

A STUDY OF THE
ECONOMIC DEVELOPMENT ADMINISTRATION'S
CAPABILITY FOR DELIVERING SERVICES
INTO MINORITY COMMUNITIES OF THE
SOUTHEASTERN UNITED STATES

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ABSTRACT

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A Study of the Economic Development Administration's
Capability For Delivering Services Into Minority
Communities of the Southeastern United States

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This study is designed to analyze the administrative and operational structures of a typical Federal agency with legislated authority to provide grant funds to foster economic development, and to determine the comparative effects of the agency's program on minority communities of the Southeastern United States. The Economic Development Administration is considered to be a model agency for the study because of its national recognition as the primary Federal force in combating high levels of unemployment throughout the Nation.

The study focuses on the eight States of the Southeastern United States because of the heavy concentration of minority citizens, particularly Black citizens, residing in this section of the Country. A tour through this area reveals to the most casual observer, great imbalances in the economic condition experienced by White and minority communities. Black citizens

are not found to be participating equally in governmental bodies responsible for directing the flow of Federal funds, and Black communities are very visibly lagging behind in the national struggle for improved public facilities and sound economic development.

The Economic Development Administration possesses, through its broad discretionary powers, the necessary tools to significantly impact on those conditions and needs peculiar to minority communities. The absence of such impact can be blamed on operational structures and administrative styles within the responsible agency.

The dominant source of information was provided through the observations of the writer, who has served as the Regional Chief of Civil Rights since January 1971. During that period volumes of information have been collected relative to comparative conditions and frustrations of concerned minority officials and community leaders in the region. Press releases, newspaper accounts, implementing directives and agency reports were the secondary information sources employed in the study.

TABLE OF CONTENTS

I.	Introduction	1
	A. Purpose of the Study	1
	B. Problems and Setting	2
	C. Delimitation	3
	D. Definition of Terms	4
	E. Methodology	5
	F. Agency Background Information	7
II.	Review of the Literature	10
	A. Public Works and Development Act of 1965	10
	B. Title VI of the Civil Rights Act of 1964	11
	C. Eligibility for Financial Assistance	11
	D. Economic Development Districts	13
	E. EDA's Minority Representation Requirements ...	17
	F. Blacks in the Urban Setting	21
III.	Analysis of the Problem and Data Findings.....	25
	A. Political Consideration	25
	B. EDA's Operational Structure	26
	C. Minority Participation in Economic Development Districts	28
	D. Impact of EDA's Public Works Program	30
IV.	Summary and Conclusion	32
V.	Proposed Solution and Recommendations	35
	A. Solution	35
	B. Recommendations	35
	Bibliography and References	37

I. INTRODUCTION

PURPOSE OF THE STUDY.

In this decade of the seventies, Black citizens have found themselves in a state that has required considerable thinking as to where we are and how to proceed from here.

Protest movements of the sixties have met with measurable and significant success in social and political arena's throughout this country, but the impact is not similarly reflected when one reviews the state of minority communities relative to physical conditions and economic growth. It is the writer's contention that the election of Black officials in a given area does not necessarily signify improved economic development opportunity for minority communities.

Financial support to sustain an economic development program is not totally influenced by politics. In reality, this nation has established a system and organizational channel to foster, promote and financially assist the economic development process for economically depressed areas of the country. Black protest efforts of the sixties were pre-empted with concerns for political and social gains while the examination of governmental administrative structures was ignored, and in turn, those structures have not experienced pressures for change and more responsiveness to the needs of minority communities.

Now is the time for those concerned individuals, scholars, leaders, organizations and agencies to examine governmental systems and structures in the hope that those obstacles might be properly identified and intelligently confronted.

Therefore, the purpose of this study is to examine the agency's administrative and operational structures, along with it's congressional mandate to determine if there are elements impacting upon the agency's ability and capability to provide a satisfactory level of assistance to minority communities.

PROBLEMS AND SETTING.

It is the contention of this writer that financial resources of the Economic Development Administration (EDA) do not appear to be reaching minority communities of the Southeastern United States in proportion to the comparative economic needs of those communities. Black citizens comprise 27 percent of the population in the area of this study.¹ The observed frustrations of Black elected officials and citizens have necessitated the examination of the EDA Southeastern Regional Office (SERO) in the hopes that the problems of EDA's apparent limitations might be researched and resolved. Such an effort would certainly enhance minority economic development.

¹Negro Population, 1970 Census of Population, U. S. Department of Commerce, Bureau of the Census.

DELIMITATIONS.

The EDA is engaged in a variety of programs designed to relieve economic pressures on poor communities. The research will be limited to the point that all programs will not be investigated. Instead, this study focuses upon EDA's public works program. Since EDA's public works program represents the major funding source and relates to physical projects in the development process, it is felt that the research scope will not suffer significantly.

