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*National
Growth
Report*

THE WHITE HOUSE
WASHINGTON

December 17, 1974

MEMORANDUM FOR: ANDRE BUCKLES
FROM: PHIL BUCHEN *P.W.B.*
SUBJECT: National Growth Report

Do you think that the press office should be briefed or the President be given Q's and A's regarding the comments made by Senator Humphrey regarding the draft 1974 National Growth Report? Here's a copy of those comments which was passed on to me by a friend.

Also is there any material in the Growth Report which should be given consideration in preparation of the President's State of the Union address?



per-acre basis is that the farmer on a small farm works harder and longer on each of his acres.

The improbable feature of small farm systems to Americans is the use of small-sized farm machinery and tools to supplement human effort, not replace it, to increase the amount of work farmers can do rather than drive them off the land. It is this concept of mechanization which explains the extraordinary number of hard-working farmers on the tiny plots of Egypt and Taiwan.

Egypt and Taiwan have combined this unusual use of farm machinery with land reform, protection of their tenant farmers, cooperatives that work, high taxes to finance the cost of rural public investment, integrity in public administration and the accounting of farmers' funds and other activities which make up what the experts call "rural development."

It is this emphasis on the non-technological issues of agricultural advance that separate Egypt and Taiwan from other developing countries. These are precisely the issues that are politically sensitive. But experience tells us that without legal protection and strong local institutions there can be neither equity nor high productivity in agricultural development. Without legal protection, small farmers will continue to be exploited in traditional ways by the Gullivers of their country. Without strong local institutions, 2-acre farmers will not get their 2-acre share of credit and fertilizer and access to the market to sell the increased production which fertilizer makes possible.

FARMS AND CONTRACEPTIVES

Further, the modern 2-acre farm may prove a more essential answer to the celebrated "population explosion" than all the efforts to merchandise birth control devices. Among development experts there is now an "incentive school" which believes that parents have fewer children as a result of healthier living conditions and personal motivations for limiting family size, not because contraceptives are becoming as common as aspirin. Citing the decline in birth rates in the West and Japan and Taiwan long before the advent of "family planning" programs, they argue that contraceptives are used mostly by parents who have already decided to have fewer children.

For Americans who believe we should use our food surpluses to help solve the world food/population problem, the significance of political will in development creates a painful perplexity.

Where governments are determined to bring about an agricultural revolution, as in Egypt and Taiwan, the United States can help develop farming systems which fit the culture and physical environment, the farm size and other unique characteristics of each country. However, if we use our surpluses to prevent starvation, but governments do not act to involve their small farmers, we may simply postpone the day that there are more hungry people than the United States can feed. We must recognize that humanitarianism plus enthusiasm are neither a policy nor a solution, that the United States cannot insist that developing countries adopt small farm policies that we favor, that we cannot supply the needed political will.

The complex problem of small farm development, and whether and how the United States might be able to help, was clearly recognized a year ago by the House Foreign Affairs Committee.

With remarkably little notice by the press and the public, the committee initiated, and the Congress passed, the most significant policy change in the history of the always controversial "foreign aid" program. Future foreign aid, said the Congress, is to be aimed directly at the people Congress described as the "poorest majority," the hundreds of millions of villagers and urban slum dwellers

whom Americans have always wanted to be the beneficiaries of American help. Most of the "poorest majority," more than half the total population of the developing countries, are small farmers. The Congress disdained Gulliver-like "made in America" solutions to the problems of Lilliput and endorsed the concentration of American help in those countries, and there are some, where the problems of the "poorest majority" are being recognized.

The November World Food Conference in Rome provides an excellent opportunity to show that we are trying to understand the food/population problem and wants others to understand it, too.

Such an approach may not be popular. It is easier to pretend the food/population problem results from the self-indulgence of the rich, or to offer more money for "agricultural development" as if money, not small farmers, were the solution.

After all, governments around the world delight in getting money, and surplus food, from the United States for a host of different reasons. But popularity is a non-solution and an impossible objective. Higher productivity is a solution. It is also an objective in which American people can take pride and which the developing countries can respect.

COMMENTS ON THE DRAFT 1974 NATIONAL GROWTH REPORT BY SENATOR HUBERT H. HUMPHREY

Mr. HUMPHREY. Mr. President, I would like to call to the attention of the Senate the failure of the administration to submit to the Congress the 1974 report on national growth. Public Law 91-609 requires that the President submit the report to the Congress in February of each even-numbered year. The report is now long past due.

At a time when problems of growth and development are becoming more and more pressing, at a time when our deteriorating economic situation requires us as a nation to make some hard and basic choices about national priorities and about the future growth and development of the country and its diverse regions, at a time when it is essential that we mount a major national effort to set goals and to design and evaluate alternative courses of action to achieve those goals, the delay of the administration to release the 1974 growth report for congressional and public scrutiny is little short of alarming.

Let me explain why I feel a sense of alarm. As I am sure you know, Mr. President, I have a longstanding concern for balanced growth and development in this country. I believe the quality of American life depends upon a more rational approach to making important public policy choices and to formulating national goals, priorities, and policies for balanced national growth. I believe that continued failure to develop a mechanism for designing and coordinating policies for balanced national growth and development will result in a serious decline in the quality of life of our Nation's citizens. Indeed, the present rampant inflation, the falling national economic product, and recurring shortages and threats of shortages suggest that such a decline may already be underway.

Having long believed, Mr. President, that there is a national need for a mechanism to establish balanced national growth and development policy, I intro-

duced in February of this year—the month in which the 1974 growth report was due—the "Balanced National Growth and Development Act of 1974" (S. 3050), which would create an Office of Balanced National Growth and Development, a Congressional Office of Policy and Planning, and a Joint Committee on National Growth and Development, and other organizational entities as elements in a comprehensive system for formulating national growth and development policy. The bill proposes major institutional innovations because the problems we face are of such importance and of such complexity that institutional innovation is essential. The existing institutional framework has proved that in spite of its basic strengths it has its weaknesses. My proposal would embrace existing institutions in the many places where they are strong, and it would innovate where they are weak.

The biennial report on national growth, required by Public Law 91-609, could be a tool for strengthening our capacities to deal with growth and development problems. Unhappily, the first growth report, submitted in February of 1972, was a disappointment. The administration properly recognized that although the report was to focus on urban growth, urbanization was only one manifestation of broader growth phenomena and that growth and development must be considered in a wider perspective. But the administration refused to carry the ball forward. The 1972 national growth report advocated a "no-policy" approach. Unfortunately such a no-policy approach is a policy of neglect—neglect that has proved not to be as benign as might have been hoped by those who formulated it.

Mr. President, I am alarmed, because the failure of the administration to submit the 1974 growth report indicates that neglect is continuing.

Although the 1974 growth report has been in preparation and review for a considerable period of time, and although a draft has been prepared, the Congress and the public have not seen it. I believe it is time that we and they have an opportunity to see it. I believe that the American public has the right to know what it does and does not say.

The draft report discusses briefly earlier growth oriented documents—the report of the national goals research staff and 1972 report on growth—quality of life as the central goal of growth, the role of the private sector in growth decisions; and it sets forth current growth trends and some of the issues associated with those trends. The draft goes on to discuss the types of influences the Federal Government can have on growth and development, experience at the State and local level in planning for growth, and it concludes with "Recommendations and Initiatives" at the Federal, multi-state, State, substate, and local levels. The draft provides as well several supplements which give additional information on housing, urban and rural community development, transportation, the equity implications of growth policy, manpower, economic adjustment, natural resources, and energy.

Mr. President, as I read through the

...clear to me that there is still a long way to go before the biennial growth report becomes a useful tool for formulating national growth and development policy. I would like to share with you—and President Ford—my reasons for this conclusion and my reactions to various parts of the draft report as I read through it. I hope President Ford and his policy advisers will carefully review my reactions to this draft report and will consider them before finalizing this document for submission to the Congress.

URBAN AND RURAL COMMUNITY DEVELOPMENT

Mr. President, the ultimate purpose of balanced national growth and development is to assure that the citizens of this great country will have access to a rich and satisfying life in the community of their choice, whether this be a small farming town in Minnesota or one of the great cities of the east coast. Individuals identify socially and physically with their community, and seek to develop and retain special qualities in their surroundings which represent a desirable life. As the draft report notes:

This attitude generates, in particular, public demands for a better environment, such as clean air and water, open space, and convenient travel, and more community facilities and services. It fosters citizen participation and intimates a strong role for local government in formulating goals and setting priorities for the benefit of the community.

I would agree with this, but I could also stress the need for the assumption by the Federal Government of a strong role in formulating national goals and priorities for community development.

Mr. President, the administration raises a number of issues in the draft growth report with regard to urban and rural development which I think are worth mentioning at this point:

How will broad changes in economic activity affect the comparative position of older cities?

What is needed to overcome the isolation of minorities in the inner-city and suburban pockets, leading to continual loss of human talent and social estrangement?

What is the relationship of the need for a balanced transportation system to local and areawide growth-related actions?

What kind of neighborhood preservation strategies are needed in the central cities to make these areas more viable residential areas?

With regard to rural development strategies, the report asks:

At the local scale, what types of community preservation or adjustment strategies are needed in nonmetropolitan areas?

What types of State and local actions are needed to resolve issues of increasing land use competition at the metropolitan fringe?

What impact would income transfer strategies have on rural areas?

What is the potential impact of an increased demand for vacation homes or resorts in rural areas?

I find these questions interesting and stimulating. I just wish the administration had thought to recommend some

mechanism through which these and other questions related to urban and rural community development could be answered. The institutional arrangements provided for in S. 3050, while not guaranteed to provide us with instant answers, would at least provide us with the capability to seek the answers in an organized way.

URBAN COMMUNITY DEVELOPMENT

The administration's sole recommendation for the Federal level with regard to community development is the enactment of legislation which would convert categorical community development grants into a block grant for community development. The Congress has enacted such legislation, with modifications. I supported the Housing and Community Development Act of 1974, with some reservations over the new direction in community development programs. However, I have been assured that the intention of Congress that money made available by this program will be used to eliminate blight and slums and to benefit low- and moderate-income persons will be honored.

The administration argued that making funds available to local communities with no strings attached would allow localities to assume the responsibility for putting together community development strategies geared to the particular need of the community. According to the report, these strategies would begin at the neighborhood level and would include a program for housing, a program for upgraded neighborhood facilities and services, a permanent organization to carry out the strategy, and an adequate and certain financing stream. The report also envisions strategies for whole metropolitan areas which would include programs to diffuse poverty concentrations among city and suburban areas, preservation of inner- and middle-city areas, redevelopment or rehabilitation of areas beyond preservation, maintenance of sound but aging suburban areas, attraction of small size, middle-income, young households to middle- and inner-city neighborhoods, and growth management policies to provide for more orderly development of metropolitan areas.

This is an excellent agenda, but I am not sure that all of these goals would be carried out without some Federal participation. This applies particularly to programs aimed at breaking up the concentration of poor minority groups in the inner-cities. How many suburban jurisdictions would be willing to accept their "fair share" of such citizens without a Federal carrot or stick? Attracting young, middle-income families back to central cities would be good for the cities, but what will happen to the low-income families that they are replacing?

I do not believe that the Federal Government can or should abdicate responsibility in these matters. For that reason, I am particularly glad that the Congress prevailed in its insistence that communities cannot receive the community development funds to which they are entitled unless they submit an adequate annual application and a 3-year summary plan. Communities must also develop a hous-

ing assistance plan assessing I needs, especially for lower-income sons, establishing local housing and indirectly the general local proposed housing for lower-income sons. Thus, for the first time, local and community development are linked in a coordinated planning process. The extent to which national goals as equal opportunity for all citizens met under this program will depend greatly on the care with which the Department of Housing and Urban Development reviews these plans. The Congress included in the legislation a requirement that the Secretary of Housing and Urban Development make an annual report to Congress concerning the progress made in accomplishing program objectives and use of funds during the preceding year.

I was disappointed, Mr. President, that the provisions of the formula through which community development funds will be allocated. I am especially concerned over the phasing out of funds from older central cities where the need is greatest. As I said in my letter to conferees on this legislation, in which I was joined by 18 other Senators:

Those cities that have participated actively in Community Development programs in the past should have those efforts continued with the full support of the Federal government. These cities should not be penalized by congressional adoption of an arbitrary distribution formula, one that states funds without regard to need or demonstrated capacity.

In my own State of Minnesota, for example, there would be a precipitous decline in funding for the central areas of three cities from the first to the fifth year of the program: Duluth will go from \$3.5 to \$1.5 million; Minneapolis will go from \$16.7 to \$6.3 million; and St. Paul will go from \$18.8 to \$4 million.

RURAL COMMUNITY DEVELOPMENT

Mr. President, the purpose of encouraging and supporting rural development in the context of a national growth and development policy, is to provide healthy alternatives for the masses of people who have moved to increasingly overcrowded urban areas in search of a better life.

