error.

A. The Appalachian Regional Development Act

1. Major Strengths

The Appalachian bill has three major strenghts: the role it gives to state government, the recognition that development is best served by concentrating limited resources in the areas in which significant growth is most likely to occur, and the provision for supplemental funds which may be used to raise Federal participation in projects to as much as eighty percent, depending upon the ability to pay of the recipient community.

a.) Perhaps the most important innovation in the ARDA was the provision that the governors of the participating states be given an equal voice with the Federal government in program and project decisions. Governors had complained that previous efforts bypassed the states, with the result that Federal action was often uncoordinated with important state resource investments such as highways and institutes of higher education. Under the Appalachian program, Federal funds are available only for projects which have been approved by the state involved and which are consistent with the state's economic development plan for its Appalachian portion. In this way both Federal and state investments can be closely coordinated.

It has often been argued that because of the poor planning capabilities, inadequate staff, and political instabilities of state governments, their involvements in the distribution of Federal aid to local communities would lead to inefficiency, delays, or worse. Indeed, it must be admitted that in fact the past performance of the states leaves something to be desired. But the assumption underlying the ARDA--namely that adequate long-term economic and social development requires the development of the planning and coordinating capabilities of the states--has been justified by the last four years of experience of the Commission. Although the initial Appalachian plan submitted by many of the Appalachian states were of limited usefulness, the annual review and updating required by the Commission has led to significant improvement in the quality of the state's planning efforts.

b.) The second major feature in the ARDA is the stipulation that "the public investments made in the region under this act shall be concentrated in areas where there is the greatest potential for future growth, and where the expected return on public dollars will be the greatest." As was pointed out earlier, previous programs had tended to minimize the long-term impact of public investments by scattering them without regard to their likely impact on future growth. Although certain types of Appalachian investments, namely those that are human resource oriented such as health and education, can be located wherever there is sufficient demand, heavy infrastructure projects such as sewers and water treatment plants are intended to be restricted to areas which the states feel have a significant growth potential.

c.) The third significant innovation in the ARDA is the recognition that many communities may be unable to meet the participation requirements for Federal aid programs which they seriously need. To meet this problem, Section 214 of the act provides a source of supplemental funds which can be used to reduce the community's participation in certain types of Federal grant programs to as little as twenty percent in some cases. This same feature is contained in Title I of the PWEDA, but applied only to public works projects and not to human resource development programs.

These three strong points also apply to the Title V regions (created by the PWEDA) in theory, but not in practice. The Title V Commissions, authorized in 1965, were provided with only minimal funds for regional technical and planning assistance. The amendments of the 1967 added supplemental funds, similar to Section 214 funds under the ARDA, but the funds appropriated for Title V supplemental grants for the five regions they established totaled $21.5 million in fiscal year 1968 and fiscal year 1969, compared to $66.6 million appropriated under Section 214 in the same period. In any case, supplemental funds by themselves are not enough to make the regional commissions a significant force for economic development. The state role in the Title V Commissions has not developed to the extent it has in the Appalachian Commission. This results from the fact that the initiative for the Appalachian program came from the Appalachian governors; the Title V Commissions had their genesis at the Federal level. The Appalachian program had the advantage of a much longer period of design before it actually was implemented by law.

2. Major Weaknesses

There are three major weaknesses of both ARDA and Title V of PWEDA:

a.) The Appalachian region and all of the Title V regions, with the exception of New England, are composed of parts of states. This practice has tended to hold back the development of the program. The development of state competence in program planning, a key building block in the overall economic development effort, is not an easy task when only part of the state is involved in the planning exercise. Appalachian plans have tended to be developed in isolation from other state plans and the state budget, although some states such as Alabama are beginning to look towards comprehensive state planning as a result of the development plans required by the Commission. Moreover, the governors are placed in a very difficult position in making resource allocation decisions, since other portions of the state are in competition with the Appalachian part. State-wide analysis of needs and priorities is not always available to help the governor make the most effective decision.

b.) The delineation of regions simply by selecting those parts of the United States that are lagging behind the nation is a serious defect that is tied in with the previous problem. Depressed areas are not necessarily rational economic entities or good planning areas. Appalachia is closely linked to cities and economic centers that lie outside of the region, e.g., Cincinnati, Atlanta, Nashville, and Harrisburg. It is incorrect to assume that the solutions to the region's ills can be found solely within the region itself. The relationship works both ways, of course. We have learned that the problems of the cities are directly tied to migration from depressed rural areas. Planning for the rural outmigration areas separately from the urban immigration areas is bound to be less effective than planning for coherent political and economic regions. In other words, although the 1965 regional programs broadened the planning focus of Federal economic development efforts, they did not go far enough.

c.) Finally, while there are many valiant efforts and much legislation language to the contrary, public works still tend to dominate the regional programs (over one-half of all Appalachian funds were spent on a highway system). Too many vital human resource programs in education and health still lie outside of the Commission's control. Even in the public works field, agencies such as EDA can make grants in the region that are not in conformity with the state's and the ARC's plans. To coordinate Federal program activity within the region, the Commission has to rely on its ability to persuade. This has not been successful in every case. The funds under the direct control of the Commission will always be a relatively small part of the total Federal program activity within the region. For this reason a more direct linkage of Federal activity and regional plans is needed to avoid conflict and duplication, as well as to assure a more comprehensive regional development program.