Due to time and manpower constraints, the impact of past agency projects in all minority communities cannot be measured. Past performance of EDA relative to investment activities will be researched to test the researcher's claim that the agency's capability is questionable. The basic intent of the project is to identify elements that are considered to be most critical in adversely affecting agency capability.

While it is realized that the multiplicity of programs administered by the agency impact on economic conditions in minority communities, this study does not attempt to measure that impact. Therefore, the study is limited to assessing the impact of EDA's public works program relative to general effects in minority communities located within the eight states of the Southeastern Regional Office.

In researching the economic plight of minority urban communities, the study is limited to a review of conditions in the region's twelve largest cities. The twelve cities and eight states are named in the appropriate sections of this study.

DEFINITION OF TERMS.

In order to facilitate better reading of this study, the following definitions as outlined in EDA's enabling legislation are provided:

Public Works Project - A development project funded in part or totally by the EDA, comprising construction of public facilities, such as water and sewer systems, courthouses, libraries, city halls, fire stations and industrial parks.

Meaningful Impact - Description of economic advancement that relates to value applied by those minority citizens in the project area.

Technical Assistance - The act of assisting the development process through financial support for specific purposes.

Minority Citizen - Negro (the term "Black" substituted in this study), Spanish Surnamed, Oriental, American Indian, Eskimo, and Aleut.

Economic Development District - A planning organization comprising a geographic area of adjoining and economically related areas which are of proper size to permit effective economic planning.

Local Government - Any municipality, county, town, parish, or other general purpose political subdivision of a State.

Qualified Area - An area which meets the criteria of the EDA as a redevelopment area.

Redevelopment Area - Any geographic area which has been designated by the EDA and is eligible for the full range of EDA assistance.

Special Impact Area - A depressed community, without regard to political or other subdivision or boundary, designated by EDA as worthy of special funding consideration.

Administrative Behavior - The professional conduct of the EDA administrators as influenced by their race, socio-economical background, and attitude toward Black citizens.

Development Process - The system for implementing the agency's program of economic development.

Delivery - The transfer of economic resources from agency allocations to the public sector.

Southeastern United States - Those eight states included in Region IV of the Federal regional alignment; namely, Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee.

METHODOLOGY.

Since the year 1971, the writer has served in the EDA SERO as the Regional Chief of Civil Rights. From this vantage point he has researched the problem as a participant-observer. It is the responsibility of the office in which the researcher is employed to evaluate every application developed and submitted to the regional office for financial assistance, and in each case, recommend approval or denial based on the applicant's degree of compliance with Title VI of the Civil Rights Act of

1964, as amended, and EDA's regulations and directives. Title IV of the Act prohibits discrimination against any person in the United States, on the grounds of race, color, or national origin, under any program or activity receiving Federal financial assistance. Many directives and administrative orders have been established during the period of the writer's employment and much of the research regarding the administrative behavior of personnel in this regional office was facilitated by observing and participating in the interpretation of guidelines, and applying them in a manner thought to be most practical and in keeping with congressional intent.

Both primary and secondary sources were employed in the search for information. Nine minority public officials and community leaders were interviewed in an effort to determine how EDA investments were accepted in Black communities. Considerable insight was provided relative to the level of participation by minority citizens in planning for economic development projects. Many of the community leaders interviewed are employed as staff members with Economic Development Districts. The following are minority public officials and community leaders who were interviewed during the study:

- A. Mayor Bennie Thompson, Bolton, Mississippi
- B. Mayor Joe Shanks, Jonestown, Mississippi
- C. Mayor Joe Montgomery, Atlantic Beach, South Carolina
- D. Mr. A. B. Latsun, Regional Planner, Georgetown,
South Carolina

- E. Mr. R. L. Ramsey, Regional Planner, Chattanooga, Tennessee
- F. Mr. Ken Bourne, Planner, Gulfport, Mississippi
- G. Mr. Joe Scott, Planner, Augusta, Georgia
- H. Mr. Hezekeiah Wagstaff, Community Planner, Montgomery, Alabama
- I. Mrs. Hazel Christmas, Community Leader, Booneville, Mississippi

Secondary data has been ascertained from numerous newspaper accounts and radio newscasts.

AGENCY BACKGROUND INFORMATION.

The United States economy has grown and prospered remarkably, but parts of the country have not shared equally in this economic growth. Some areas have consistently lagged behind the Nation as a whole. They have had much higher unemployment rates, or much lower family income, or heavy population losses. Minority communities, especially Black communities, have experienced many peculiar problems that have served to complicate their economic and industrial development. These problems and conditions have been around long enough to be considered chronic. The problems are usually caused in part by factors beyond the control of the citizens residing in those economically depressed areas. They result from national economic forces like the modernization of coal mines, the mechanization of farms, the concentration of new jobs in or near major cities, and racially biased local, state and federal planning efforts.