In 1972, the Congress enacted a Rural Development Act which I authored and hailed at the time as the Magna Carta for rural America. Since this law was enacted, the Subcommittee on Rural Development, under the chairmanship of Senator DICK CLARK, has held periodic hearings on the implementation of the various programs provided for in the legislation.

The administration's draft growth report stresses the importance of this as a stimulating a broad and comprehensive approach to problems which occur for lagging development of many communities in rural America. The report states that "The administration places high priority on Federal action in support of the Nation's rural areas," primarily through the Rural Development Act. But the proof of the pudding is in the eating. The type of legislation in the funding of the programs. I think the administration's commitment to rural America can

requested \$10 million to fund this program for the entire country. As I said during the floor debate on agricultural appropriations, this request is really insulting.

The administration's report also emphasizes its interim housing policy which emphasizes rehabilitation of existing housing rather than the construction of new housing. I have questioned the wisdom of this emphasis before, and I shall do it again. Mr. President, one of the national goals which has been articulated by the Congress is the provision of a decent home in a suitable environment for all citizens.

There is far more substandard housing in rural areas than in the cities. I agree with the administration that rehabilitation of existing housing is an important goal, but I do not think that it should be done at the expense of loans for new houses. I also question the ability of the Farmer's Home Administration to implement the rehabilitation programs. In fiscal year 1974, the USDA made only \$4,400,000 in rural rehabilitation home loans, while \$10 million was authorized. Therefore, while telling farmers and rural residents to "repair your old house rather than build a new one," they used only about 40 percent of the funds available for repair and rehabilitation.

Perhaps the most telling indicator of the administration's concern for rural America was the veto of the bill to appropriate funds for agricultural programs for fiscal 1975. I do not think that programs to revitalize rural America are too expensive, but the administration does.

HOUSING

The draft report's chapter entitled "Recommendations and Initiatives" contains a discussion of national housing problems and proposals for solutions. Many of the proposals contained in the report are now out of date, because of the passage of the Housing and Community Development Act of 1974. This act was signed into law on August 22, 1974.

The recommendations section of the draft report states that current administration initiatives have focused on the problem areas of, first, improving prospects for potential middle-income home owners through expansion of mortgage credit; and second, developing a new approach to the housing needs of lower-income families. It is further stated that the still experimental housing allowance or direct cash payment approach to housing assistance "may be the most cost-effective means to broaden the range of housing choice for lower-income families."

Specific legislative recommendations contained in the draft report include increases in the permissible mortgage amounts of FHA loans, permission for homebuyers to pay market interest rates on FHA and VA insured or guaranteed mortgages, permission for FHA insurance to be written on a coinsurance basis, and authorization on an experimental basis for more flexible repayment plans in FHA insured mortgages. Also endorsed

the Housing and Community Development Act of 1974, among other things, increases basic single-family home mortgage limits by about 36 percent—from \$33,000 to \$45,000—and basic multifamily per unit mortgage limits, about 30 percent.

The 1974 act also deleted in conference a Senate provision that would have authorized the HUD Secretary, on an experimental basis, to insure mortgages under certain sections of a Revised National Housing Act at whatever interest rate was negotiated by the mortgagor, provided no discounts were collected. The advantage of such a provision is that it would have reduced a home buyer's initial outlays by eliminating discounts—or "points"—he might pay indirectly through the purchase price. A disadvantage might have been that higher monthly housing payments may have resulted in situations where market mortgage interest rates exceeded the HUD-set rate. The 1974 Act continued the HUD Secretary's authority to set maximum HUD interest rates.

Section 307 of the 1974 act establishes an experimental coinsurance program stipulating that a mortgagee may request to share at least 10 percent of any loss arising from a mortgage default. If the mortgagee exercises this option, he shares the insurance premium with FHA on a "sound actuarial basis, and is responsible for the establishment of mortgage reserves, manner of calculating insurance benefits, conditions with respect to foreclosure—and other similar matters as the Secretary may prescribe pursuant to regulations." The aggregate dollar amount of coinsured mortgages and loans insured in any 1 year may not exceed 20 percent of the total dollar amount of all mortgages and loans made both for homes and multifamily mortgages.

With respect to flexible repayment plans, the 1974 act authorizes an experimental financing provision allowing for uneven amortization of insured loans. These loans, which are limited to less than 1 percent of the outstanding mortgages insured during the fiscal year, allow lower payments in the beginning of the term than in later years. The intent of this provision is to allow young potential homeowners who anticipate greater future income to purchase sooner than would otherwise be possible.

The 1974 act establishes a new low-income housing assistance program to replace the existing public housing authority for assistance with respect to low-income housing in private accommodations—section 23 leasing. In the program the HUD Secretary will make assistance payment contracts directly with owners or prospective owners for existing, new, or rehabilitated housing. One of the requirements of the new program is that at least 30 percent of families assisted with annual contract authority allocations must be families with gross incomes not in excess of 50 percent of the area's median income, subject to adjustment by the HUD Secretary.

The housing allowance or direct cash

the 1974 act, but not adopted as a major housing assistance vehicle. The major housing assistance program adopted in the act is the new leasing program, described above, along with continuation of the interest subsidy and conventional public housing programs. The HUD Secretary is required to make a report to Congress on his findings with respect to housing allowances no later than 1 month after the enactment of this important 1974 act.

Mr. President, I would hope that the final growth report for 1974 examine the implications of this new legislation on national growth patterns. The draft report goes no farther than to mention that there was major housing legislation proposed for 1974.

STATE AND LOCAL EXPERIENCE IN PLANNING FOR GROWTH AND QUALITY OF LIFE

Mr. President, this report places great stress on the accomplishments and initiatives achieved by State and local governments as they have responded to the pressures created by growth. In recent years, partly because of the vacuum created by the lack of national leadership, States and local communities have created new institutions and strengthened old ones; they have developed new techniques for guiding and managing growth; and they have undertaken new programs in housing, economic development, health services, and other functions related to improving the quality of life for their residents. I am gratified at the manner in which these governments have responded to the demands of modern life. I am somewhat chagrined, however, that the Federal Government in many important ways is lagging behind the State and local governments in this area. I am also concerned that far from making it easier for them to meet the challenges of growth we at the national level may be making their lives more difficult.

FEDERAL IMPACT ON STATE AND LOCAL GROWTH AND DEVELOPMENT

In many cases, State and local problems have been exacerbated, as the report states, by "Federal activities—which—having no conscious orchestration behind them, fall on the States and localities in a haphazard fashion, sometimes beneficially, sometimes not." The report further states that the cumulative impact of diverse Federal influences on States and localities is extremely difficult for these governments to monitor, much less anticipate. The report goes on to acknowledge that—

Present pressures on states and localities to deal with growth and development make it imperative to begin determining the appropriate public sector roles to influence growth and development, if only to avoid uncoordinated and conflicting Federal actions which undercut state and local efforts.

In describing the development of State growth policies, the report notes that—

Historically, the evolution of state growth policies has been diffused by the lack of national consensus on the form and content of an intergovernmental process for policy development. There has persisted rather constant confusion over objectives, inability of

technical experts to provide information and social indicators needed to develop such policy, and a fragmentation of legislative and executive authorities needed to properly address growth issues.

Mr. President, I could not agree more with these findings and conclusions. But when I look to see what recommendations are offered to help alleviate the inadvertent growth effects of various Federal actions, or to provide a policy framework within which these activities should be taken, or to develop institutions at the Federal level which would see to it that Federal actions at the very least do not prove to be harmful to State and local growth control activities I find—nothing.

Mr. President, my proposed Balanced Growth and Development Act of 1974 would make it possible to monitor and anticipate at the Federal level those Federal activities which will impact on State and local governments. We cannot expect State and local governments to undertake this responsibility; it is our responsibility to analyze the likely impact of Federal decisions to locate or close defense installations, or to procure services, or to construct public works. Furthermore, the legislation would create new institutional capabilities in both the executive and the legislative branches which can develop, with input from State and local governments, a national policy for balanced growth and development, so that such decisions can be made in a rational way.

Mr. President, the administration offers State and local officials sympathy as they struggle to deal with the haphazard effects of Federal decisions and activities which affect their growth and development. My proposed Balanced Growth and Development Act offers them a Federal commitment to accept the responsibilities of monitoring and guiding Federal actions so that they will be a help, rather than a hindrance, to State and local growth and development activities.

MULTISTATE REGIONS

Mr. President, the report has a great deal to say about the value of the various federally initiated and State-initiated multistate regional organizations which currently exist in different parts of the country. It describes several functions which such institutions are well suited to perform in formulating growth policy at the interstate level. Drawing on a membership which might include Federal, State, local, and private representatives, they can coordinate individual State plans and programs which affect the quality of life throughout the region; they can develop consensus and information exchange between levels of Government; they can implement strategies for location of major new developments that have impact beyond the local or State level; they can coordinate plans and programs for investments to be made by large private and public investors; and they can regulate such functional areas as water resources and environmental quality.

The report clearly recognizes the value of such activities and implicitly endorses the concept of multistate regional agencies. And yet, when I look at the recom-

mendations regarding the multistate level, there is no commitment whatsoever to a Federal interest in or responsibility for the development and support of such institutions. Instead, the administration directs its attention at the multistate level to the strengthening of the 10 Federal regional councils to serve as program coordination centers. They would also play a lead role in continuing efforts to unify Federal planning and management programs, streamline the administration of planning requirements, and provide requested technical assistance to State and local governments.

Mr. President, there is nothing wrong with this recommendation, as far as it goes. It just does not go far enough. Furthermore, responsibility for streamlining and unifying Federal planning and management programs belongs in Washington, not in 10 Federal regions. Under the provisions of S. 3050, these activities would be the responsibility of the Office of Balanced National Growth and Development.

Mr. President, I can find in the report no quarrel with the findings in S. 3050 with regard to multistate regional planning and development commissions. In fact, I find tacit support for "effective and equitable use of Federal resources in assisting the States and localities with their economic, social, and environmental need requires a framework of policies for their growth, development, and stabilization which is consistent, realistic, and attainable." And, further, that "continuing and systematic consultation and joint decision-making among the Federal, State, and local governments is necessary to establish an appropriate policy framework and to keep it up to date, and that no administrative channels exist through which such continuing and systematic consultation and joint decisionmaking can take place." The difference is that my proposed Balanced National Growth and Development Act would establish and fund multistate regional institutions which would give life to the concepts expressed in the report and in the findings of the bill. The report provides us with rhetoric, the legislation would provide us the means for action.

Mr. President, this report documents the impressive agenda which the States have set and followed as they have attempted to help shape their future growth and development. The States have reason to be proud as they are fulfilling their historic function as laboratories for testing new governmental institutions and programs, and they are teaching a lesson which the Federal Government would do well to heed.

Many of these State experiments provide us with a base of experience for some of the undertakings that I have proposed in S. 3050. For example, 21 States have established commissions on goals which involve public officials and private citizens in attempts to articulate goals for future development. My own State of Minnesota has established such an agency, the Commission on Minnesota's Future. These commissions are analogous to the National Citizen's Council on the American Future, which

would serve the same purpose at national level.

Several States, such as Utah, are experimenting with "alternative future assessment" designed to analyze the potential future impact of current trends in population, economic conditions, energy, and other factors. This analysis will be the basis for governmental planning for the future, and other factors. This analysis will be the basis for governmental planning for the future, that problems will be anticipated and planned for—perhaps prevented, rather than recognized and coped with. S. 3050, I propose the establishment of a Foundation on the American Future which would perform the same function at the national level.

Many States, recognizing that our goals are defined and plans for the future are formulated and an organizational structure must be developed to implement these goals and plan, have been reorganizing their executive and legislative branches to that end. Several States have developed staff and organizational capabilities in the Governor's office to deal with comprehensive State development policies. Can we at the Federal level do less?

The Office of Balanced National Growth and Development could provide this capability in the executive branch. The Joint Congressional Committee on Balanced National Growth and Development, supported by the Congressional Office on Policy and Planning would provide the Congress with the means to cope with national development policies in a more rational way.

Mr. President, there may be those who will ask why the Federal Government should become involved if the States are doing such a good job. There are two answers to this question. One is that there are certain things outside the control of the States which nevertheless greatly influence their growth and development. For example, national economic conditions such as the current inflation, and the actions taken by the Federal Government to deal with these conditions will influence the public and private economies of each State. The current crisis in the housing industry caused partly by Federal fiscal policies affect a State's ability to provide decent housing for its residents. The current energy crisis is yet another. The State cannot control these events. But the Federal Government, in dealing with these national conditions, should at least be aware of their possible impact at the State level. The various institutions which I propose in S. 3050 would provide a mechanism for monitoring the consequences of such actions, and for alerting and possibly assisting the States in dealing with them.

The second answer is that the Federal Government needs to monitor its own policies and programs at all times to be certain that State growth and development policies are not being impeded as a result of Federal activities. Again, this can only be done in a rational way through the institutions that would be created by the enactment of S. 3050.