The supplemental grant funds have been a powerful coordination tool. They give the Federal agencies and the states an incentive to work through the Appalachian Regional Commission. These funds are far more useful in practice than the language in the Appalachian Regional Development Act giving the authority to coordinate all Federal development activity within the region.

B. The Public Works and Economic Development Act

1. Major Strengths

The PWEDA was a marked improvement over its predecessors, the Area Redevelopment Act and the Accelerated Public Works Act, but in many ways it seems to be a collection of ideas from the period rather than a consistent piece of legislation.

a.) The PWEDA provides the legal authority for a broader approach to economic development planning. Under it, multi-county development districts can be formed. The economic development district program contains provisions for aiding growth centers that may not in themselves be distressed. The act thus contains the rudiments of a rational approach to economic development, although less than ten percent of the annual authorization is available for use in growth centers located outside of distressed areas.

b.) The act also provides technical assistance and planning grants which enable the redevelopment areas to go beyond the usual public works and business assistance approaches to economic development towards a comprehensive community development program.

2. Major Weaknesses

While the act reaches toward a more rational approach to solving the problems of depressed areas and the people that live in them, it sadly falls short of its goal because of built-in flaws.

a.) The act retains the distressed areas approach of previous legislation. Counties with high unemployment or low family income are much too small, treated by themselves, for development planning. The ARA proved this, yet the distressed areas remain the backbone of the EDA program.

b.) The criteria for designating redevelopment areas compound the problem. The PWEDA is supposed to encourage long-range planning for community development; yet one of the major criteria of eligibility for financial assistance is a very volatile statistic, the annual unemployment rate. Nearly 65 percent of the total population of all the areas which had ever been designated as redevelopment areas as of January 1969 was located in areas qualified on the basis of this criterion. (One of the other major criteria--median family income--is perhaps too stable, since it is only measured every ten years in the United States Census. However, less than six percent of the total population in redevelopment areas was located in areas qualified on this basis.) An area may spend a year developing an Overall Economic Development Plan (OEDP) only to learn that it has been dedesignated because its unemployment rate has fallen from 6.1 percent to 5.9 percent. This is not likely to encourage careful planning, even if the county were a realistic entity on which to base a plan. A look at how the number of distressed areas has changed since the establishment of the EDA will indicate just how volatile the unemployment criterion is. As of January 1969, there were approximately 852 designated redevelopment areas. Another 600 had been designated at one time but had since been dedesignated. A total of 138 of those currently designated had been designated once before, dedesignated, and designated again. The greatest instability occurred among those areas qualified under the criterion established by the Secretary of Commerce (rather than explicitly stated in the act) for eligibility for Title I grants, that is an unemployment rate of six percent or higher during the previous calendar year. Only 63 of the approximately 198 areas which had ever been designated under this criterion were still designated in January 1969.

Reliance upon official unemployment statistics not only generated instability in the planning process but also probably understates the distress in many of the areas that need help the most. In Appendix I we have made a rough attempt at estimating "disguised" unemployment in a random sample of Appalachian counties. In all cases, the figures obtained were substantially higher than the official statistics; in particular, in each of the cases in which the official figure was below six percent, the estimate of "disguised" unemployment was significantly above this cutoff point.

c.) Although the act permits the establishment of development districts covering an economic area of several counties, the title is poorly drafted. A district must contain at least two redevelopment areas; consequently gerrymandering is sometimes necessary to meet this requirement. Furthermore, HUD and USDA also have substate planning districts, which sometimes overlap those of EDA (and those of the Commission); some states also have substate planning districts or councils of government. Overlapping boundaries of planning districts with interregional planning and operational mandates does not promote comprehensive planning. The act makes it possible to unify various kinds of planning districts (this has been done in Georgia and part of Texas). But, a unitary system of substate planning with coterminous boundaries for districts should be required.

d.) The tools provided in the act are inflexible, with the exception of the technical assistance program. The public works and business loans programs are a very stylized approach to the problems of lagging areas, somewhat like the doctor who prescribes aspirin for any ailment. Areas lag for many reasons that cannot be dealt with through public works and business loans. Public works, for which over half of the money authorized by the act is earmarked, are useless if human capital is left undeveloped, yet the act provides no tools for dealing with this latter problem. The business loans program is also limited in its usefulness. For example, it could not provide the capital for a city to develop an industrial site. Furthermore, access to capital may be just as important as a break in the interest rate and guarantee may be just as satisfactory as a direct loan. It may also be argued that the Federal government has no business making direct business loans, since a Federal bureaucracy simply would not have the familiarity with local conditions necessary to assess accurately the advisability of making particular loans; perhaps the Federal government should rely instead upon guarantees and interest rate rebates to smooth out imperfections in the local capital markets. (A study done for the Commission by the Chechhi Corporation indicated that there is in fact an adequate supply of capital in Central Appalachia; the problem lies more in the shortage on entrepreneurial talent needed to generate the type of low risk projects which the small banks typical of the area can afford to finance.)