Congress, in turn, has provided a special program to help the affected areas overcome their poor economic plight. The Public Works and Economic Development Act of 1965 authorizes the Federal Government to participate in state and local programs to stimulate industrial growth and to create new job opportunities. Federal participation is designed and administered by the EDA under the Act, as amended (Public Law 89-136).

EDA programs are designed to address conditions in economically depressed areas of the Nation by encouraging private enterprises to expand and create new jobs. EDA provides financial assistance to help bridge the gap between what local communities can contribute to job generating developments and the total amount required to provide the essential facilities. The agency's financial aids include public works grants and loans, business development loans, technical assistance, planning grants, and research grants and contracts.²

To specifically state the agency's mission, the following passage is taken from the Act, Statement of Purpose:

The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment and underemployment causes hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas and

²Economic Development Act of 1965, and Amendments,
(P. L. 89-136; 42 U. S. C. 3121 et. sq.)

and regions of substantial and persistent unemployment to take effective steps in planning and financing their public works and economic development; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies preceded by and consistent with sound, long-range economic planning; and that under the provision of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another.³

The Agency is headquartered in Washington, D. C., operating as a division of the U. S. Department of Commerce. EDA's chief administrator is an Assistant Secretary of Commerce for Economic Development. There are six regional offices established in the following cities to administer the Agency' program: Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; Austin, Texas; Philadelphia, Pennsylvania; and Seattle, Washington.⁴

The Atlanta Regional Office is organized into four line divisions: Public Works, Planning, Technical Assistance, and Business Development. The most pronounced staff divisions are Legal and Civil Rights. There is a total of sixty-one persons assigned to the regional office, with non-professional personnel representing fifteen percent of the staff. Blacks comprise twenty percent of the professional staff and seventeen percent of the non-professional staff.⁵

³Ibid.

⁴EDA Handbook, U. S. Department of Commerce, June 1977.

⁵EDA Employee Roster, SERO, December 1976.

II. REVIEW OF THE LITERATURE

PUBLIC WORKS AND DEVELOPMENT ACT OF 1965.

The Public Works and Economic Development Act of 1965 serves as enabling legislation for the conduct of business by EDA, and charges the agency to provide grants for Public Works and development facilities, other financial assistance and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions. Title I of the Act provides for direct grants to states and political subdivisions, Indian Tribes, and private or public nonprofit organizations for the purpose of promoting and assisting in the development of public facilities in eligible areas.

In describing the ultimate beneficiary of EDA's funds, the Act refers to "the long term unemployed" and "members of low income families." Indian Tribes are given special attention in that federal participation is allowed to exceed the sixty five percent level when the project is located on an Indian reservation.⁶ Except for a reference to the Economic Opportunity Act of 1964, there is not a single referral in the Act to the race of targetted groups, or to "minority citizens."

⁶Economic Development Act of 1965, and Amendments, (P. L. 89-136; 42 U. S. C. 3121 et. sq.)

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964.

Title VI of the Civil Rights Act of 1964 is the principal factor affecting equal opportunity for minority citizens under federally assisted programs. Title VI is very short, with only five sections, but contains very clear and concise statements such as in Section 601; "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."⁷ The EDA, as required of implementing agencies, has established rules, regulations and directives which provide for the administration of its public works program and to ensure compliance with Title VI.

ELIGIBILITY FOR FINANCIAL ASSISTANCE.

General legislative guidelines for area designation are provided by the Public Works and Economic Development Act of 1965 (PWEDA). Eligible areas are those in which the Secretary of Commerce determines, upon the basis of standards generally comparable with those to be outlined below, that there has existed substantial and persistent unemployment for an extended period of time and those areas in which the Secretary determines have had a substantial loss of population due to the lack of employment opportunity. There is included among the areas so

⁷Civil Rights Act of 1964, Title VI, Public Law 88-352, 88th Congress, H. R. 7152, July 2, 1964.

designated any area where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual statistics for the most recent available calendar year, is 6 percent for the qualifying period. Also included are areas where the Secretary of Labor finds that the annual average rate of unemployment has been at least 50 percent above the national average for three of the preceding four calendar years, or 75 percent above the national average for two of the preceding three calendar years, or 100 percent above the national average for one of the preceding two calendar years.⁸ Other qualifying factors give consideration to the level of median family income, unusual and abrupt rise in unemployment, areas of special economic impact, decline in per capita employment and substantial unemployment.