The Balanced National Growth and

State participation in the unified Federal-State-local comprehensive planning system provided for in the act will place additional burdens on their planning agencies and on their general legislative and administrative decisionmaking processes. Therefore, it provides for an expanded comprehensive planning assistance program, administered by the office, to help fund these activities.

All in all, Mr. President, the aim of S. 3050 is not to usurp State responsibilities but to help the States to continue their fine record in dealing with growth and development. Above all, it would make Federal impacts on State growth and development conscious rather than unconscious thereby making the State's jobs easier, not harder.

LOCAL EXPERIMENTS IN MANAGING GROWTH

Mr. President, many of the adverse effects of unmanaged growth are felt most strongly at the local level, and many local officials have been responding to the rise of public concern for the quality of life and for better control over growth and development. Local governments are experimenting with various techniques, mainly through exercise of police powers, to slow down land development activities, to modify economic growth, and to guide or constrain development so as to minimize its adverse side effects. The report describes these experiments, and then raises a significant issue with regard to their consequences: As more communities seek to guide growth, what balance will be struck between individual rights and community rights? What are the areawide impacts of local actions to control growth? Local growth controls may restrict the basic constitutional right of citizens to make a reasonable choice of housing and job locations. How can we reconcile these national goals with local desires to preserve the quality of their towns and neighborhoods?

Mr. President, I do not have any easy answers to these questions. I do not think, however, that if S. 3050 were enacted we would modify and create institutions that would be able to give continuing attention to these and other issues involved in controlling growth. These local experiments are clear indications that the citizens of the United States are deeply concerned about the quality of their lives and the effects of growth on that quality. Surely, it is time for us at the Federal level to gear ourselves up to respond to that concern.

TRANSPORTATION

Mr. President, the draft 1974 growth report reviews a number of developments in the transportation field and lists transportation facilities that affect growth. The draft report's recommendations on transportation urge the passage of the administration's proposals for a unified transportation assistance program which the administration says would give communities flexibility to provide balanced transportation suitable to their respective needs and requirements. The recommendations also urge passage of the administration's Transportation Improvement Act, which they assert would help restore the Nation's

railroads to "a proper place in the national transportation system."

The draft report avoids any in-depth discussion of transportation issues, apparently awaiting findings of the 1974 national transportation study. I would hope, Mr. President, that the report of the 1974 transportation study gives us something more substantial than 1974 draft growth report. I also hope that the 1974 transportation study addresses "rural" as well as "urban" transportation issues. I am disappointed that the growth report does not make a contribution to a better understanding of the relationships between transportation policy and growth.

HEALTH

The statement regarding growth in health expenditures as a percentage of GNP fails to mention the fact that inflation in the health industry has contributed substantially to the dollar growth factor without an appreciable increase in the actual amount of health services provided to consumers. It is fair to say that recent growth in health spending in terms of the GNP is in large part a reflection of increased costs, rather than increased services. HEW itself has conceded that about half of the increases in total health expenditures in recent years was accounted for by price increases. Yet no mention is made in this text about spiraling health prices and the serious effects of such price increases on the ability of individuals and families to obtain needed services.

Even before the introduction of medicare and medicaid, prices for medical care were rising faster than prices for other services. As early as the period from 1950 to 1960, the medical care component of the Consumer Price Index was rising faster than the overall cost of living—3.9 percent for medical care versus 2.1 percent for CPI. Medical care price inflation, however, accelerated between 1969-71, when the general economy began to suffer severe inflationary pressures.

Between 1969-71, when the overall cost of living was rising at an annual rate of 5.6 percent, the price of medical care rose at a rate of 6.7 percent. Physician fees rose at a rate of 7.4 percent and hospital room rates increased at a rate of 13 percent. But examination of the CPI and its components does not tell the whole story, particularly for hospitals. The hospital components of the CPI measure increases in daily room charges and various ancillary charges. In an environment where the number and nomenclature of patient services are changing, unit price measurements reflect only a portion of total cost increases incurred by the patient or his paying agent. Two other measures of cost, though, the total cost expense per patient day and the total cost per admission, better reflect the total input made to patient care than unit prices.

The total expense of a day in the hospital, which had been rising at an annual rate of 8 percent immediately before medicare, rose to 14 percent per year between 1969-71. The rate of increase in the total cost of an average hospital admission was 16 percent an-

nually between 1966-69. In 1968, with reductions in length of stay, the cost per day rose less rapidly than the inpatient expense per day, reaching a 11.2 percent in 1969-71. Some cost increases reflected increases in general economy, and wage increases in traditionally low-wage sectors. However, increases in the intensity of services and number and kinds of services per

In August of this year, we learn in the absence of controls imposing the economic stabilization program doctors' bills and hospital charges, once again fueling the Nation's inflation, increasing at a rate 50 percent higher than the rest of the CPI for the 3 months since controls were lifted. The Department's Bureau of Labor Statistics released figures in late August showing that medical care costs increased 1.5 percent from June to July 1974, compared to 0.8 percent for the CPI as a whole. Hospital service charges and physicians' fees rose 1.5 percent. Recognizing that this period represented a third straight month of above-average increases in hospital charges, some government health economists have estimated that hospital charges are now increasing at an annual rate of 12.5 percent as compared to 12.5 percent for the CPI as a whole, with doctors' charges increasing at the even higher rate of 19.1 percent a year. The report ignores these appalling facts.

Price increases in the health industry tell only one part of the sad story of growth in terms of dollars but not in terms of output. Health spending expressed as part of the overall GNP does not give an adequate picture of the accessibility, effectiveness, and quality of services provided to consumers. Admittedly, it is easier to count up dollars than to add up services. Cynics may be justified in saying that we may be spending a lot but getting not much more per dollar investment in returns. It might even be said that uncontrolled, uncontrolled growth in the health industry may be worse than no growth at all since it merely contributes to increased costs without any assurances of increased "needed" services for consumers. This may be particularly true in the area of capital investments for health resources, with scores of additional hospital beds, sophisticated equipment and facilities, being imposed onto the system without appropriate regard for the efficiency or economy of the total health operation.

It has often been said that in the health system, marketplace competition simply does not exist and that the analogy with the economy as a whole is unapplicable. Greater numbers of beds do not lead to a lower per bed cost passed on to the consumer. Indeed, just the reverse is true. Whether used or idle, the hospital bed involves constant upkeep expense and maintenance, expense which must be met in some way, even in the absence of consumer use and payment therefor.

One of the long-run factors contributing to the health care cost inflation is the tendency of a predominantly non-

capacity without regard to the demand for hospital services. Since 1963, the number of community hospitals has increased by about 3 percent, to 5,891 in 1973. The number of beds, however, has increased almost 30 percent. Although utilization of hospital services has steadily increased over time, the increase in the number of beds has more than kept pace. Following the introduction of medicare, the average length of a hospital stay rose from 7.9 to 8.4 days, with an increase in hospital occupancy rates from 76.5 to 78.2 percent. Following this initial reaction, both indices began to decline reaching levels of 7.8 days and 75.4 percent by 1973. While reductions in average length of stay are desirable in that patients are treated and released faster, they can lead in the short-run to lower hospital occupancy and higher total costs for the fewer patients being served. The long-run issue is whether the health system is flexible enough to adjust capacity to changing needs. The report says nothing about the mismanagement of our scarce and costly health resources.

The very nature of the health system and the cost inflation associated with its operation brings us to a further criticism of the report; namely, its failure to respond to criticisms of the administration's national health insurance proposal detailed in hearings before the House Ways and Means Committee in the spring and summer of this year. The report mentions that the administration has developed a "major new initiative to improve the quality of health of all Americans," through a program "designed to assure that no American will be denied access to high quality medical care because of an inability to pay." However, the administration's proposed approach to the expansion of private health insurance protection has been criticized for its complexity, confusion, inefficiency, and inequity. It has been charged that the voluntary nature of the proposed plan would leave millions of Americans without insurance protection. Small, marginal and low-wage employers might find that, if the employee has a family and elects to be covered, the mandated premium expense would lead to a significant increase in costs. There surely can be little doubt what kinds of workers such employers would prefer—employees who elect to do without coverage, ineligible part-time rather than full-time workers, single individuals rather than heads of families, and temporary rather than permanent help.

The plan is also regressive, since a premium that is a fixed dollar amount is a higher percentage of low incomes than of high. Furthermore, the administration's proposal utilizes an involved system of patient cost sharing, deductibles, coinsurance, maximum liabilities, all of which would have a greater impact on low- or moderate-income families than on persons with larger financial resources. Medical care would continue to be better for those with higher incomes. Cost sharing would discourage many from using preventive and early detection care. This is a necessary consequence

payment system stay outside the Federal budget and remain voluntary and private. It is a consequence of the desire to erect a system that reflects the administration's assessment that the issue is financial protection against high expenditures rather than a system that reflects the need to remove economic barriers to care at all levels.

The administration's report also fails to mention criticisms leveled at its national health insurance legislation from the area of cost and quality controls. The bill itself pays only lip service to cost controls. The bill would perpetuate the present self-regulation of the medical profession, a system which has driven up costs, reduced standards, and limited availability of health services, especially to the poor.

EDUCATION

The education recommendations are a rerun of the Nixon administration education agenda from 1970-71 which has been now outdated by events.

The 93d Congress worked for nearly 2 years on major revisions of the Elementary and Secondary Education Act—ESEA, and other legislation affecting public and private schools. The Education Amendments of 1974 (Public Law 93-380) include a viable consolidation of a number of major formula grant Federal aid to education programs. A new Special Projects Act similarly consolidates both selected new and existing project grant programs under one authority.

The question of a more equitable distribution of Federal funds for the education of disadvantaged children was thoroughly considered the past 2 years by both Houses of Congress. The resulting new law not only makes significant changes in the ESEA title I formula but also mandates a study on the whole question of poverty measures for the distribution of title I funds.

The Education Amendments of 1974 contain also perhaps the most substantive reform of the Public Law 81-874 impact aid program since its inception in 1950.

All in all, the Education Amendments of 1974 offer more potential for decision-making by local and State educational agencies than possibly any elementary and secondary legislation in recent years. In short, in all areas of concern in the growth report, the Congress has acted and improved the legislation providing Federal aid to education.

MANPOWER

Mr. President, I am profoundly distressed that the brief statements on manpower in the report reveal no awareness of the critical unemployment problems faced by the Nation. They merely recount history and repeat the administration's budget request. With the consensus that unemployment will climb well over 6 percent by the beginning of next year, manpower policy must be used as an active agent to combat unemployment.

Together with Senator JAVITS, I recently introduced legislation to provide funds for an immediate expansion of the public service jobs program—the

"PEP" assistance under the Emergency Employment Act and the 1973 Comprehensive Employment and Training Act. With 5.4 million Americans unemployed right now, the need for a rapid and effective Federal response is urgent.

It must be recognized that Federal Government policy must be directed, at the present time, toward both combating inflation and preventing a further descent into recession. But this policy would be far more effective if Federal assistance resulted in the provision of employment opportunities in important work that needs to be done in our communities, rather than in a further non-returnable public cost for welfare aid.

Beyond this immediate step, however, we must have a comprehensive manpower policy to fulfill every American's right to useful job opportunities at fair rates of compensation. The Equal Opportunity and Full Employment Act of 1976, S. 3947, which I recently introduced, backs up these rights by explicit executive, legislative, and judicial machinery.

An effective national growth and development policy must address the pervasive social problems where large groups of people have been told, in effect, that they are not needed. We must create labor supply analysis and planning mechanisms at all levels of Government as well as further direct job creation programs, to assure the fullest opportunity for our people to use their abilities in gainful employment.

SELECTED HUMAN CONCERNS: EQUITY AND GROWTH POLICY

This section of the report is concerned almost exclusively with the aged. Generally the report contains a good discussion of the problems of the aged. Particularly worth noting in this respect are the discussions related to:

First. The standard of living of social security beneficiaries and how the income of these persons is falling behind that of workers even with cost-of-living benefit increases; and

Second. Retirement age policies, taking into consideration the phenomenon of increased life expectancy with reduced work life expectancy.

Unfortunately, the subsection on Federal response does not address itself to these issues.

Not discussed in the problem section is the subject of income adequacy—for persons receiving supplemental security income, for example. For these beneficiaries, the income problem is not just a relative one, but an absolute one of how to purchase necessities and make ends meet with very little income. A large number of elderly including those dependent on SSI are living on incomes below the poverty threshold.

One of the major proposals set forth in this report is an overhaul of income maintenance and social service program to obtain a system which " . . . promotes equal treatment regardless of residence, encourages self-support for those capable of it, is as simple as possible to administer, is based on objective criteria and does not require an increased tax burden." Unfortunately, the problem section does not discuss the reasons for

such a proposal, nor is there any discussion as to how such a goal might be realized. In addition, although this may be a worthwhile goal to deal with the maze of programs now attempting to solve problems related to needed income and services, immediate questions can be raised with regard to the adequacy level of the programs—as shown above. The concept of “equal treatment regardless of residence,” is also debatable. Social security benefits operate this way, but SSI, by providing for State supplementary payments, takes into account the differences in living costs among the States. Good arguments have been made for each approach.