A further drawback of the existing business loan program is that the provision in the act contains rather tortuous eligibility requirements. The aided business cannot create "excessive capacity." Such firms must demonstrate that they could not have obtained capital from any other source, yet at the same time they must show that they are a good business risk. These latter two requirements seem a bit contradictory.

e.) The act does not encourage a comprehensive approach to community development. Many other agencies, such as the Departments of Labor and Agriculture, HUD, and HEW, administer vital community development programs. There have been attempts at coordination, but essentially each agency requires separate plans and makes separate contacts and contracts with the individual community. This is a fault not of EDA alone, but of the entire present grant-in-aid system.

f.) The most important distinction between the ARDA and PWEDA is the role of the states. The states have an equal role with the Federal government in programming the Commission's funds. Under the PWEDA, the states draw the boundaries of the economic development districts and have an equal voice in the Title V Commissions, but there is no mandatory linkage with the states for the bulk of EDA program expenditures and activities. EDA tends to work directly with the localities applying for grants; this thwarts comprehensive development planning and promotes grantsmanship.

g.) To limit development efforts to those counties having the highest unemployment and lowest family incomes does not make sense in light of what we now know about economic development and the migration of disadvantaged people. Industry is migrating from the central cities to the suburbs and middle-sized communities, while the poor are moving from the rural areas to the central cities. This results in underemployment in cities as well as the rural areas. EDA is usually able to work only in the rural leg of this dynamic system, and is provided with only a few, stylized program tools.

EDA has been aware of this problem and has attempted to expand its activities in urban areas wherever possible. Since the technical assistance program is not tied to the designated areas, it has been used extensively in the cities. The agency has made major efforts in the few urban areas that have been designated--Oakland, California; the Brooklyn Navy Yard section of New York; the Chicago stockyards; and San Diego, California. In the cases of Chicago and Brooklyn EDA used a special provision in the act that makes designation possible where a sudden rise in unemployment is likely. EDA mounted an $8 million program in the Watts area of Los Angeles using a special provision in the Economic Opportunity Act. Under an amendment to that act, areas that receive special impact funds from OEO also were made eligible for EDA grants.

EDA has asked for additional funds to expand its urban programming. In spite of these efforts the agency has made, the way the law now stands means EDA can at best make a fragmented approach to rural-urban balance and migration.

V. Evaluation of the Acts in Practice

A. Scope

While both of the programs under study were hobbled at the outset by provisions contained in (or sometimes missing from) the acts, they were an improvement over previous economic development legislation. Keeping in mind the limitations of the legislation, it is still proper to examine each program to see if it has accomplished what the act contemplated. Since it is too early to assess the direct benefits from the projects undertaken under the two acts, as we noted in the introduction, the performance review in this situation will be limited to two questions:

1. Did the EDA and ARC establish a system of planning and action agencies to carry out the programs at the regional, state, and district levels? How advanced are these agencies? What porportion

of the potential territory do they cover?

2. To what extent did the two 1965 programs concentrate their resources in a few communities offering the best prospects for growth?

B. Organization for Planning and Action

Although both the ARC and the EDA were intended to encourage the formation of planning and action agencies or organizations, they differ with respect to the levels of government at which these organizations were to be formed. The PWEDA requires that a county must create a planning organization and submit an overall economic development plan before it can be formally designated as a redevelopment area eligible to receive funds under Titles I, II, or IV of the act; a similar requirement exists for multi-county economic development districts. No planning is required at the state level; indeed, the states are bypassed almost completely, since local and district planning organizations deal directly with EDA. In contrast, the ARC code requires planning only at the state level; although the Commission encourages and assists the formation of local development district organizations, the extent to which they are involved in long-term planning is left to the discretion of the state, which may or may not choose to involve the local development district organizations (where they exist) in the annual planning effort required by the ARC code. In practice, an increasing number of states are beginning to rely heavily upon their LDD's in developing their Appalachian plan.

Above the county level, both ARC and EDA were intended to encourage the creation of multi-county development districts, described earlier in this paper. At this time, the Appalachian states have grouped their Appalachian counties into 64 economic sub-regions, 38 of which have been organized into local development districts with staffs and a local development board or council. (Only in the last 12 to 18 months have the states begun organizing and staffing local councils.) In only a few of the states are the local development district organizations closely involved in the development of the state plan for its Appalachian portion, although there is a definite trend in this direction.

By December of 1968, EDA had organized a total of 109 economic development districts containing 918 counties, 494 of which were designated redevelopment areas; thus about 58 percent of all designated redevelopment areas are in economic development districts. Seven of these are located in Appalachia, and, by agreement with the ARC, are coterminous with Appalachian Regional Commission economic subregions or local development districts and share the same local development board or council. In most of these cases it is the feeling of those Commission staff members responsible for liaison with the corresponding LDD that the EDD OEDP exercise is viewed mainly as a task necessary for qualification for EDA grants. It can of course be argued with some force that this is an inevitable phase which will eventually be outgrown as the advantages of more rational use of Federal grants become apparent.