Administratively, the SERO has classified eligible areas into the following categories; redevelopment areas, economic centers and special impact areas. A redevelopment area comprises counties that are eligible for EDA assistance by virtue of meeting one of the requirements previously listed. Economic centers are towns or cities with populations of 25,000 or more, but less than 250,000, that serve as growth centers in areas encompassed by Economic Development Districts. Special impact areas are sections found near the core of an urban area experiencing a high degree of economic distress. An area may

⁸Economic Development Act of 1965, and Amendments, (P. L. 89-136; 42 U. S. C. 3121 et. eq.)

qualify for designation as special impact if it is composed of one or more communities or neighborhoods which may be defined without regard to political or other subdivisions or boundaries and labors under substantial unemployment, or contains a large concentration of low income persons, or is experiencing an actual or threatened abrupt rise of unemployment due to the closing or curtailment of the community's major source of employment.

An interview with a member of the SERO planning staff revealed additional information regarding the question of eligibility. Urban areas of 250,000 or more persons do not qualify for EDA assistance under the Act except that sections of the area, containing less than 250,000 persons may be identified as Special Impact Areas and designated as such for EDA assistance.

Currently, only three cities in the Southeastern Region contain designated Special Impact Areas; Louisville, Kentucky, Memphis, Tennessee, and Atlanta, Georgia.⁹

ECONOMIC DEVELOPMENT DISTRICTS.

Under the Act, the Assistant Secretary of Commerce is authorized to designate Economic Development Districts (EDD) and to provide them with technical and financial assistance for the purpose of stimulating economic development and growth through multi-county efforts. Goals of the SERO relative to the EDD

⁹Interview with EDA SERO Planning Chief, Atlanta, Georgia, February 19, 1977.

were summarized through conversations with EDA's Regional Planning Chief and outlined below:

Decrease unemployment within each District, particularly in those areas where it has been highest in relation to the labor force

Increase family income within each District, particularly among those families with incomes below the poverty level.

Establish more stable and diversified District economies by attracting new firms and institutions, and by expanding and improving existing firms.

Improve each District's basic environment by creating adequate water facilities, housing, sewerage systems, parks, utilities, and flood control facilities by encouraging the development of effective industrial development groups, planning commissions, and other community organizations, and by improving the systems of communication and transportation.

Increase the quality and expand the opportunities of the human resources in the District by improving the education available to everyone.¹⁰

Economic Development Districts then, are counties or areas economically linked by markets for resources, labor, goods, or services working together on a cooperative development program, and officially designated by EDA with the concurrence of the State, or States in which the District is located. Upon designation, the multi-county grouping becomes eligible for the special financial benefits provided under Title IV of the Act. EDA assists EDD's by encouraging each of them to engage a full-time professional staff and by furnishing funds for up to 5 percent of the cost of professional and

¹⁰Ibid.

clerical staff services, to include related overhead expenses. As an incentive to prospective and current member counties of EDD's, EDA awards a ten percent grant bonus, in addition to the agency's direct grant, for certain public facility projects that meet District program needs and objectives that are forwarded to EDA for financial assistance.

EDA places four major requirements on District Organizations seeking designation. EDD's must include at least two Redevelopment Areas (RA), at least one Economic Development Center (EDC), comply with EDA Directive 7.06, and submit an acceptable Overall Economic Development Program (OEDP).¹¹ All four must be explained in some detail before the EDA-District relationship can be understood, and before a clear focus can be drawn on the problems of minority participation.

Redevelopment Areas are counties (or, in a few cases, labor areas, cities or Indian Reservations) which have particularly serious problems of unemployment or low family income, and which have been designated as RA's by EDA. At least two RA's must be included in each EDD. Other counties in the District need not be RA's. Although only the RA's and EDC's are eligible to receive EDA funds for EDA-financed public works and business development projects, EDA is authorized to provide technical assistance to non-redevelopment areas where there is a substantial need. Moreover, the non-redevelopment area counties in a District share with RA's many kinds of

¹¹Planning Directive No. 51, EDA, Dec. 12, 1972.

direct benefits from development planning. These direct benefits include analysis of existing economies, identification of major problems and deficiencies, formulation of such projects as seem likely to improve economic conditions, and implementation of all those projects which do not require EDA financing.¹² Since many federal and state agencies other than EDA provide assistance, the District Organization is able to promote many government assisted projects in both RA's and non-redevelopment areas, in addition to privately financed efforts.

An EDC is a city or center of economic activity, outside a designated RA, which contains not more than 250,000 people and has the potential to stimulate the economic growth of the District as a whole. Where appropriate, a center of economic growth may be designated by the Secretary of Commerce as an EDC, and thereby becomes eligible for Federal financial assistance for projects that can benefit the District as a whole, on the same basis as designated RA's. If the Center is located within an RA, it may be recognized as a Redevelopment Center. Such recognition does not confer additional EDA project assistance inasmuch as the RA in which the Center is located is eligible for project assistance. A Center should have sufficient population, resources, public facilities, industry, and commercial services to ensure that its development can become relatively self sustaining. The Center should be

¹² Ibid.

geographically and economically so related to the District that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the RA's of the District.