The discussion in the report of dependency is interesting, but it does not go far enough. Table 1 on page S-13 shows that while the dependency ratio of elderly to workers is projected to increase over the next 50 years, this is more than compensated by the reduction in dependency ratios of nonworkers aged zero to 17. In fact, the dependency ratio of all nonworkers is projected to decrease from 77.2 in 1970 to 63.8 in 2020. This would appear to make it possible to increase income maintenance programs for older persons, perhaps to provide for basic adequacy of income, without putting an additional strain on the working population. Policy implications of these projections with a discussion of possible shifts in programs from the younger to the older population should be developed.

The discussion of income maintenance for no apparent reason is limited solely to problems of the aged. There is no mention of AFDC, food stamps, or social service programs for, or problems of, other population groups.

ECONOMIC ADJUSTMENT

The recommendations on economic adjustment in the draft growth report are the same as those contained in the February 1, 1974, report of the Office of Management and Budget and the Department of Commerce entitled “Report to the Congress on the Proposal for an Economic Adjustment Program.” These were later embodied in S. 3041, the Economic Adjustment Act of 1974. The recommendations would promote economic adjustment through a program of block grants to the States. These could be used for a variety of purposes to prevent persistent unemployment, underutilization of resources, deterioration of communities, and alleviation of economic distress in areas already suffering from persistent and substantial unemployment.

The basis for the economic adjustment recommendations was the report by OMB and Commerce. The growth study referred to this study. It concluded that—

Current programs do not provide the basis for effective efforts to promote economic growth and adjust to structural changes. The programs are primarily focused on aiding distressed areas after damage is done and there is not adequate emphasis on avoiding creation of new distressed areas.

The emphasis of the administration recommendations was on two aspects of adjustment. One was to increase the ability of States and local governments to direct assistance where they thought

it was needed. The second was to bring in new tools and criteria for providing assistance to promote economic adjustment. Funds under the administration program would go to the States, which would then distribute them to substate areas. State eligibility for funds would require the submission and approval of a State plan describing how the funds would be used. The logic behind this emphasis on State and substate areas is that States and local jurisdictions know what their problems are and how best to handle them. The OMB-Commerce report felt that a strong Federal role in determining the eligibility of areas was “* * * entirely unacceptable because it would continue to give Federal civil servants the primary power in determining the use of the funds.”

This emphasis on State and local people determining their needs can be countered by the argument that without Federal guidance many States would have to go through the process of creating a staff to decide on the use of development funds. Many could go through the same unsuccessful experiences that were encountered by the development programs they were meant to replace.

One of the basic purposes of the administration's economic adjustment proposal was to make it possible for localities to move quickly and provide early adjustment assistance when needed. This would provide aid to areas suffering structural unemployment before they became places of high unemployment.

The desire to overcome structural problems in an area before they result in high unemployment is not a new or unique idea. It has been a primary objective of past economic development proposals and legislation. The difficulty with the administration proposal is that it gives no guidelines on how this should be done. It sets up no monitoring system to identify areas which might suffer high structural unemployment.

The administration proposal would permit and perhaps even encourage States to spend money in places which are not depressed. In the OMB-Commerce view assistance might not always go to areas suffering high unemployment due to structural changes if it was not possible or practical to bring in new industry. In many areas of this type the report felt “* * * assistance efforts should focus on bringing about an orderly adjustment to a lower base of economic activity.”

There is no guarantee that a place suffering high structural unemployment would receive any assistance. This set of priorities is at odds with present economic development programs which are geared to help depressed areas.

The problems inherent in the administration proposal and the congressional adherence to the goals and philosophy of past development policy resulted in congressional revision of the administration's legislative package. Some of the administration proposals have been incorporated into the 1974 amendments to the Public Works and Economic Development Act, particularly in the new title IX. This title permits the Secretary of Commerce to make grants to States and

localities which have or expect to have economic adjustment problems, and which have submitted a plan to meet these problems. These grants can be used for a wide variety of purposes including public facilities, public services, unemployment compensation, mortgage payment assistance, and planning research. The amendments, however, continue the work of the Economic Development Administration and the title V regional commissions, which the administration recommendations would have done away with.

ENVIRONMENTAL QUALITY

The significance of the environment as a determinant of the “quality of life” is scarcely noted in the report. This may reflect the misconception that “environmental” matters involve only the hinterlands and not urban America. In reality, the urban environment affects the largest number of Americans; and the poor environmental quality of urban America strikes most intensely at the minorities and poor of the city. It is these people who suffer most from air pollution, inadequate sanitary services, deteriorating transportation systems, lack of parks and recreational facilities. Their suffering includes both adverse health effects and loss of amenities.

The Council on Environmental Quality's annual report for 1971 substantiated the inner-city's “inferior environment,” termed the problem “acute,” and discussed how “special attention—should be given to the inner-city where many of our most severe environmental problems interact with social and economic conditions which the Nation is also seeking to improve.” The 1973 report portrays a broader and updated view of the urban environment. Chapters in both reports concluded that the urban environmental problems are serious and that more attention and careful planning must be devoted to their solution.

This report on growth does not appear to address these realities of environmental degradation. This failure seems particularly poignant since these are the human problems most closely associated with the changes that occur with growth and development—an association which makes it especially regrettable that this report fails to analyze the underlying assumptions of its first finding that improvements of American's quality of life derives from growth. How does growth improve the quality of life? What kind of growth is most beneficial? What are the costs, and who must bear them?

The following environmental quality considerations deserve specific attention:

First. Regulatory strategies. The report ignores the substantive implications of long-range growth for regulatory protection of the environment. It appears that insofar as at least some pollution is a necessary byproduct of human activities, at some future point growth of human activities will result in unacceptable levels of environmental deterioration regardless of regulatory controls. Is this true? What strategies of pollution control will over the long run permit reasonable growth?

These are critical questions. The Federal Water Pollution Control Act Amendments of 1972 completely revised control strategies for water pollution on the grounds that only virtually complete water recycling—forced by the zero discharge goal—can avoid the consequences of continual growth. Is this a valid presumption? Would the strategy be appropriate for combatting air pollution, too?

Second. Toxic substances control legislation has been passed in differing forms in each Chamber of the Congress. Growth and development are leading to increased environmental burdens of, and human exposure to, toxic substances. For many of these substances the lethal or injurious long-term environmental dosages are still unknown.

Third. Safe drinking water legislation has passed the Senate, but has not been enacted. Pollution and growth of demand mean more and more people must depend on supplies of public drinking water, but surveys have documented the inadequacies of many systems—inadequacies that may pose significant health hazards. The lack of adequate capacity in the event of drought in many urban areas is serious, with the Capital region a perfect example. Again, this would appear a high priority item.

Fourth. Urban runoff and storm sewer discharges have been found to be major pollution problems. Recent reports have shown that these sources of water pollution are often the primary cause of water pollution and that construction of sewage treatment plants alone will not end the problem. Moreover, the impoundment of funds for construction of sewers and treatment plants will delay water quality improvement. And authorized funds—\$18 billion—will not be adequate for total needs now estimated at over \$200 billion. Whether future growth can be planned to avoid these problems of urban runoff needs careful study and the weighing of alternatives.

Fifth. Environmental impact assessment in planning is a critical need, especially as growth strains remaining resources—not only of land and minerals, but also of clean air and water. S. 3050 provides for the protection of environmental values—section 103 (2)—with specific requirements that all Federal planning programs, and policies be evaluated in terms of their environmental effects—see 901(2). Despite this critical need for assessment, however, we are faced with the fact that the recent Housing and Community Development Act, providing grants for urban programs, exempted the programs from the impact statements required by the National Environmental Policy Act. It must be recognized that growth and environmental quality must be made to work together—a proposition S. 3050 is designed to implement.

LAND RESOURCES AND LAND USE

The report fails to deal with many of the central issues involved in current efforts to reform the land use decision-making process, a reform which many people feel has the potential to guide and direct new growth and development, and which may, in the long run, provide a

vehicle for implementing national growth policies.

First of all, the report does not concern itself with many of the land use problems of the day. For example, given the growing world demand for American food products, should consideration be given to limiting development of prime agricultural lands? Or is it appropriate for local communities to have veto powers over regionally needed power facilities, sewage treatment plants, or housing?

Second, the report only briefly mentions new State level land use programs, which are, in essence, experiments in implementing land use and growth policies on a statewide basis. They deserve much more attention.

Third, the report fails to recognize the enormous impact of the over 100 Federal programs that directly or indirectly affect land use on non-Federal lands, and does not discuss in detail the often competing or duplicating functions of these programs.

Finally, the report does not mention a number of other factors, such as the role of taxes, which contribute to land use patterns, nor many of the recent experimental techniques to guide land use and growth such as land banking, and transfer of development rights.

The report's single recommendation on land use simply calls for enactment of national land use policy and planning legislation to be carried out by State or local governments, without interference by the Federal Government in individual land use decisions. Similar legislation passed the Senate in 1973 (S. 268), but the House voted not to debate its counterpart (H.R. 10294) in 1974.

AGRICULTURE

This report includes an eight page statement dealing with major aspects of the domestic agricultural economy with some references to the benefits of increasing agricultural exports.

The statement summarized recent developments in the agricultural sector in a broad general manner.

For example, it was pointed out correctly, under short-term issues and problems, that uncertainties associated with the current increase in farm exports, decline in commodity stocks, high farm prices, costs, and incomes, high food prices, the energy crisis, environmental concerns, and changes in world monetary and trade policies, pose challenges to agriculture's ability to continue to produce abundant, low-cost food and fiber. It further pointed out that new directions in farm policy toward a market oriented agriculture and growing domestic and world food demand provide a basis for increasing agriculture's contribution to national growth, although problems such as the energy crisis may constrain agricultural growth.

The report, however, fails to include recommendations to deal with the major problems suggested.

Under new directions in farm policy, the report correctly states that after 40 years of rigid price support and supply management programs the Agricultural Act of 1973 furthers the movement toward a market oriented agriculture. It

states that the new act focuses on the marketplace as a means to achieve farm income objectives by using target price and deficiency payments rather than fixed-income transfers and CCC purchases of surplus commodities.

However, it fails to point out that the provisions of the new act with respect to target prices apply to only three major products, wheat, corn, and cotton. The price for grain sorghum—and barley, included in the program—will be set in proportion to corn. Former programs remain in effect for other price-support commodities with some modifications for dairy products.

Currently there are no restrictions on production of major crops in order that increasing domestic and export demand can be met. However, under the 1973 act if yields return to normal both in the United States and throughout the world under more favorable weather conditions than prevailed during the past 2 years, it is conceivable that agricultural production could again exceed outlets at fair prices to farmers. Under such conditions market prices could drop below current target prices, requiring Government payments to producers.

In that event payments would be made for specific crops—not on total production—produced at the normal yield for the producer's allotment.

With production costs constantly increasing, the farmer may experience serious cost-price squeeze. This situation would tend to discourage production and to force people out of farming.

At present there is a strong feeling in the agricultural sector that target price and loan levels are too low to provide an incentive for continued all-out production. I share this view, and have introduced legislation to accomplish such an objective. The legislation to which I refer—amendment No. 1348 to S. 2005—also provides for a system of national food and fiber reserves and short supply management mechanisms—issues which the growth report ignores.

Reference is made in the report to the fact that the effects of the energy shortage on supplies of fuel and fertilizers, on transportation cost and availability, and on world economic growth could alter world agricultural trade and appreciable change production patterns, acreage under cultivation and productivity, but offers no recommendations for a solution to these serious potential problems.

Similar generalities are stated with respect to land use, water needs, and capital requirements. Many problem areas are pointed out, but no recommendation offered.

There appear to be some rather serious shortcomings in the section entitled "The Agricultural Base." These arise from a failure on the part of the report to be current, to be specific, to be reasonably well versed in the problems which face the U.S. agricultural plant, and in some cases to be factually correct.

The sector of reference seems to have ended, for most topics, in 1971. Because, in the case of agricultural events of recent months have created difficult new situations, use of current information and current statistics was ab-

to date led the author down the primrose path in several instances.

First is the failure to mention current demands on U.S. agriculture caused by severe world food shortages and rising world prices in the past 2 years.

Second is the failure to describe recent domestic policies directed at relaxation of acreage controls and all-out production, and the resulting loss of the traditional cushion of additional, idled, production acres.

Third, the writers failed to look at current information and trends in productivity. If they had, they would have found that the rise in the productivity index has slowed, and that many experts are deeply troubled by current inability to surmount many serious barriers to increased production.