Both EDA and ARC are able to make grants to their multi-county development districts to provide expert staff for planning and implementation or programs. In addition, EDA provides a detailed handbook designed to assist the organization of the district planning council and the preparation of the OEDP. The Commission's involvement with the Local Development District is more passive. The role of the LDD's is quite vague in the ARDA, and the Commission has developed only general criteria for them: they must have a multi-county jurisdiction and must have a full-time staff "of sufficient professional competence to plan, coordinate, and administer an Appalachian economic development program for its area."[2] Each Appalachian state is given the responsibility of more clearly defining the role to be played by its LDD's. As a result, in some states the LDD's are closely involved in the formation of the state Appalachian development plan, while in others they are engaged primarily in encouraging multi-county cooperation in development projects. Since the state is the parent organization, the Commission renders technical advice and services through staff assistance to the LDD's only upon request by the state. The Commission believes that it can do a better job by strengthening the state role, since better relationships are bound to occur between the state and the LDD than can exist between a Washington bureaucracy and a distant district. Because of the states' better understanding of the problems and aspirations of their districts, they are better able to structure an enduring development program and process that recognizes local priorities. It is the belief of many Commission members that because of the wide range of problems and strategies throughout the region it is not practical or desirable to prepare a single detailed handbook to guide the LDD's; rather it is more desirable for each state, with the Commission's assistance if desired, to formulate its own district program.

C. Evaluation of Planning Efforts

1. EDA

In order to gain some insight into the quality of local planning required by EDA,[3] we selected a random sample of twenty Appalachian counties, fourteen of which are or have been designated redevelopment areas, and attempted to obtain the relevant OEDP's for evaluation. For various reasons we were able to obtain only seven of these, a sample too small to justify any sweeping conclusions. However, it should be noted that all seven of these OEDP's were prepared prior to 1964, in order to qualify for funds available under the Area Redevelopment Act. This is not surprising, since a great many of the counties designated as redevelopment areas by EDA had previously been qualified to receive ARA funds and had formed an OEDP planning committee for that purpose; when ARA was succeeded by EDA, the previously organized committees continued in existence and in most cases simply submitted the old ARA OEDP for EDA approval. Thus the question naturally arises whether planning documents prepared in the early 1960's would be very useful after 1965, no mater how comprehensive they were at the time of writing.

Under ARA there was no requirement that the original OEDP be regularly updated to reflect changes in the social and economic characteristics of the county it referred to, although after 1962 informal progress reports were required. The Sundquist evaluation indicates that in many cases the perparation of the OEDP was regarded as an unpleasant chore useful only as a means for obtaining ARA monies and that the document, once completed, was set aside and the planning committee allowed to "die on the vine."[4]

> The new Economic Development Administration created by the PWEDA as the successor to ARA, placed major emphasis upon a new requirement for an annual progress report from each OEDP committee, which would summarize the activities of the organization, provide supplemental data to update the OEDP, review progress in attaining the goals set out in the planning document, and attempt to measure the economic progress of the area. In 1967, a few areas that had done nothing to bring up to date their provisionally-approved OEDP's of five years earlier were finally de-

clared ineligible for EDA assistance.[5]

Although this requirement should have resulted in annual reassessment and revision of each county's OEDP, it does not appear to have been rigorously enforced A Commission staff member who served in the Area and District Plans Division of EDA through 1967 indicated that the annual progress reports approved by EDA varied widely in quality, ranging from complete revisions of an OEDP to one- or two-page summaries of programs initiated in the preceding year. He was also unable to recall a single instance in which EDA had made use of its power to require a planning committee to submit a new, thoroughly revised OEDP. In fairness to EDA, it would require a massive effort to evaluate thoroughly over 600 completely revised OEDP's each year; there would naturally be pressure to devote the necessary resources to action programs instead, although this might in fact be false economy in the long run. In any case, the uncertainty concerning future availability of EDA money created by the rigidity of the criteria for designation as a redevelopment area (discussed earlier in this report) would seem to act as a strong dis-incentive to devoting much effort to a long-term planning process at the local level.

2. Appalachian Regional Commission

A major objective of the ARDA is to establish and strengthen the state planning process, making it an effective force in state policy-making. The Commission has had moderate success in building up this capacity.

The ARDA and the Appalachian Regional Commission Code specify that it is the states' responsibility to determine the program and project priorities and to select the appropriate locations for resulting investments. These functions have forced the states to reassess their respective planning operations to strengthen, rejuvenate, or re-establish organizations to carry out these functions. The principal Commission vehicle for securing this objective has been the requirement that each state must prepare an annual development plan which examines development problems and identifies priorities and programs for overcoming these and encouraging renewed growth.

A measure of the effectiveness of these efforts can be gained from an appraisal of the states' response to their responsibilities in implementing these functions.

The quality of the states' plans has generally improved through the successive revisions and up-dating during the four years of the Commission's life. There are exceptions, of course, where the planning process has not been advanced in spite of extensive Commission efforts. The states which have shown a positive response have demonstrated the ability to recognize the value of planning and some states have extended this experience to their non-Appalachian portions. South Carolina and Pennsylvania have expanded their Appalachian planning effort to cover the entire state.

Even though the states' Appalachian Development Plans have shown material improvement, it cannot be stated that these plans have been the basis for all project selection. In fact, projects are sometimes selected prior to the plan's preparation. Project selection continues to be based on a variety of factors including the availability of Federal agency and local funds.