EDA's MINORITY REPRESENTATION REQUIREMENTS.

The Economic Development Administration has published Directive 7.06, effective June 1, 1971, entitled, "Minority Representation and Employment Requirements for Development District Organizations, County and Multi-county Planning Organizations, and OEDP Committees." The Directive establishes minimum minority representation requirements and implementation procedures for the selection and approval of minority representatives. The Directive also establishes affirmative action program requirements for the employment of minority persons on the staffs of such organizations. The following passage is taken from Section 7.06.02 of the Directive which in part states the agency's policy in the area of equal opportunity in District Organizations.

EDA believes that the success of economic development programs undertaken by county, multi-county, and district organizations and committees depends upon the active participation and support of all segments of the community, including the disadvantaged groups the programs are designed to benefit. In many communities, however, the poor, unemployed and underemployed are minority groups who have been given little opportunity to take part in the decision making processes of organizations whose economic development activities affect them.

EDA has, therefore, determined to place special emphasis on the importance of obtaining the fullest possible involvement and participation of minority groups in the planning and development process assisted by EDA.

Accordingly, in order to implement the provisions of Title VI which require that no persons shall on the ground of race, color, or national origin be excluded from participation in federally assisted programs, EDA has established requirements for minority representation that must be met by all planning and development organizations. In order to ensure the highest possible quality of representation, EDA requires that minority groups be provided the opportunity to select their own representatives.

In addition, as part of its commitment to equal opportunity in employment, EDA requires that all planning and development organizations make affirmative action commitments for the employment of minority group members on the professional and support staffs.¹³

The Directive requires that the percentage of minority representation within the total membership of the District's Board of Directors, Executive Committee, or an OEDP Committee equal or exceed the percentage of the minority population within the entire area served by the organization. The principal exception is that when the minority population in the area served exceeds 25 percent of the total population, the minority representation in the District Organization is not required to be greater than one fourth.

District Organizations are also required to notify in writing representative minority organizations in the area of efforts being undertaken to organize a planning and development organization, and of EDA's minority representation requirements. Representatives of minority organizations and groups are asked to assemble at a designated time and place for the purpose of selecting the minority representatives who will participate in the formation and activities of the organization and become

¹³EDA Directive No. 7.06, Minority Representation,
June 1, 1971.

members of the Board of Directors. Those District Organizations operating for a significant period of time and applying for EDA designation are required to present the names of minority representatives serving in the organization to the assembled minority group for endorsements, with the understanding that if those minority members are not endorsed by the group, then the group has the right to reject them and offer their nominees for appointment to the Board.

The OEDP is considered to be the District's economic action program. Its purpose is to provide the District Organization with a management plan and work program. Part of the task is to determine the condition of the local economy, including its population, labor force, unemployment, job needs, available skills, resources, industrial and commercial buildings and sites, recreational and historical areas, and other assets. Along with this effort, the District Committee and staff working with all key economic and social interests develop goals for improving the district economy.

These goals are then translated into the District's strategy for development. The purpose is to clear the way for local action and to help open doors to all available Federal, State and private aid programs, not just those of EDA. When the District is officially designated by the Assistant Secretary, the organization becomes eligible for additional financial assistance as provided by the Public Works and Economic Development Act. The OEDP must also be approved by the State and EDA.

In spite of EDA's Directive 7.06 and other Federal guidelines regarding low income and economically depressed communities, Black citizens still find themselves locked out of the economic development operational mainstream. To begin with, EDD's in the Federal Southeastern Region are funded by a multiple of agencies. In fact, EDA is very rapidly becoming the agency with the smallest financial contribution to development organizations. The U. S. Department of Health, Education and Welfare (HEW), U. S. Department of Housing and Urban Development (HUD), and the U. S. Department of Labor (DOL) have already surpassed EDA in the amount of financial investments directly with District Organizations.¹⁴

Historically, development programs are slanted toward the desires of that funding agency with the largest contribution of funds. Sizable grants rendered by HUD to the District Organization have facilitated larger District staffs to complete the HUD project. Those new employees, realizing that HUD is responsible for their new earning power help to sway allegiances away from any traditional benefactor to that of the current, major funding source. That factor alone renders major impact on the willingness of District officers to comply with equal opportunity guidelines. EDA is the only Federal agency participating in the District program with meaningful minority representation and participation requirements.

¹⁴EDA Files, EDA Comparative EDD Investment, SERO, Atlanta, Georgia, January 5, 1977.

BLACKS IN THE URBAN SETTING.

While it is common knowledge that large cities offer considerable attraction to Black citizens, it is important to this research that more specific data regarding comparative Black-White populations, economic conditions, and political participation be developed.