Treatment of such issues as the world food situation and the energy crisis is characteristically generalized and shallow. The report mentions "recent removals of price ceilings on fertilizers," an event which occurred a year ago, as an action which dampened export incentives and eased the domestic supply situation. Here, as elsewhere, a failure to research current information has led the author to an unrealistic generalization. Supplies of fertilizers, along with fuels and other agricultural inputs, have been and are expected to continue tight. Prices will continue high and rising, and shortages will undoubtedly continue as something more than the "spot" situation so optimistically described. Certainly the energy crisis is something few others would list under a heading of "Short-Term Issues and Problems."

The treatment of conflicting demands for land is confusing, and in some instances, completely off base. The report begins by discussing the dire consequences of losing valuable agricultural land to urban growth, and ends up by arguing that "agriculture functions are better near urban industrial centers because information is better, there is less uncertainty, and producers are better geared to change and economic development." Few others would support that line of thought.

The recommendations section neglects agriculture; however, there are several policy issues kicking around which should have been addressed. The report covers pasture and rangeland; with little extra effort it might well have touched on the question of policy to increase grass feeding of cattle to produce less expensive red meat, and release crop acreage for more food grains. The report completely omitted mention of a strategic reserve for cereal grains; this issue, along with debate over whether or not to increase food aid, is perhaps the biggest agricultural policy issue before us at the present time and should have been discussed.

FOREST RESOURCES

Mr. President, the brief one page discussion on forest resources is presented only in the most general terms and in a way that ignores the totality of resources on forested land. The importance of land for water resources is totally ignored, and there is no quantification

defined. The report correctly states that projections show that demands may double by the year 2000 with supplies not increasing. Price is forecast to increase, imports to rise and substitution of other material to increase. No mention is made of current softwood log exports.

The report glibly says that adverse consequences of this increasing demand are not inevitable. Intensive management is listed as providing the key to doubling the current volume of timber produced. However, the report ignores the fact that much of the timber that will be usable in the year 2000 is already in place and the significant amounts of undone work have not been encouraged. No prescriptions for translating dreams into reality are given; no clues are given as to the measures that need to be taken. No indication is given as to the requirements and possibilities on the private land holdings, and in particular on the farm and other non-industrial private holdings which are the major block of forested land and far exceed both industrial and public forest combined.

In addition, in contrast to the enactment of Public Law 93-378, The Forest and Rangeland Renewable Resources Planning Act of 1974—of which I was the chief sponsor—the report notably avoids any mention of rangeland resources. The total of rangeland equals that of forest land and in combination these lands represent 1.2 billion acres in the United States, with vital values of soil, water, grass and tree cover, and fish and wildlife resources.

MINERAL RESOURCES

The discussion of mineral resources is, in the main, well done, being based largely on the 1973 report of the National Commission on Materials Policy and the 1973 Annual Report of the Secretary of the Interior on Mining and Minerals Policy.

ISSUES

The five major issues are accurately identified. However, three major issues are not cited—inadequate manpower, inadequate transportation, and insufficient energy to meet the needs for the projected increased economic growth.

In one issue cited, foreign events are said to partially hinder the development of economically sound and stable domestic mining and minerals industries; actually, the effect of such events may also enhance domestic development.

In the discussion of another issue, mineral resources on the public lands, the report notes that Indian reservations are closed to mining; actually, the Indian tribes negotiate leases and other contracts with mining and exploration companies.

FEDERAL RESPONSE TO THESE ISSUES

This response is described as consisting of recommendations contained in the two reports cited above. It might have noted the absence of response to date to implement most of these recommendations, although legislation is being considered by the 93d Congress which would implement some of them.

Federal programs have been funded for research and demonstration in several

mentioned.

WATER RESOURCES

The general insight of this section appears rather shallow; it starts out by saying water resource availability to mineral resource availability. There are fundamental differences, however. Unlike minerals, which are stock resources of finite availability, water is a flow resource. There is so much precipitation in any region in any given year. That water can be utilized in various ways, or allowed to run its natural course back to the ocean or atmosphere. There will be a similar amount of precipitation the next year; the same volume of water may be used several times and for several purposes before it reaches the sea. The only withdrawal of substantial amounts of water is irrigation agriculture.

A very important distinction between water and minerals is that because of its low price, water is seldom worth transporting great distances. Consequently water supply and demand must always be analyzed from a regional viewpoint.

The report states that—

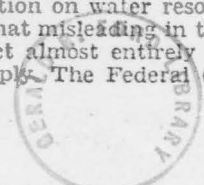
Economic growth in agricultural and industrial use has and will require more efficient use of water such as recycling.

In critically water-short areas of the Southwest, there will be pressure for less consumptive use of water in irrigation and in industrial processes. The primary incentive for recycling, though, is water quality. In most parts of the country, more important than the amount of water consumed is that return flows to the stream system do not contaminate that system to reduce its utility for other purposes, instream as well as withdrawals. Enforcement of the Federal Water Pollution Control Act Amendments of 1972 should primarily encourage recycling and more efficient use of other materials which traditionally have been considered as wastes and released to the Nation's lakes and streams.

The paper rightly suggests that increased foreign demand for U.S. agricultural products and development of Western fossil fuel resources could place strong demands on water resources. If however, the purpose of the paper is to discuss effects on national growth this deserves greater attention.

Water supply is short in many areas of the West where fossil fuel development are planned. Since energy development can afford a much higher price for water, they may preempt water which has or would have been, used for agriculture. The total effect on U.S. food fiber production will not be that great, but secondary effects on local economies may be quite significant. For example, if energy production buys away water from the irrigation operations in a local area and they cease production, the various agricultural service industries in the area might not be able to survive with only half the business.

The section on water resources might be somewhat misleading in that it treats the subject almost entirely in terms of water supply. The Federal Government



spends over \$2 billion per year on water resources development for a variety of purposes: Flood control, navigation, shoreline protection, hydroelectric power, recreation, and so forth, as well as water supply. All of these have some effect on growth patterns. As stated, the National Water Commission has made recommendations relating to cost-sharing for water resource development. If pursued, the philosophy of these recommendations could become an issue of major importance. They essentially call for major reduction, if not termination, of Federal water resource development programs, particularly that of the Bureau of Reclamation.

WATER QUALITY

The "water quality" segment of the 1974 growth report does an adequate job in summarizing the major goals and objectives of the current water pollution control legislation, but fails to elaborate on many important facets of the water pollution control versus growth policy controversy.

By far the major oversight of the draft report is its failure to mention the \$9 billion impoundment of water pollution funds under the grant program for municipal waste treatment facilities. The importance of this omission is emphasized by the recent survey of "needs" conducted by the Environmental Protection Agency, which indicates that \$350 billion is needed to finance municipal facilities to control water pollution; yet, the administration has chosen to impound half of the authorized funds for water pollution control—\$9 billion.

The draft report discusses sewer construction bans or restrictions when municipal facilities are in violation of permit requirements, adding that planning and management of growth are "distinctly local responsibilities" and require provision for adequate treatment of public wastes. Yet, the impoundment of water pollution control funds has caused delays in construction, placing many communities in difficult situations. According to a planner in Washington, D.C.:

If delays are indefinite, moratorium communities will be faced with severe policy issues concerning future actions: should they permit further construction, violate the standards, or establish interim measures relying on package systems as a compromise.

Two of the basic features of the Federal Water Pollution Control Act Amendments of 1972 are the planning processes under section 203 and 303 of the act. The draft report, while briefly summarizing key elements of the section, fails to identify and analyze the effects of these planning requirements on future growth policies.

The draft report suggests that "rural areas experiencing severe pollution problems also would be taken into account in State priority lists" for funding water pollution control projects. Experience with the grant program thus far, however, has shown that less than 20 percent of total funds allocated for waste treatment have gone to rural areas under 10,000.

AIR RESOURCES

In addressing the continuing serious problem of poor and unhealthy air quality in most densely populated urban centers, the report is guilty of omission rather than commission. Its general observations about the impact of the unrelieved hazards of major identified air pollutants on healthy growth and development are valid. However, it omits recent findings of unusually high levels of some of these pollutants in less than fully developed, rural areas, and of equally high levels of air pollutants which, because they have not yet been classified as "major" are not yet subject to standards. Yet they are equally dangerous to public health and property in developed as well as undeveloped regions. That such findings are the result of special investigations rather than of a continuous, systematic measuring system points to the considerable deficiencies of the current measuring and monitoring systems, which are thus far incapable of producing adequate data for an accurate assessment of present and projected ambient air quality in all too many areas of the country.

The potential results of conversion to coal by major powerplants and industrial complexes, coupled with suspensions of control requirements and the further delay of full compliance with automobile emission standards, all mandated by the recently enacted of the Energy Supply and Environmental Coordination Act, are inadequately treated in this report. Also unmentioned are the likely results on the States' ability to enforce their own air pollution control programs, tailored to their individual growth needs, of the Federal preemption clauses which may be used whenever State and local programs threaten to interfere with the purposes of the act.

In citing various elements of Federal air quality regulatory programs, the report does not distinguish between proposed and promulgated regulations. Control of indirect sources and of significant deterioration of the ambient air are but two examples of proposed, but not yet promulgated, regulatory efforts. State and local governments which oppose Federal intervention in their land use and zoning ordinances may well be taken aback by the report's assumption that Federal regulations are preempting the continued exercise of these rights.

Along similar lines, the report implies that favorable natural dispersion characteristics of certain areas will influence industrial siting. The question of substituting emission dispersion for emission control remains unresolved. Congressional and EPA investigations have accumulated considerable information about the potential dangers of loading the atmosphere with pollutants from industrial stacks and of the resulting poisoning of the ambient air with sulfates and acid mist.

Lastly, in this context, the recitation of anticipated effects of transportation control plans omits mention of the fact that one of the elements of these plans—the parking surcharge—has been specifi-

cally forbidden by the Energy and Environmental Coordination Act. Nor does the report adequately treat the problem of reduced vehicle miles traveled while affordable and rapid transportation remains unavailable.

In sum, the report's most serious discrepancy in the area of air quality is that it largely overlooks the close relationship which must always exist between desirable air quality, and economic development. A recitation of the state of the ambient air and of the items of the Federal control program is a hollow exercise if it is not coupled with a thoughtful assessment of the locking elements which will make it break the program.

RECREATION

Recreation is recognized as being of considerable importance in both economic terms and in fulfilling the development of the individual. The likelihood of increased leisure time is mentioned as one reason for the need to explore available recreational opportunities.

The recreation issue is not discussed in depth in the draft copy available for review. Thus, several important topics of interest—such as the increasing concern with recreational opportunities in and near urban areas, and the impact of reduced energy supplies on recreation use and trends—are left unclarified.

The proposals for 84 million acres of park and recreation lands in Alaska have already been introduced in the State as S. 2917. The specific recommendations have been met with counter proposals by conservation or Alaska Native groups in such bills as S. 2918 and S. 3599.

Although a national Federal development on outdoor recreation was issued in December 1973—Outdoor Recreation: A Legacy for America—the matter deserves of more extensive consideration as a part of any evaluation of national growth.

ENERGY

The energy section appears to be rather shallow summary of the Nation's energy problem as it has been stated in numerous other publications. The effort to relate this problem to the potential impact on national growth is minimal at best. Changing patterns of electricity availability are flippantly described as allowing industries depending on electric energy to become "more footloose, over time." The informational content of that statement is elusive indeed. In the same paragraph, the report states that the optimum location for nuclear powerplant would be a sparsely settled area near a large urban center. That may be the optimum but in reality such locations do not exist. Sparsely settled areas are not found adjacent to large urban centers; if they ever existed they were developed long ago. Such statements do not contribute to the value of the report and, in fact, indicate a general lack of understanding of national growth problems exhibited. It provides

little in the way of new information and is a gross oversimplification of our serious energy problems and their potentially serious impacts. It is also disturbing to note the presumption that Project Independence will be successful in all its aspects by the Mid-1980's. One may earnestly hope that the project is that successful, but there are many obstacles that may place some energy goals beyond reach. Such a possibility, however, is not even considered in the report.

The energy recommendations are not recommendations at all, but are merely a brief restatement of administration proposals that have already been seriously considered by the Congress. No new proposals were offered. The implied energy recommendation is to do everything the administration wants under Project Independence, regardless of the consequences.

TELECOMMUNICATIONS

The draft growth report makes no mention of the role that telecommunications can contribute to national growth and development policy.

Telecommunications can be defined and discussed in many ways—in terms of its physical characteristic as a segment of the electromagnetic spectrum; in terms of its message content, be it entertainment or propaganda; or in terms of its industrial and financial implications. But basically telecommunications is a medium for transferring information. As such it is a tool—a potentially powerful tool of national growth and development policy.

The 1974 national growth report of the President largely overlooks the use of telecommunications as a factor in a national program of balanced growth and development. This is surprising since the recently published—January 14, 1974—report to the President by the Cabinet Committee on Cable Communications¹ made a specific recommendation in this area. This recommendation is the following:²

Recommendation 11: Governmental authorities should assure that basic cable or other broadband communications are available to residents of rural areas and to the poor.