The planning requirement is sound and has provided the mechanism for stimulating advancement in the quality of state planning. However, there are several reasons why the states have not made more substantial progress during these first four years. First, the status and capacity of existing state planning organizations was greatly over-estimated. Second, only small portions of the states (except for Pennsylvania and West Virginia) are involved in the program. The governors therefore face competing demands from other portions of the states for their attention and support. Third, where the planning activity has been placed is an important determinant of its effectiveness. Appalachian planning has been most effective in state policy making in those cases where it has been done by the state planning agency and where that agency is a staff unit of the governor's office. Where the planning is done by an independent or line agency, it is uaually less effective. It is the classic problem of one line agency head trying to influence his peers, each of whom has his own plans and priorities. Fourth, the character of the program itself, being of short duration and not having immediate local economic impact, means that Appalachian planning is sometimes overshadowed. Finally, the high rate of personnel turnover at the staff and executive levels in the state agencies, in part due to changes in governors, and the shortage of trained professionals in the field, has contributed to the difficulties of developing and maintaining state-level planning expertise.

In summary, early Appalachian plans prepared by the states have not been particularly innovative and imaginative, nor have they had a significant influence on investment decisions. This requirement, however, has caused the states to undertake an examination of their goals and priorities and select programs based on an analysis of their needs. Over time, this process is becoming institutionalized; in spite of its shortcomings and the inherent difficulties in establishing such a process, it is improving steadily. In addition, there is some evidence that these exercises have influenced state planning activities in other portions of state government and that while initially viewed as a requirement to be fulfilled to gain Federal funds, the merits of state planning have advanced as a result of the Commission's planning requirements.

D. Concentration of Investments

Since the ARDA clearly states that Commission's investments "shall be concentrated in areas where there is a significant potential for future growth, and where the expected return on public dollars invested will be the greatest," each state was required to delineate such areas within its Appalachian section and to use them as a focus for planning economic development. (It was of course recognized that certain types of investments, e.g., health and education, should be located near the population they would serve regardless of growth prospects.) Tables I and II in Appendix II show the total of Appalachian Regional Commission non-highway investments categorized by type and by location, i. e., in or out of designated growth areas. Overall, 58 percent of the total of non-highway expenditures was located in growth areas, although the rather high number of public works-type water and sewage projects located outside of growth areas is disappointing. This can be explained in part by the fact that for the first 18 months of the Commission's existence, the states had not yet defined growth areas or even submitted state development plans; as a result the Commission used a "quick-start" approach which relied heavily upon proposals previously submitted under the APW program, many of which were for water and sewer projects generally unrelated to any overall set of priorities. A total of 69.4 percent of the funds expended on sewer projects in this period went outside of areas subsequently identified as those having significant potential for future growth; this figure dropped to 53.9 percent in the past fiscal year 1967. However, it should be noted that such projects amounted to only 15 percent of the total of ARC non-highway investments through fiscal year 1968. In any case, the performance is constantly improving as the states develop their planning, abilities and more realistically assess the growth potential of the various growth areas which have been delineated.

Unlike the ARDA, the PWEDA did not require that investments be related to growth potential; the immediate consideration was the alleviation of economic distress by the reduction of underemployment and unemployment. As initially interpreted by the EDA, this led to a so-called "worst first" policy, i.e., the concentration of projects in areas where the distress was the greatest. This, combined with both the absence of state-wide coordinated planning and the fact that the criteria for designation as a redevelopment area exclude most of the areas identified by the Appalachian states as having significant growth potential,[6] has meant that much EDA investment has been scattered in such a manner that the maximum possible long-term benefits cannot be realized. Tables III and IV of Appendix II indicate that EDA has had a greater tendency than ARC to locate investments outside of the areas of significant growth potential identified by the states; only about 42 percent of total EDA investments in Appalachia through fiscal year 1968 went into such growth areas, as compared to a figure of 58 percent for ARC non-highway investments. The ARC early adopted a policy of making investments in health and education, in or out of growth areas, in order to equip individuals with the capacity to take advantage of employment opportunities wherever they might occur. The ARC, in the first period of its operation, did fund a number of "quick-start" projects outside areas later delineated as growth areas in order to get the program underway. The relationship of investments to growth areas has steadily increased and the Commission has made a concerted effort to emphasize this procedure. The difficulty has been recognized by EDA, and since 1968 increasing emphasis has been placed upon the economic development centers provided for in Section 403 of PWEDA. An economic development center does not have to be located in a redevelopment area, but must be "geographically and economically so related to the (economic development district in which it is located) that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district." By December 1968, 87 economic development centers had been designated, 64 of which were located outside of designated redevelopment areas. The location of such a large fraction of the total outside of redevelopment areas seems to corroborate the experience of the Commission that in general the areas of severest distress are not those most likely to grow significantly in the future. Unfortunately, the PWEDA severely limits the extent to which EDA can concentrate investments in such growth centers, since nearly 90 percent of the monies authorized for use by EDA is restricted to designated redevelopment areas.

RECOMMENDATIONS

Neither of these programs is institutionalized to the point that damage would be done by substantial revisions. Both were intended to be experiments; we should not be reluctant to replace them with a better system.

Another generation of economic development legislation is needed. Both of the present acts embody sound ideas, but the legislation did not go far enough in changing the way the Federal government deals with states and localities and the ways it aids area development. The next generation of regional and area development acts should abandon the depressed area approach entirely, in favor of a comprehensive system of regional and community planning that is directly related to all forms of Federal aid.

In practical terms, we now need to look at three levels of recommendations:

A. Federal policy changes that can be made now, within the framework of the existing legislation.
B. Evaluation work that should be undertaken to guide and support the writing of the nest generation of legislation.
C. The major features of this new legislation.