According to the U. S. Census, in 1970, there were 6,893,266 minority citizens residing in the eight states for which the SERO is responsible, representing 21.6 percent of the total population for the eight states, and over 30 percent of the national Black population. During the same period, 53 percent of the Nation's Black population resided in the South.¹⁵

In 1974, of 24 million Blacks, 17,878,000 resided in metropolitan areas, an increase of one and a half million since 1970. Nationally, in the same year, Blacks comprised 12.5 percent of metropolitan area population and 22.3 percent in the Nation's central cities.¹⁶

Median income of Black families continue to lag far behind that of White families. During 1974, the national Black median family income was reported at \$7,808.00, while White families were recorded at \$13,356.00, forty two percent higher.

¹⁵The Social and Economic Status of the Black Population in the United States, 1974, Special Studies, Series P-23, Bureau of the Census.

¹⁶Ibid.

The following table provides information relative to population and income for the twelve largest cities in the Southeastern Region:

BLACK POPULATION AND INCOME

CITY	BLACK RATIO	
	POPULATION	BELOW POVERTY LEVEL
ATLANTA	51%	72%
BIRMINGHAM	23	72
CHARLOTTE	26	70
JACKSON	32	77
JACKSONVILLE	22	52
LOUISVILLE	12	40
MEMPHIS	40	77
MIAMI	06	35
MOBILE	26	70
NASHVILLE	20	40
SAVANNAH	33	73
TAMPA	15	43

Source: Series P-23, Bureau of the Census, 1974

In all of the cities surveyed, the number of Blacks with personal income below the poverty level was disproportionately high compared to their representation in the city's population. The number of Black elected and appointed officials in all twelve cities surveyed has shown a steady increase during each of the previous ten years.¹⁷

In the year 1970, there were 254,187 Blacks living in the City of Atlanta, 51.1 percent of the population, and 22.3 percent of the SMSA population. Blacks comprised 47.9 percent of the civilian labor force, and of that number, 5 percent were unemployed. However, there is excellent Black

¹⁷ Ibid.

representation in the city's strong mayor council form of government.¹⁸

Atlanta appears to be the only city of the major municipalities in the SERO jurisdiction that one might expect Black people to dictate, to some degree, the direction of their city government. In the Region's twelve largest cities with 50,000 or more Blacks, Black citizens represent a mere 20 percent of the population, and with one exception, their participation can hardly be significant enough to influence the local government's stand in identifying the public need and developing programs and applications for Federal assistance.

Atlanta's recent bond referendum debate for capital improvements might serve as an example of the difficulty Black public officials, leaders, and citizens experience in mustering constituencies behind or against issues involving capital improvements or economic development in their areas. The fact that Blacks, typically, do not share in an equitable fashion, the benefits of capital improvements, participation in the government, and direct financial returns from governmental public investments has given rise to their frustrations as citizens, and in turn has rendered a very low priority on the condition of public facilities. Their concern for the public welfare is further minimized when they find themselves, as noted in the twelve cities, suffering the brunt of the hardships of unemployment and the bitter fruit of representing more

¹⁸Negro Population, 1970 Census of Population, U. S. Department of Commerce, Bureau of the Census.

than 60 percent of citizens earning less than the national income poverty level. Even with the limited data relative to financial and economic capabilities of Blacks, it is unthinkable that Black economic power, even after considering the proven power of the boycott, would begin to equal their insufficient political strength in the twelve cities. One might safely assume then, that the condition of most public facilities and the economic viability of urban centers in the Southeastern Region are items traditionally and historically managed by the White political and economic power structures with Blacks lacking the proper strengths to sufficiently influence governmental actions.

III. ANALYSIS OF THE PROBLEM AND DATA FINDING

In analyzing EDA's administrative and operational capabilities for delivering services into Black communities of the Southeastern United States, it is the writer's opinion that four major items must be addressed, namely; (1) Political Considerations, (2) Impact of EDA's Public Works Program, (3) EDA's Operational Structure, and (4) Minority participation in EDD's.

POLITICAL CONSIDERATIONS.

The congressional record reflects that the greatest concern of Congress in establishing the Public Works and Economic Development Act of 1965 and the Economic Development Administration was for the expressed purpose of reducing the number of unemployed persons in rural areas of the country. At the time of enactment, larger cities of the United States were not displaying their poor economic plight as dramatically as that condition is publicized today. At least, big city mayors were not as vocal or as political in their efforts to gain the attention of the Federal government. City administrators had not fully mounted the drive that would created greater concerns by the Congress, relative to Federal responsibilities in maintaining the viability of American cities. Since such was the condition at the time, the Congress apparently felt at ease

problem of severe unemployment in the Black labor market, it can only be resolved that the agency does not have the intent or capability to sufficiently address the problem.