¹ While the subject of the report was "cable," the report was considered by its authors to be applicable to a wide range of telecommunications technologies:

Coaxial cable, however, is only one type of broadband communications technology. Others, such as multi-channel microwave, may become available soon, while still others, such as fiber optics and laser communications, are further down the road. However, the substance of this report is applicable to the electronic distribution functions of such technologies, rather than to coaxial cable alone. We believe that our policies are sufficiently broad and flexible to accommodate developments in the emerging communications technologies. The policies are, by design, not overly sensitive to the technology employed, since the potential for abusive monopoly control of multi-channel distribution systems are inherent in the technologies that we foresee being used for mass communications purposes.

The Cabinet Committee on Cable Communications. Cable: Report to the President. Washington, U.S. Govt. Print. Off., 1974: 9.

² Ibid., p. 46-47.

Even though a majority of the homes in the United States may be wired for cable and cable may be providing programming and other information services in addition to retransmission of broadcast signals, many residents of outlying rural areas may not have the option of subscribing to cable. While it may eventually become economical for cable operators to extend facilities to these areas, this may be an instance in which sole reliance on the free market incentives of cable operators may not be adequate to meet certain national policy objectives, such as the widespread availability of information.

If this becomes a significant problem in the future, the Government should take affirmative action to assure a basic level of broadband communications service for residents of outlying rural areas. We recommend that the Secretary of Housing and Urban Development and the Secretary of Agriculture be directed to follow the development of cable in rural areas and make recommendations for such Government action as they deem appropriate.

There has also been concern expressed regarding the availability of cable to the poor in urban and rural areas. Cable operators may attempt to delay or refuse to offer their service to areas where there is a high proportion of poor households. To meet this difficulty, franchising authorities should require extension of service to all portions of the franchise areas. While this may be viewed by some as a subsidy of the poor by the rich, it is not a subsidy that is unusual or very burdensome, and it could avoid the emergence of a class of citizens cut off from what could well become the information mainstream of the future. Furthermore, many governmental services directed to the poor may be provided inexpensively and most effectively by cable. Vocational training, adult education, preschool instruction, and public health information are examples of services that might be provided over cable with State or, in some instances, Federal funding. We recommend that the Secretary of Health, Education, and Welfare be directed to examine the feasibility and cost of using cable to assist in the delivery of such services, to make such information available to the State and local governments, and to include use of cable channel capacity in federally funded programs when appropriate.

The Cabinet committee report goes on to recommend a demonstration program to aid in the development of many desirable public service uses of cable, and lists a number of services that could be provided by these technologies, including:³

Adult education courses and university extension instruction could be provided to individuals in their homes at times most convenient to them and in a manner tailored to their particular needs. These could include cable distribution of high school equivalency programs, vocational training, and college course work offered in conjunction with particular colleges and universities.

A broad range of medical and public health information and services could be delivered

to people in their homes, and channels could be used to enhance the professional training of doctors and paramedical personnel.

State and local agencies could use the demonstration program to develop improved services for the collection, storage, and retrieval of a wide variety of local government information, including office hours, where-to-go for various services, and municipal code enforcement.

Similarly, environmental agencies could experiment with cable in improving the effectiveness of their activities, including the monitoring, control and enforcement of air pollution standards, pollution health warnings for people with special sensitivities, and similar activities.

Various businesses may wish to use facilities to test the feasibility of offering such services as use of the cable subscriber's home terminal to select and order goods from department store catalogues; to order tickets for transportation, entertainment, and cultural events; for home use of computer processing networks; for banking transactions; for files and record maintenance; and for electronic mail delivery.

The existence of the Cabinet committee cable report to the President suggests that there is, in the executive branch, an awareness of the great potential benefits that could be derived from a forceful and dynamic application of telecommunications technologies to the problems of achieving balanced national growth and development in all sectors, and particularly in the nonurban sector, of the Nation's economic and social structure.

The Departments of Housing and Urban Development, Agriculture, and Health, Education, and Welfare, and the Federal Communications Commission are already supporting activities to evaluate the usefulness of telecommunications technologies to the Nation's growth and development. For example, these agencies are supporting the work of Dr. Peter Goldmark in attempting to apply telecommunications to help create and sustain a New Rural Society—NRS. The principal purposes of NRS are, first, to reinvigorate rural America through economic, social, and cultural development stimulated by the widespread use of all forms of telecommunications to, for example, extend medical services, replace much vehicular travel, and bring the cultural, economic, and educational attractions of large cities to rural areas; second, thereby to reduce, relieve, and perhaps reverse the growing pressures on urban America caused by the steady influx of persons from rural areas; and third, thereby also to alleviate some, and perhaps a significant portion, of the energy problems caused by the Nation's high level of commuting transportation.

If demonstration and other projects of this type are successful, and the application of telecommunications technologies becomes more widely recognized as a potentially powerful instrument of national development policy, the Federal Government will need to formulate specific national goals for the use of these technologies. Such goals may well include the reorganization of the Federal telecommunications establishment along lines consistent with the broad goals of balanced national growth and development. It is not too soon to make telecommunications policy a major com-

³ Ibid., p. 61.

ponent of national growth policy. On the other hand, after vast investments have been made in broadband and other telecommunications systems, and after institutional relationships have become fixed, it could then be too late to use telecommunications as an effective instrument of national development policy. It appears that now is the time for the Federal Government to take the lead in evaluating the potentialities of telecommunications as an adjunct to national growth and development policy.

SUMMARY

In closing, Mr. President, I would like to mention two additional issue areas that are critical in any consideration of national growth and development, but which almost entirely fall through the cracks of the 1974 draft growth report. These are the issues of tax policy and inflation. I mention them at this point because of their centrality in any discussion of national growth and development policy in the seventies.

The structure and function of our tax system at the Federal, State and local levels of government are widely recognized as major influences on the magnitude and distribution of growth and development. Nevertheless the draft report offers only the briefest mention of tax matters. The chapter on "State and Local Experience in Planning for Growth and Quality of Life" mentions that States "use tax incentives in one form or another" to stimulate economic development, and in other places it points out that local tax structure and policy have an impact on growth. The chapter entitled "Federal Influence on Growth and the Quality of Life" devotes only 18 lines to a discussion of tax structure and functioning. This is hardly what could be called sophisticated analysis. It seems to me a great shame, Mr. President, that the analytical resources of the executive branch were not more in evidence in the draft report's treatment of taxation and national growth.

The second issue that falls through the cracks in the draft report is that of inflation. I would hope that when the final version of the 1974 growth report appears it will reflect this most dominant of our national concerns. Inflation and the tools to fight inflation will have a direct influence on growth and development in this country. A national growth report that does not reflect this fundamental reality will be of questionable utility as an aid for formulating national growth policy or as a device for improving our understanding of national growth and development.

As I said in a statement to this body on October 9, I think the President did a very good job of defining our Nation's economic disease in his October 8 message on inflation. Although I think the President's economic program is too weak to cure our ailing economy, his diagnosis—his analysis—of the problem was good; and I would hope that a similarly thoughtful analysis of the relationship between inflation and growth will appear in the final version of the 1974 report on national growth. It is simply too important to ignore.

Mr. President, in summarizing the strengths and weaknesses of the draft 1974 growth report I believe it fair to say that although the report does begin to identify some of the important issues we as a Nation have to face, it indicates by its hesitancy to make other than the most timid of recommendations that the administration is not yet ready to come to grips with growth and development problems in this country.

Mr. President, I am confident that we as Americans have the capacity to meet the difficulties our great Nation faces; but we must not merely announce blandly, as does the draft 1974 growth report, that "the shaping of substantive policies for growth involves—creation of appropriate institutional machinery—and continuing debate about substantive issues and goals." We must come forth with tangible proposals offered for public and congressional scrutiny. I am convinced that S. 3050 is a proposal that warrants careful consideration, and I offer it for the scrutiny of my colleagues and my fellow citizens.

S. 3050 proposes just the sort of institutional machinery the draft report recommends. It proposes the creation of an Office of Balanced National Growth and Development in the Executive Office of the President. Among the functions of the office would be—

First, to provide the policy direction and coordination of all Federal and federally assisted programs for planning and land use development, programs designed to improve human resources, programs designed to allocate resources, and programs designed to develop, allocate, or conserve energy resources, within the various departments and agencies of the Government;

Second, to prepare of an annual report, to be known as the Annual Report on Balanced National Growth and Development;

Third, to national needs, goals, and priorities;

Fourth, to evaluate of effects of present and proposed Federal tax incentives and State and local government tax policies upon the private industrial mix and location in the context of balanced national growth;

Fifth, to evaluate of all present and proposed Federal credit programs; of the effects of fiscal and monetary policy and such other economic stabilization tools as may be adopted upon employment, changes in income, and the composition of economic production in the Nation and its regions; of regional resources and human resources in relation to projected development or stabilization; and of available renewable and nonrenewable national resources and management and conservation efforts relating to them;

Sixth, to analyze of tradeoffs in adoption of alternative national growth policies;

Seventh, to assign of goals, plans, and programs to departments and agencies generally;

Eighth, in coordination with the Office of Management and Budget, to develop 3-, 5-, and 10-year planned program projections;

Ninth, to establish multistate regional offices of the office in order to obtain regional and State implementation and input regarding national goals and policies affecting the allocation of resources, the development of human resources, and environmental protection;

Tenth, to establish, for purpose of coordinated planning and development, representative multistate regional bodies, and to encourage the formation of representative multijurisdictions within States;

Eleventh, to establish, within the goals of balanced economic growth cooperative mechanisms, including appropriate taxation policies, grants, and other incentives, to achieve maximum participation of private industry;

Twelfth, to establish national growth policies, approved by the President, which would require the office to participate in the review of agency and departmental budgets after they are submitted to the President or the Office of Management and Budget, but before they are submitted to Congress; and

Thirteenth, to establish a nationally coordinated, multijurisdictional, comprehensive planning process.

S. 3050 would transfer certain growth and development functions from OMB to the office; and it would create a nationwide network of multistate regional planning and development commissions, which would provide for consultation and joint decisionmaking among Federal, State, and local governments. To strengthen the capacities of State and local governments to fully participate in growth and development decisions the bill would provide comprehensive planning assistance to State and local governments in coordination with the existing 701 planning program. The bill would provide for uniform planning requirements for the various Federal grant-in-aid programs. It would establish a National Citizens Council on the American Future to advise the Office of Balanced National Growth and Development as well as the Congress in the formulation, evaluation, and implementation of national growth policies. S. 3050 would create a Joint Congressional Committee on Balanced National Growth and Development and a Congressional Office on Policy and Planning, which would work closely with the Library of Congress, the Office of Technology Assessment, and other organizations on matters related to national growth and development. Finally, among its other provisions, the bill would require thorough analysis of the growth implications of major Federal governmental actions when they are proposed.

Mr. President, I believe that S. 3050 speaks directly to the need acknowledged in the draft 1974 growth report for appropriate institutional machinery for shaping national growth and development policies. I would welcome alternative proposals from others in the Congress, and I would welcome alternative proposals from the administration as well. Unhappily, the administration has chosen to avoid making specific proposals, as demonstrated by the draft 1974 growth report.

OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON

January 2, 1975

*National
Growth
Report*

Dear Phil:

Attached is a copy of my letter to Senator Humphrey in response to his remarks concerning the need to include telecommunications in the draft National Growth Report. Unfortunately, I understand we were too late in amending the Domestic Council's final effort.

Best personal regards.

JH
John Eger

Attachment



OFFICE OF TELECOMMUNICATIONS POLICY

EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON, D.C. 20504

DEPUTY DIRECTOR

December 30, 1974

Honorable Hubert H. Humphrey
United States Senate
Washington, D.C. 20510

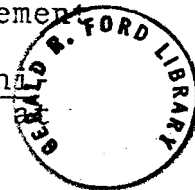
Dear Senator Humphrey:

I read with interest your recent comments in the Congressional Record concerning the contribution that telecommunications has made to our society and its importance to a national growth and development policy for the United States.

Few technological changes have had so profound an affect on the human condition as the development of telecommunications, and it is certain that its influence on the quality of our national life will be even more important in the future. Accordingly, I share your concern that "it is not too soon to make telecommunications policy a major component of national growth policy."

As you know, in 1970 our Office was created within the Executive Office of the President to serve as the President's principal advisor on telecommunications policy and to formulate policies and coordinate the Federal Government's own vast communications systems. In this capacity, the Office formulates policies affecting a wide range of domestic and international communications issues including development of plans and programs to assure that cable and other broadband communications are available to residents of rural areas and to the poor.

OTP is now drafting legislation which would implement certain recommendations contained in the Cabinet Committee Report to the President on Cable Communications to which you referred. As you may know,



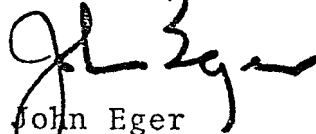
the heart of the Committee's recommendations is the proposed policy that would separate control of the cable medium from control of the messages on it with the "goal of assuring the development of cable as a communications medium open to all." It is hoped that this legislation will be submitted to the 94th Congress early in 1975.