A. Federal Policy Changes

Several significant improvements can be made within the boundaries of present legislation.

1. A much more rational and effective system of sub-state planning districts could be brought about by administrative action of the Federal government. Basically, the problem is that the Federal government agencies now establish a variety of area agencies, often with narrow functional responsibilities. Furthermore, these agencies are too often not related to each other or to the state governments. This results in duplication of effort and marginal effectiveness.[7] An attempt was made to reduce the conflict and overlap in development districts with Bureau of the Budget Circular A-80, but this administrative order was weak for it merely ordered Federal agencies to coordinate with each other without providing an enforcement mechanism.

The elements of a more systematic district program are as follows:[8]

(a) There should be a single area-wide agency for as many functions as possible.
(b) The states should play a central role in developing the boundaries of districts in cooperation with local governments, and local governments should be able, within this framework, to establish the planning and development agency.
(c) The districts should comprise reasonably logical economic, social, and political areas throughout the whole state and should consist of entire local political jurisdictions with no arbitrary distinction between urban and rural areas.
(d) The majority of the membership should consist of elected local officials or their representatives, with maximum flexibility allowed regarding the remainder of the membership to permit representation of various interests and local leadership.
(e) Federal grants to finance district organizations--administration, planning, and technical assistance--should be administered through one Federal agency. The Departments of Commerce, and Housing and Urban Development,and the Appalachian Regional Commission now each offer grants for these purposes. This practice causes unnecessary duplication and inconsistency. Many agencies made similar grants in specific functional areas.
(f) If the district agencies are to perform as wide a range of functions as possible, serious consideration should be given to establishing them as public agencies qualified to make and to carry out public policies.

2. The Bureau of the Budget could issue a revision of A-80 to achieve (a), (b), (c), and (d). It could also encourage the states to adopt suggestions (b) and (f). New legislation would be required to restrict funding a single agency as suggested in (e).

3. Section 401-a-1 of the PWEDA gives the Secretary of Commerce a certain degree of flexibility in establishing unemployment criteria for the designation of redevelopment areas. Under the criteria in fact adopted by EDA, an area must have had 6 percent or greater unemployment in the pre-

vious calendar year to qualify as a redevelopment area eligible to receive only Title I grants. As indicated earlier, this creates substantial instability in the list of areas designated under this criterion. Consideration should be given to developing criteria that lead to less instability from year to year, so communities can have longer range expectations on which to base their economic development planning. For example, it would be possible to modify the criterion mentioned above to use a moving average of unemployment rates over the last few years as the criterion for continued designation rather than relying upon the statistic for the previous year (which would still be used as the criterion for initial designation). This moving average should be considerably less sensitive to annual fluctuations than is the existing criterion.

4. Some work was begun by the Planning Assistance Requirements Coordinating Committee (sponsored by HUD) to develop a common set of comprehensive planning criteria. The purpose of this effort was to present a consistent set of Federal planning requirements to communities applying for Federal grants. If a community had completed a "comprehensive plan" under a HUD 701 grant, its plan should, if it was comprehensive, contain the information and analysis needed for an EDA grant application. Now communities are forced to prepare many different "comprehensive plans" in order to satisfy the requirements for Federal funds.

Not only should a single set of comprehensive planning requirements be developed, but plans developed under these criteria should be jointly approved by Federal agencies and then used as the basis for grants-in-aid. This would create tremendous leverage for better community planning and also present the states and communities involved with a much more reasonable Federal posture.

This could, we believe, be accomplished through an executive order (under the Intergovernmental Cooperation Act of 1968) carefully and consistently administered by the Bureau of the Budget. The Bureau will have to take a positive and leading role, however. Nothing short of this will work.

The Appalachian Regional Commission is sponsoring a systematic planning program. It has the added virtue of a strong state and local cooperative effort to develop the plan. The plans have actually been approved by the governor of the state involved and a representative of the President. This is why it is vital that the actions of Federal agencies be consistent with these plans. A great deal of consistency has been achieved through diplomacy, but both the Commission planning program and Federal grant-in-aid action would be strengthened if Commission endorsement of Federal projects (especially those of EDA) were an administrative requirement.

B. Additional Evaluation

The major program issue is "What should the future regional and area development program be like?" The next section contains some thoughts on this point, but the more immediate question facing the two agencies is what research and analysis is needed for the writing of the new legislation.

There are several score of minute, but important, research efforts that could be undertaken, including an evaluation of each of the separate program tools and the consequences of altering the eligibility requirements. These research efforts of both the Commission and EDA should cover three principal areas:

1. Economic evaluation: what are the outputs and the benefits of these programs? This must include not only econometric evaluation but

subjective case studies as well.

2. Administrative and organization evaluation: economic analysis has tended to overshadow the need for a study of these two organizations and the many state and local planning units through which the Commission and EDA operate. How well do these organizations perform and how well have they carried out the intent of these acts? We have started to develop some ways to make such an evaluation on the local level, but still needed is a study plan to look at both organizations and their sub-units as part of a national system.
3. National growth policy: the Federal government should undertake a systematic evaluation of what it does and what it could do to influence the location of people and economic activity. Migration, rural-urban balance, growth centers, new towns, and laborsheds are all terms we use in talking about regional economic development, but they are loosely defined and only vaguely understood concepts. If the net result of Federal activity is to be a more effective and satisfactory pattern of human settlement, we will have to know what that pattern should be and how to bring it about.