EDA'S OPERATIONAL STRUCTURE.

The omission of stated provisions in the Act for programs serving Black communities does not bar the agency from providing attention to those areas. A review of EDA projects revealed a number of public works projects constructed in all-white communities as well as a much smaller number in Black communities. The agency's conduct of business is subject to influence by the administrative behavior of regional administrators and managers.

The present SERO, having been created by a merger of two smaller Regional Offices, located in Huntsville, Alabama and Huntington, West Virginia, comprises a nucleus of staff members recruited in the two cities, and with the commonality of having a degree of experience in developing rural areas. Very prevalent in their development mentality is a "we small folks must look after each other" syndrome. The two groups merged in 1972 and became the SERO with Atlanta as the home city. SERO personnel were then faced with the task of functioning in a big city with international dreams and ideals, a Black Mayor, and a Black influenced city government. The expected occurred; very few established residence within the City of Atlanta. They are now, as then, found living in clusters outside of the city utilizing car pools and weekend family gatherings to maintain personal acquaintances.

Economic Development Representatives (EDR) operating in each state are formally appointed by the Assistant Secretary with the blessings of the Governor before appointments are made. As a result, every EDR, with one exception, is a White longstanding resident of the state he serves. The regional staff of engineers are assigned to supervise the construction of EDA projects in their home states. Regional Planners are also assigned on the same "home state" scheme.

Economic Development District offices are normally located in small towns centrally located to serve participating counties. There is evidence that larger cities are avoided because of the fear that the cities would monopolize staff services and overly influence District programs.

At least ninety five percent of all project applications for public works facilities are submitted by City or County governments with assistance from the EDR and the EDD.¹⁹ Small town officials depend on the consultant engineer to provide directions and technical expertise in the development of public facilities. Engineers are also expected to develop the funding arrangements and to identify Federal funding sources. There are no minority engineering firms currently on contract as consulting engineer for existing or past EDA, SERO applicants. One might expect the preponderance of EDA projects to be influenced, in part, by the informal organization. It is

¹⁹ Directory of Approved Projects, U. S. Department of Commerce, Economic Development Administration, June 30, 1975.

constantly observed by this writer that many EDA projects are initiated by a White dominated local political structure, reviewed by a White EDR endorsed by a southern White Governor, evaluated at the regional level by a White program specialist with strong personal ties to the area, and approved for Federal funding by a White regional administrator with constant pressure to expend annual allocations in a timely manner. Such a structure gives little assurance that the same concern and sensitivity would be displayed in the development of a project for the minority community of the same city. The condition is worse when it is realized that both communities are in competition for local capital improvement funds required for matching the Federal investment.

MINORITY PARTICIPATION IN ECONOMIC DEVELOPMENT DISTRICTS.

The lack of minority participation in the economic development process is viewed as a major contributor to problems stated in this paper. Minority representation in the local political structure is clearly beyond the control and outside the agency's realm of responsibility, but participation in the economic development process is not. The agency has a program for ensuring a level of minority participation and has developed Directive 7.06 as the instrument to effect change.

While EDA's written civil rights policy may appear to be forceful enough to bring about proper and sufficient minority participation, the agency's inadequate enforcement mechanism has served to dilute the Directive's force. There are

fifty five designated EDD's in EDA's eight state jurisdiction. The responsibility for civil rights compliance rests with the three-person civil rights staff, hard pressed in providing the necessary effort to ensure full compliance by all the EDD's, especially when consideration is given to the staff's other responsibilities and assignments. The most critical, and most difficult requirement to enforce is the matter of ensuring that minority leaders are properly informed of their rights under the Directive before effecting the selection process. It is imperative that the minority participants know that they are not forced to accept the minority nominee offered by officials of the Development Organization. EDA records show that eighty three percent of minority candidates offered to minority leaders for endorsement were found to be acceptable.

During the development of the Directive in early 1971, EDA National and Regional Civil Rights staff members envisioned that once Black leaders were given the opportunity to select their own representatives, a finer representation would emerge through the selective purging of Blacks serving on boards at the will of District and County officials. District officials were very vocal in opposing the selection provisions, with a number of them admitting to the fear of their boards becoming havens for Black militants and radicals. Their fears were proved unfounded with the high endorsement rate of previously appointed Black members and a total absence of militancy among newly selected members.

Observation has led the writer to believe that White and Black members of the District are often divorced from the actual development process by aggressive District staffs. Most major projects are conceived by political and financial elites and presented by the staff to the board as a must for the economical survival of the area. Board members, pre-occupied by their professions, are unable to sufficiently evaluate the project because of time factors, and join in the vote of approval.