We are also presently evaluating several studies to determine the feasibility of bringing expanded television service to the over one million households in the United States who now receive no television service at all and the nearly six million households receiving only one or two channels. These studies address the possible use of an alternative mix of technologies, e.g., microwave, cable, and translators, that might be economically employed, and examine the institutional and regulatory constraints to the development of television service in rural areas.

Additionally, we are encouraging the formation of a satellite consortium of public service users whose purpose would be to design and fund a satellite system available to all potential users on a dependable, economical and nationwide basis. It is believed that such an arrangement will facilitate access to telecommunications services as a delivery mechanism for health, educational and other social services.

I shall be happy to provide you any additional information on these or any other of our activities. I appreciate your interest in telecommunications and look forward to working with you, your staff and the other members of Congress as we endeavor to formulate and implement communications policy for the benefit of all Americans.

Sincerely,



John Eger
Acting Director



THE WHITE HOUSE

WASHINGTON

January 2, 1975

MEMORANDUM FOR PHIL BUCHEN
FROM TOD HULLIN *JH*
SUBJECT NATIONAL GROWTH REPORT

Recently you forwarded a memorandum to Andre Buckles regarding the National Growth Report which was transmitted to the Congress on December 16, 1974. Since I worked with the Domestic Council Committee on Community Development in preparation of this Report, I felt it would be appropriate for me to respond to your questions.

BACKGROUND

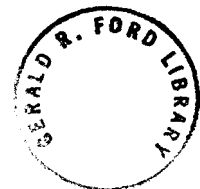
The 1974 National Growth Report was prepared by the Domestic Council Committee on Community Development, chaired by Secretary Lynn. The Departments and agencies contributing to this effort were: Council of Economic Advisors, Council on Environmental Quality, Office of Management and Budget, Agriculture, Commerce, Health, Education and Welfare, Housing and Urban Development, Interior, Justice, Labor, Transportation, Treasury, Environmental Protection Agency and the Advisory Commission on Intergovernmental Relations.

Attached for your review is a letter to the President from Secretary Lynn which briefly outlines the scope and thrust of the Report. (Tab A)

Additionally, a complete draft of the Report is attached at Tab B.

PRESS OFFICE RESPONSE

I worked with Larry Speakes in preparing Mr. Nessen to announce that the 1974 National Growth Report had been transmitted to the Congress. It was our specific intent to announce the transmittal and refer any substantive questions to Secretary Lynn and Assistant Secretary David Meeker who headed the interagency task force which actually drafted the Report.



At the time that the transmittal was announced, Mr. Nessen also announced that Secretary Lynn and/or Assistant Secretary Meeker would be available to discuss this Report with the press at 2 p.m. on December 18 in the Secretary's Conference Room in the Department of Housing and Urban Development. Nine members of the press showed. Assistant Secretary Meeker briefed the reporters and answered their questions for approximately one hour. No questions were raised regarding Senator Humphrey's October 16th comments.

An early draft of the National Growth Report had been leaked to Senator Humphrey and it is on that leaked draft that he based his comments of October 16. Secretary Lynn and other members of the Domestic Council Committee on Community Development had an opportunity to review the Senator's comments and some of his comments were taken into consideration. It should be noted that the Senator's view of this Report and the Administration's view of this Report differ considerably. Secretary Lynn covers this in his letter to the President.

1974 NATIONAL GROWTH REPORT AND THE PRESIDENT'S
STATE OF THE UNION ADDRESS

One element which this year's Report made evident was that the Federal effort of providing planning and management assistance was not well planned or coordinated. The Domestic Council Committee on Community Development under Secretary Lynn's chairmanship has established a task force headed by Assistant Secretary David Meeker to examine Federal planning assistance in an effort to determine how best to pursue this problem.

The President met with the members of the Domestic Council Committee on December 17th at 3:30 in the Cabinet Room to discuss this problem. Secretary Lynn is drafting an options paper for the President which will put forth administrative and legislative options for the President's consideration.

If you have any other comments or questions, I'd be more than pleased to discuss them with you at your leisure.



A





THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

December 3, 1974

The President
The White House
Washington, D. C.

Dear Mr. President:

Enclosed for your consideration is the 1974 version of the Report on National Growth and Development and transmittal letter to the Congress.

1. Background. Section 703(a) of Title VII of the Housing and Urban Development Act of 1970 requires that the President shall submit to the Congress during February of every even-numbered year beginning 1972 a report on urban growth. For the 1972 version, the Administration defined the scope to be national, that is to include rural as well as urban growth. The statute calls for information on growth trends, a summary of significant growth problems, an evaluation of Federal, State and local governmental efforts to cope with growth, and recommendations for programs and policies that would address growth issues.
2. Content. In responding to the statutory requirements for the scope of the report, this second biennial edition emphasizes changes in the national population; our continuing search for an improved quality of life; the primary role of the private sector in determining where people, jobs and housing are located; a general exploration of how Federal legislative, administrative and regulatory actions effect growth patterns, as well as a summary of recent State and local experience in coping with growth.

In regard to recommendations, which are in the nature of general conclusions, I have personally rewritten them to stress the importance of improved Federal organization (within the Executive Branch as well as the Congress).



to coordinate better our various domestic policies and implementing actions, to assess better the impact of such policies and actions and to determine relative priorities as among often competing Federal policies.

The report also suggests guidelines for questions that should be asked with respect to all important policy and program decision-making.

A White House Fact Sheet is enclosed which more fully summarizes the report's contents. Two copies of the full final draft of the report are also enclosed. I urge you to read the conclusions verbatim, particularly pp. 74-78 and pp. 82-84.

3. Significance and Expected Impact. The Congressional intent in placing this mandate on the Executive Branch was to encourage a greater capacity for systematic national analysis of growth trends and a better coordination of Federal policies in order to support our national goals, such as increased prosperity, individual development, and a better quality of life. A number of public interest groups, many academics, and some members of Congress have interpreted this statutory mandate as a call for a single national policy that would spell out where business should develop and people could live. In both the first biennial report and this one, the Administration has constantly taken the position that such a single policy is impossible for a country as large and diverse as ours, but that it is certainly desirable to work harder at coordinating the diversity of Federal policies which do in fact have some effect on where people and jobs locate, with the intention of allowing as full freedom of movement as possible.

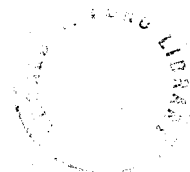
Congressman Ashley of the House Banking and Currency Committee, which developed the original Title VII mandate, has had a long and definite interest in this topic. I have kept him advised as to progress in the development of the report during the period since February.



Others with a primary interest include Senator Humphrey, who periodically introduces legislation calling for "balanced national growth and development policies" and a new structure in the Executive Branch and the Congress, and new outside bodies, to achieve such policies. He has already criticized the delay in this report and the substance of an early draft (subsequently substantially revised) that was leaked to him. Senator Hartke has also developed related legislation.

This is a "no win" kind of situation. Unless the report in content were to preempt the State of the Union Message initiatives, we will inevitably be criticized as not saying anything -- as not having "a growth policy." The "Conclusions" are something more than what was in the prior report, but Humphrey and others will undoubtedly still vigorously criticize. Although the delay from February to now is also understandable, in view of the priority that had to be given by officers of HUD (including me) to enactment of the Housing and Community Development Act of 1974 and the change in the Presidency, such delay will also add to the criticism. Frankly, except for reporting on population changes and other demographics of growth, the whole concept of a bi-annual report of this kind on "growth" -- overlapping as it does the whole spectrum of matters affecting American life, economics, the environment, welfare, housing, etc. -- doesn't make sense. Be that as it may, it clearly presents any Administration with a "damned if you do and damned if you don't" choice on report content.

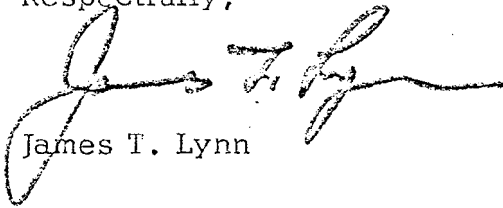
4. Methodology. A Federal interagency task force was created in November 1973 to develop the draft report. This task force functioned in support of the Community Development Committee of the Domestic Council, with HUD providing lead staff responsibility. On November 22, 1974, the draft report was approved by the Domestic Council and the Office of Management and Budget. During the final



review period other Federal agencies on the task force had a final opportunity to comment on this version. No major objections were received from them.

I am having the report set up and held for printing pending your review and approval. Upon your signature of the transmittal letter to the Congress, we will arrange a press availability and handle distribution to Congress, State and local governments, universities and public interest groups.

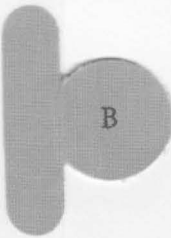
Respectfully,



James T. Lynn

Enclosures





**Report
On**

**National
Growth
And
Development**

1974



Transmitted to the Congress,

December, 1974

TO THE CONGRESS OF THE UNITED STATES:

I am forwarding herewith the second biennial Report on National Growth and Development in accordance with Section 703(a) of the Housing and Urban Development Act of 1970.

Ronald R. Ford

The White House
December 1974

NATIONAL GROWTH AND DEVELOPMENT

**Second Biennial Report to the Congress
Submitted pursuant to Section 703(a)
of Title VII, Housing and Urban Development Act of 1970**

**Prepared
Under Direction of
The Committee on Community Development
The Domestic Council**

December 1974

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PREFACE

Expanding Public Concern

As Americans have achieved higher standards of living, concern has increased for the quality of life and the future of the Nation as a place to live. There has been intense public debate over environmental conservation, quality of air and water, energy needs, security of neighborhoods, health care, education and other growth-related issues. A measure of the enlarging debate over the consequences of growth is the stream of governmental reports that have appeared on the subject in the recent past.

Among these reports are *Urban and Rural America: Policies for Growth* (1968) by the Advisory Commission on Intergovernmental Relations; *The People Left Behind* (1968) by the Commission on Rural Poverty; and the 1970 *Report of the President's Task Force on Rural Development*. These dealt with growth issues raised by the urbanization of the United States and the cityward migration of the rural population. Reports of the *Council on Environmental Quality* officially injected environmental quality as a major ingredient into the public debate, and in 1972, the report of the *Commission on Population Growth and the American Future* emerged as a definitive analysis of the effects of population growth on every aspect of national life.

The *Commission on Materials Policy* report of 1973 raised national awareness of the strategic importance of anticipating future supply and demand requirements for the basic materials on which our economy depends. Reports by the *National Commission on Productivity* have shown that productivity is a major component of economic growth and higher standards of living.

The 1973 *Social Indicators* report, the first of its kind to be published by the Federal Government, selectively describes social conditions and trends in the United States. And the annual *Economic Report* by the Council of Economic Advisors provides a continuing analysis of the status of the economy and its short term prospects.

A very important public contribution to the debate on the national future was the National Goals Research Staff 1970 report entitled *Toward Balanced Growth: Quantity with Quality*. This report outlined what was involved in formulating growth policies. Since it is still a timely commentary on the public state of the art for debating the Nation's future, its principles remain worth summarizing.

National Goal Setting. Goals give our endeavors purpose and direction. We must set as national goals those things important to our generation and our posterity: energy sufficiency, income security, equal opportunity, national security, and maintenance of environmental quality.

Systematic Nature of Domestic Problems. In simpler days, government fashioned narrowly defined solutions for what seemed to be straight-forward problems. It constructed dams to impound water, dredged canals to increase trade, wrote down land costs to revitalize urban centers, and assisted farmers to increase agricultural productivity. We since have learned, however, that everything is related to everything else and that each action has many consequences. The dam flooded a potential scenic resource; the canal reduced the economic base of non-contiguous communities; urban renewal evicted neighborhood residents, often sending them to other slum areas. Agricultural policies contributed to making the industry capital intensive and thus stimulated the massive rural-to-urban migration which only now is ceasing. We must be aware of the cause and effect linkages between major problems on the domestic agenda and appreciate the need for greater consistency among public policies.

Need for Forecasting Capability. The challenge of recasting national goals and the complexity of shaping policies to meet broad problems calls for more sophisticated forecasting capacity in government. Needed is expanded capability: to measure what is happening across the spectrum of national concerns, i.e., social, economic, environmental and other trends; to envision social and economic prospects for the country; to forecast what our needs and resources will be; and to anticipate the probable as well as the not so probable effects of proposed public actions. The outcome of debates on national goals, the quality of life in America, and the substance of growth policies will depend upon our knowledge of current problems and our efforts to anticipate what future needs and resources will be.