C. The Next Generation of Legislation

In the coming year, the central purpose of program analysis for both EDA and the Commission should be to develop an analytical basis for drafting a single coherent, national, regional, and area development program. Even without the benefit of this analysis, however, some elements of this systematic approach seem evident:

1. The states, with Federal participation, should group themselves into a set of multi-state regions covering the continental United States. Ideally, few states would be split into more than one region.
2. Each state would have a Commission made up of representatives of the governors of the states involved. (While the governors themselves do not have to attend the meetings, it is vital that the states' representatives do have the authority to make commitments on behalf of the entire executive branch of the state's government and not just a single department.) Perhaps the states should also have a single, full-time representative of the Commission to parallel the Federal Cochairman, who represents the President. This arrangement as now used by the Appalachian Regional Commission has meant that the Commission staff is truly a Federal-state entity and not merely an extension of the Federal government. This has increased state participation and confidence in the program.
3. The regions should have comprehensive planning responsibility involving state, regional, and Federal development efforts. They will also need to have at their disposal funds for demonstration projects, technical assistance, and supplemental funds.
4. Once the initial regional plan has been approved, both Federal and state resource investments ought to be geared to the plans. This does not mean that the regions would have an iron-clad and mechcnical veto power over all Federal grants. But the regional plans should be submitted to the Federal agencies for review and comment. Once the region has adopted a plan, Federal agencies should submit project grants to the regional commission just prior to approval so that the Commission can offer its advice on whether the grant is in conformity with the regional plan. If either the Federal agency or the regional commission were greatly aggrieved, it would signal a matter for the governors or the Executive Office of the President to resolve.

5. The regions should integrate the solution of urban and rural problems. Present programs tend to separate them, but urban and rural poverty, congestion, and pollution are highly interrelated.
6. Within each region there would be a set of multi-county districts set up by the states. These would be the basic planning building blocks. All Federal multi-county planning programs would be brought into this system and agencies would be required to show substantial cause before they could use other local planning units (stream drainage areas for water resource planning may be this kind of exception).
7. The present economic development program tools should be replaced by a flexible fund, like the OEO special impact program. Basically this fund should be able to fill special needs or supplement other Federal program money, but the regional and district programs should abandon their narrow functional orientations. They should not be more concerned with sewage facilities than they are with health and education.
8. New legislation should earmark funds--say one percent to 1.5 percent of total authorizations--for the specific purpose of evaluating the impact and effectiveness of the tools provided by the legislation so that future bills can better reflect the lessons of past experience.

APPENDIX I

DISGUISED UNEMPLOYMENT IN SELECTED APPALACHIAN COUNTIES

STATE	COUNTY	1960 Official Unemployment Rate (%)	1960 Disguised Unemployment Rate (%)
Alabama	Cullman	6.1	21.6
	Lawrence	15.0	29.4
Georgia	Forsyth	2.8	10.4
Kentucky	Knox	9.4	49.0
	Lincoln	6.1	26.8
Maryland	Allegany	6.7	18.7
Mississippi	Winston	5.6	20.9
New York	Cattaraugus	5.8	8.8
North Carolina	Wilkes	4.5	15.7
Ohio	Holmes	2.8	13.7
Pennsylvania	Butler	4.9	14.2
Tennessee	Marion	9.4	25.6
	Roane	7.5	13.5
Virginia	Alleghany	7.7	21.1
	Pulaski	7.0	11.2
West Virginia	Lewis	3.9	31.9
	Raleigh	14.0	36.1

Methodology: The calculation of "disguised unemployment" rates is based on the assumption that as economic conditions in Appalachia improve, the labor force participation rates for men and women, which at present are substantially lower than the U.S. average in many counties, will approach the participation rates for the U.S. as a whole. Under this assumption it is possible to use the U.S. average figures and the population of each county to determine a potential labor force which generally would be larger than the actual labor force measured in the official statistics. Using this potential labor force and the official employment figures, one can calculate a "disguised unemployment" rate as follows:

Let M = 1960 population that is male and 15-65 years old
F = 1960 population that is female and 15-65 years old
RM = 1960 U.S. labor force participation rate for males in the 15-65 age bracket
RF = 1960 U.S. labor force participation rate for females in the 15-65 age bracket
PLF = potential labor force
E = 1960 employment in the county