As a result of the above conditions, Black communities continue to exist as the other area across the tracks with little or no consideration in the District development program. While EDA's policy regarding equal participation may be clear, the lack of strong requirements relative to planning and development activities for Black communities, combined with the adverse efforts of insensitive White and Black board members can only result in a continuation of longstanding problems and frustrations.

IMPACT OF EDA'S PUBLIC WORKS PROGRAM.

The degree of impact is crucial to the question of meaningful services. Since the agency's primary objective is that of reducing unemployment, the effort should be evaluated. In analyzing EDA's performance and accomplishments in creating jobs, it is found that too much of the EDA investment dollar go toward non-job related costs in acquiring land

and material for capital improvements, leaving very little of the same investment dollar to impact on the problem of unemployment. In 1974, EDA attempted to evaluate the impact of fifty public works projects financially assisted by the agency. Four areas were investigated; job and income impact, service impact, development process impact, and structural impact. The study shows that of the total public and private investment for all fifty projects, just over thirty one thousand dollars were invested per direct job equivalent. The direct annual wages and salaries occurring per dollar of total investment in these fifty projects amounted to \$1.82. It was found that on the average, the fifty projects resulted in very little service to poor households in the community. Of the fifty projects, twenty six provided negligible or no service to poor households in the community, and even after excluding those projects, the remaining twenty four yielded a very low level of service to the community's poor people.²⁰

²⁰Re-Evaluation of the Impact of Fifty Public Works Projects, U. S. Department of Commerce, November, 1974.

IV. SUMMARY AND CONCLUSION

It is inconceivable that the EDA could be viewed as a viable vehicle capable of delivering meaningful services to minority communities in the Southeastern United States. The many obstacles began with construction of the Act when no consideration was given to the fact that economic development problems in Black communities are significantly different than those in White communities. Omission of any reference to programs to address those peculiar needs has to be regarded as the most damaging. Without positive congressional guidance, the agency has not utilized its wide discretionary power to develop strategies and investment plans to counter problems unique to minority communities. All EDA program directives are just as silent on the issue. The SERO has displayed little, if any impact on national policy formulation. Once monies are appropriated by the Congress and allocated to each regional office, the dominant responsibility of the regional office is to annually process a sufficient number of applications to accommodate allocations.

The agency's civil rights division, in its role of implementing Title VI of the Civil Rights Act of 1964, as amended, has only compliance responsibilities and is without authority to direct agency funds to minority communities.

The civil rights staff acts on proposals for assistance at the point where projects substance and location have already been determined.

The urban problem is more often than not defined as socio-economic conditions resulting from the massive number of minimum skilled minority citizens moving from rural areas into the urban center. The absence of an economic development program addressing urban problems exemplifies EDA's lack of intent and capacity in this area. Because cities with more than the maximum 250,000 population do not qualify for EDA assistance, major concentrations of poor minority citizens are locked outside of the flow of economic development funds.

EDA's operational scheme which allows EDR's to trigger federal participation in the development process has to be a proven dysfunction to the entire system, with multiplying effects in minority communities. EDR's are stationed in State Capitols, with the blessings of the Governors, because of their need to coordinate EDA programs with State development plans and priorities. Such a practice signifies that the EDR is of the right political persuasion and is expected to cooperate with the "Governor's people" throughout the State.

When the State hierarchy is reviewed, Black citizens will not be counted in any significant numbers near the top. So then, one might expect the EDR to establish a traceable path from the State Capitol, to the City Hall, to the County Courthouse, and to dinners sponsored by governmental office

holders and prominent industrial development board members. EDA offers the EDR no incentive to develop projects in the Black community, and those same communities offer no significant political opportunity to attract an EDR. Under these conditions, the "other America" remains the area across the tracks from the town's industrial and commercial sectors, forever neglected.

V. PROPOSED SOLUTION AND RECOMMENDATION

SOLUTION.

The problem of EDA's incapacity for impacting upon services to minority communities can be resolved. The solution rests with an amendment to Public Law 89-136, the Public Works and Economic Development Act of 1965, directing a set aside of EDA funds in an amount commensurate with the percentage of minority citizens in the Country's population, for funding projects designed to impact directly on minority communities. Such an amendment would have a rippling effect on the agency's administrative structure in that the required delivery system would be forced into creation.

RECOMMENDATIONS.

That the Assistant Secretary for Economic Development act in a positive way to advance the amendment suggested above.

That the Assistant Secretary for Economic Development take immediate steps to create an office of Minority Affairs to facilitate the economic development of minority communities.

That the Assistant Secretary for Economic Development authorize a review of EDA's operational methods and

administrative procedures to identify and eliminate related obstacles to economic growth in all eligible areas of the Country.

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DISCLAIMER

The views and opinions rendered in this paper are strictly those of the writer as a student-observer, and are in no way representative of any official statement as an employee of that agency.