Then PLF = M x RM + F x RF and the "disguised unemployment" rate

$$= \frac{(PLF - E) \times 100\%}{PLF}$$

TABLE I - ARC SECTION 211, 212, AND 214 DOLLAR INVESTMENTS IN GROWTH AREA THROUGH FISCAL 1968*

Type of Investment

Population	Health	Voc Ed	High Ed	Airport	Library	Sewage & Water	E. T. V.	Overall Totals
0- 2,499	$ -0-	$ -0-	$ -0-	$ -0-	$ 51,000	$ -0-	$ -0-	$ 51,000
2,500- 9,999	1,066,067	2,807,538	1,008,208	116,947	153,113	773,291	478,107	6,403,271
10,000- 24,999	2,808,723	6,427,447	2,133,880	441,396	426,298	1,676,752	355,177	14,269,673
25,000- 49,999	3,903,535	3,645,328	1,813,006	54,660	162,783	1,681,745	-0-	11,261,057
50,000- 99,999	3,380,843	7,010,720	3,483,471	500,794	176,961	1,032,272	336,736	15,921,797
100,000-249,999	2,223,770	4,903,222	6,152,428	379,960	1,426,796	2,121,413	166,521	17,374,110
250,000-or over	4,215,923	2,636,307	4,096,073	74,568	1,164,128	1,728,395	308,676	14,224,078
Total	$17,598,861	$27,430,526	$18,687,066	$1,568,325	$3,561,079	$9,013,868	$1,645,217	$79,504,978
Total Project Dollars Out of Growth Areas	8,722,933	22,413,742	7,687,997	821,361	1,056,142	11,490,848	444,380	55,407,794
Grant Total Project Dollars	26,321,794	49,844,304	26,375,063	2,389,686	4,617,221	20,504,716	2,089,760	134,912,772
Percentage of Total Dollars In Growth Areas	66.8	55.0	70.9	65.6	77.2	44.0	78.7	58.9

*Excludes Mississippi Growth Areas not established at time of this report.

TABLE II - ARC SECTION 211, 212, AND 214 NUMBER OF PROJECTS IN GROWTH AREA THROUGH FISCAL 1968

Type of Investment

Population	Health	Voc Ed	High Ed	Airport	Library	Sewage & Water	E. T. V.	Overall Totals
0- 2,499					1			1
2,500- 9,999	7	24	5	4	4	7	2	53
10,000- 24,999	13	40	11	8	4	14	3	93
25,000- 49,999	14	25	6	2	5	14	-0-	66
50,000- 99,999	13	27	17	6	4	7	2	76
100,000-249,999	10	22	26	2	9	22	1	92
250,000-or over	23	10	29	3	12	13	1	91
Total	80	148	94	25	39	77	9	472

Total Projects Out of Growth Areas	64	112	33	10	29	101	2	368
Grant Total of Projects	144	260	127	35	68	178	11	840
Percentage of Total Projects In Growth Areas	55.5	57.0	74.0	71.5	57.4	43.2	81.8	56.2

TABLE III - EDA DOLLAR INVESTMENTS IN GROWTH AREAS THROUGH FISCAL 1968

Type of Investment - In Thousands of Dollars

Population	Health	Voc Ed	High Ed	Airport	Library	Sewage & Water	Other	Total
0- 2,499						150		150
2,500- 9,999	350			166		5,660	187	6,363
10,000- 24,999			400			4,119	121	4,640
25,000- 49,999	2,055					5,028	144	7,227
50,000- 99,999				222		7,618	504	8,344
200,000-249,999						6,948	-0-	6,948
250,000-or over				178		8,219	4,429	12,826
Total Dollars	2,405	-0-	400	566	-0-	37,742	5,385	46,498
Total Project Dollars Out of Growth Areas	1,605	275	-0-	-0-	-0-	47,285	14,600	63,765
Grand Total Project Dollars	4,010	275	400	566	-0-	85,027	19,985	110,263
Percentage of Total Dollars in Growth Areas	60.0	-0-	100.0	100.0	-0-	44.4	26.9	42.2

TABLE IV - NUMBER OF EDA PROJECTS IN GROWTH AREA THROUGH FISCAL 1968

Type of Investment

Population	Health	Voc Ed	High Ed	Airport	Library	Sewage & Water	Other	Total
0- 2,499						1		1
2,500- 9,999	1			1		20	2	24
10,000- 24,999			1			10	1	12
25,000- 49,999	2					8	2	12
50,000- 99,999				1		13	1	15
100,000-249,999						5	1	6
250,000-or over				1		13	10	24
Total	3	-0-	1	3	-0-	70	17	94
Total Projects Out of Growth Areas	4	1	-0-	-0-	-0-	140	30	175
Grand Total of Projects	7	1	1	3	-0-	210	47	269
Percentage of Total Projects In Growth Areas	42.9	-0-	100.0	100.0	-0-	33.3	36.2	34.9

FOOTNOTES

[1]Aaron Wildavsky, "Rescuing Policy Analysis from PPBS," Public Administration Review, XXIX, (March/April 1969), p. 189.

[2]Appalachian Regional Commission Resolution Number 81, June 14, 1966.

[3]For an analysis of local planning under ARA and EDA, see James L. Sundquist and David W. Davis, Making Federalism Work, (The Brookings Institution, 1969), pp. 147-151.

[4]Ibid., p. 150, 193.

[5]Ibid., p. 150.

[6]Of the 178 Appalachian counties containing growth areas which have been identified by the states involved, only 47 are now designated as EDA redevelopment areas eligible for full financial assistance. Thus, EDA is unable to make substantial investments in many of the areas identified by the states themselves as being most likely to contribute to the growth and development of the Appalachian region.

[7]For a thorough analysis of the problems of overlapping jurisdictions in non-metropolitan development programs, see Sundquist and Davis, op. cit., Chapter 5, particularly pp. 200-206.

[8]The Recommendations listed here are those suggested by members of the Appalachian Regional Commission staff. (Sundquist has formulated a similar set of recommendations for a multi-county district program in Chapter 6 of Making Federalism Work.)