Quality of Life Depends on Economic Growth. The ability of individual Americans to improve their lives, maintain their homes, stay healthy, and educate their children depends on sustained economic growth and increased productivity. A healthy economy, providing ample

employment opportunities and growing real income, is the source of material well-being which individuals draw upon to realize their aspirations and achieve quality of life as they define it.

The 1972 and 1974 National Growth Reports

The first biennial report submitted under Title VII of the 1970 Housing Act emphasized three principles, also contained in the 1970 national goals report. They were as follows:

That the process for formulating growth policies is long term, expansive, and evolutionary. That our social, economic, and governmental systems are not conducive to the establishment of a single national policy on growth.

That it is essential to achieve greater policy coordination.

The 1970 goals report emphasized the Federal role in responding to social, economic and physical growth issues. The 1972 biennial report, by

contrast, cited the importance of State and local government roles, and complementary Federal initiatives to increase State and local capacity to fashion growth policy appropriate to their jurisdictional scales.

This second biennial report recognizes and builds upon the principles laid out in the aforementioned documents; it reaffirms that quality of life is one of our dominant national goals; acknowledges the role of the private sector as the primary locator of people and economic activity; examines briefly some of the inadvertent impacts of Federal actions on growth; reports on State and local experience in managing physical growth and development; offers a selective overview of population trends which carry the seeds of future growth issues; and suggests ways to improve the ability of Federal, State and local governments to assess the overall effects of present and proposed governmental actions on the economy, quality of life, and our communities.

UNDERSTANDING GROWTH: AN OVERVIEW

There has been much talk in recent years about the impact of future growth on the quality of American life. There has been a lot of controversy and a lot of predictions, some of them quite dire. For the most part, however, the opposing sides have parted company both on questions of semantics and perceptions. Those with the gloomy forecasts interpret growth as a quantitative measure—as something that can be described in dollars, in terms of production, in amounts of bricks and mortar or in population. But growth as a national policy objective is far more than a measure of quantity—whether the quantities be of money, people or material goods.

For growth is an aggregate concept, the measure of net changes in many factors. Some factors, like income and new construction, are easily quantifiable. Others, like environmental degradation, urban aesthetics and job satisfaction, are less easy to quantify.

Growth is in effect the name we give to the currency in which improvements in our lives are denominated. If increased production favorably affects our lives, it is growth. If its favorable consequences are offset by environmental damage or other externalities, the increased production is not growth, only change. Growth is not something which affects the quality of our lives; it is the measure of that effect.

Quality of Life A Complex Concept

Of course, perceptions vary as to what constitutes favorable change in the quality of life. The search for a higher quality of life is expressed in a variety of concepts ranging from specific objectives, like "adding a wing to the house" to wishful aspirations like "living in a small town." A common tendency is to mistake means for ends. Education, for example, is only a means to social recognition, cultural self-fulfillment and higher income. And higher income is only a means to more security and creature comforts.

Several basic ingredients are common to most concepts of quality of life. People share a common interest in the quality and privacy of their housing, in being able to drive the highways of their country or walk the streets of their cities without fear. People want readily available and affordable health services. They want equal access to job opportunities which offer fulfillment. They want the chance to improve their lot through education, and they want free time to enjoy the pleasures of an affluent society.

Record to Date

However the individual may define quality of life and in whatever order of importance he might range the factors above, he would have to conclude that life has generally improved in quality, notwithstanding unevenness over the years, witness the current problems of inflation and a soft economy. The statistics—for those things that can be measured in statistics—are generally good. There has been a rise in the number of persons employed, a decline in the number of low income persons, an increase in social welfare expenditures for those who require assistance. The figures are equally impressive in areas such as housing, health care, life expectancy and education, viewed over the span of years.

Specifically:

- Employment in 1973 rose by 2.7 million persons, up from 81.7 million in 1972.
- The number of low-income Americans declined from 38.8 million in 1960 to 22.9 million in 1973, a drop from 22.4 percent to 11.1 percent of the population.
- In 1940, only 51 percent of America's housing met prevailing minimum standards of sanitary and structural quality. The proportion had risen to 93 percent by 1970.
- The number of overcrowded dwellings dropped from 20.3 percent in 1950 to 8.0 percent in 1970.
- Average life expectancy in the United States increased from 68.2 years in 1950 to an estimated 71.3 years in 1973.
- Expenditures for health and medical care rose from \$68.1 billion in 1970 to \$94.1 billion in 1973, up from 7.1 percent to 7.7 percent of the gross national product.
- In 1970, 55.2 percent of Americans had completed high school. The figure in 1973 was 59.8 percent.
- National educational outlays rose from \$24.7 billion in 1960 to \$90.2 billion in 1973. The 1960 figure was 5.1 percent of the gross national product; the 1973 figure, 7.8 percent.

Growth Objectives: A Moving Target

The problem with measuring components of growth by adding up the dollars spent each year to meet the same needs is that it can produce an inaccurate and misleading impression. Needs change as the population changes. It is important, therefore, to review frequently the spectrum of national concerns and to ensure the currency of our growth objectives. For policy plays to an everchanging audience. Some examples:

- Population growth in America is slowing; the birth rate is declining. Five years ago, the forecast was for 300 million people by the year 2000. Now the anticipated figure is 264 million.
- Metropolitan growth rates in the Northeast are falling behind those of the South and West; the broad drift of the population toward the East, and South and West Coasts is continuing, though more slowly than in the past and not all States are sharing in this growth.
- Farm population has stabilized, while nonfarm rural population is up in many places, especially in counties next to metropolitan areas.
- We're getting older. The average age of Americans is 28.2 years and rising. In 1974, we have 22 million people over age 65; by the turn of the century, there will be 29 million, a 32 percent increase.
- More women are working, at more occupations. Almost all the recent net growth of rural, nonmetropolitan employment has been in employment of women.
- The number of households has been increasing since 1940, and not only because the population has been growing. The population per household has been dropping—from 3.67 per unit in 1940 to 2.97 in 1974—with the rate of decline accelerating since the late 1960's.
- A greater percentage of households are headed by females or occupied by young, unrelated adults.

Growth Planning Must Reflect Changes

The total number of growth policy questions embodied in these facts and trends is enormous. Widely diverse matters must be considered, such as the need of the increasing elderly population for improved economic security; the effect of fewer children per family on the educational system; the energy implications of the coastal population buildup; the need to overcome minority isolation in inner cities and suburban pockets; the changing requirements for transportation; the shifts in demands on natural resources; the effect of population trends; migration patterns; and consumer preferences for the types and concentration of housing we require.

Growth in a Private Decision Economy

For the most part, the matching up of individual needs and directions of growth is accomplished through operations of the private market. The sustained economic growth that dominates our national history has induced many major

changes in the geographic distribution of population and economic activity. Most of the time the Federal role in this process has been one of a concerned but passive observer. In certain periods policies such as support of railroad construction or the encouragement of homesteading were implemented to further particular territorial goals. On the whole, however, the changes in the geographic distribution of population and production that have occurred have been made by families and individuals operating through a variety of economic markets.

In the United States, the fundamental posture toward growth is that the private decisions of the people operating through open markets allocate goods, resources, and the people themselves more efficiently and with more satisfaction for all than does any alternative method.

But it is also recognized that the market system is not capable of satisfying every human need. It cannot satisfy the need for national defense at all; it is generally inefficient, without governmental intervention, in satisfying such needs as environmental protection where public and social values are not fully reflected in market pricing mechanisms. And in some cases, not all people can participate with equal opportunity in market activity. This may result from a variety of causes which individuals may or may not be able to control; imperfect information about a market, lack of adequate income to buy into the market, or a pattern or practice of discrimination that precludes free participation.

To satisfy these and related needs, governments have instituted a variety of programs. Many of these programs have influenced the geographic distribution of people, activities and resources in important ways, even though this may not have been the principal intent. For example, the distribution of defense-space procurement funds tends to favor fast growing counties in metropolitan areas.

There are also situations where, although the private market system may work well from a technical standpoint, the results are deemed undesirable on social or political grounds. Consequently, governmental programs may be implemented to change the market outcome. Low income housing is a prime example. The private-decision market is fully capable of allocating available shelter among the population and of providing new housing on demand. But the market outcome, in which low income groups live in blighted housing, is socially unacceptable. Accordingly, government at various levels and with

various kinds of programs steps in to override the market outcome.

The issue is not whether the market functions perfectly, but whether it functions better than some public sector alternatives for a given problem situation. In the absence of a bureaucratic equivalence for bankruptcy, "failure" in the public sector may be more difficult to recognize and to do something about than "failure" in the private sector, but there is no reason to assume that it is any less common.

Neither should the task of repairing what the market has done unsatisfactorily be viewed automatically as an "either-or" proposition. Many of the more successful "interventions" by the government in the market have taken the form of a partnership between the private sector and the public sector. Each has unique attributes. The growth policy-making task is often to find the optimum way to share these attributes.

However, in addressing the choice of means for improving the condition of our Nation and our people, it is always important to reaffirm the Nation's fundamental position on growth: most of the time, a competitive, private-decision economy that effectively utilizes its capacity to produce will provide a geographic and functional distribution of people, activities and resources that is more efficient and more desirable than alternative methods.

Federal Government Impacts

But the public sector does influence growth patterns that originate in private market decisions. This influence most often occurs not intentionally but as a byproduct of activities directed toward achievement of unrelated purposes.

For example, in fiscal 1973, Federal outlays for a variety of purposes—agriculture; natural resources; community development; housing; human resources; domestic expenditures of the Defense Department, the Atomic Energy Commission and the National Aeronautics and Space Administration—totalled more than \$215 billion. A sum of this size cannot be scattered about the country without considerable effect on State and local growth patterns. But the Federal influence extends to administrative and regulatory functions as well.

There are at least seven major growth-influencing Federal activities: grants and loans to State and local governments; location and employment levels of Federal installations; procure-

ment of goods and services; direct and indirect Federal construction of public works; taxation; credit management; and regulatory activities.

Knowledge about the cumulative long-term effects of these Federal actions, especially on localities and regions, is very limited. And little is known about how the effects of different Federal actions converge within a given city, metropolitan area or rural locale.

What is known is that Federal programs often have conflicting objectives; that strategies of one agency may be blurred or reversed by the actions of another and that the effect on growth of programs designed explicitly to change growth patterns seems to be far less than the impact of other programs whose purposes ostensibly have nothing to do with growth.

Federal activities, therefore, affect the States and localities in a haphazard fashion, sometimes beneficially, sometimes not. Largely as a result, regional organizations and State and local governments have set out on their own to cope with problems of growth.

Regional, State and Local Experience in Managing Growth

As of 1973, there were 29 Federal-multistate commissions for economic development or river basin planning and 488 substate district organizations for coordinating Federal grants on an area-wide basis.

Some 21 states have formed commissions on goals. Six states have population commissions; 10 have approved legislative resolutions on population stabilization; and Vermont, Hawaii, Maine and Florida have enacted state-wide land use legislations. Coastal zone states are exerting increasing authority over land use to preserve areas of coastal environmental quality. State legislatures are increasingly using industrial development programs to influence patterns of development. States have moved rapidly to establish housing policies, and over thirty States now have housing finance agencies.

Numerous local governments also are moving to control land development and economic growth or to prevent changes in environmental quality by using moratoria on building permits, zoning for reduced future density, development timing ordinances and land banking, among other techniques.

POPULATION: GROWTH POLICY'S MOVING TARGET

Intelligent growth policies must reflect population trends. The rate of population growth, the proportions of young, adult and elderly people in the society, and the movement of people within the country are constantly changing. As this occurs new demands are generated for the production of goods and services by the private sector and the satisfaction of public needs by governments. Some of these changes and the consequent demands are discussed in this section. The list is not exhaustive. It simply offers a sampling of the types of policy issues which local, State and Federal officials increasingly find on their agendas. Many of these issues will be at the center of debate on urban and rural growth, especially at the State and local levels, during the rest of the 1970's.

THE NATION'S CHANGING POPULATION

The Nation's population growth has slowed from recent rates. This is the central demographic trend in the United States. By July 1974, resident population stood at 212 million. See Table 1. Projections for the year 2000 have been lowered to 264 million from the 300 million projected five years ago.

Viewed over the two hundred year history of the Nation, the current decline in the growth rate is a normal trend. In perspective, the high growth rates after World War II were deviations from the normal. This is apparent from the graph in Figure 1.

By all odds, the major factor in the lower rate of population growth has been the fall in the birth rate. The birth rate drifted downward all through the 1960's. For a brief period in 1969 and 1970 the birth rate rose slightly, but in early 1971 it began to fall again and now continues. The 1973 birth rate, 15.0 per 1,000 total population, was the lowest in the Nation's history.

Many factors have led to the decline in births: changes in the role and aspirations of women, increased concern over the qualitative effects of population growth, the increase in abortions, growing acceptance of more effective forms of contraceptive technology and changes in religious views.

It is quite feasible that during the rest of the century births will do no more than replace the parental generations. Should that happen and should immigration continue at present levels (about 400,000 annually), the national population would be about 264 million in the year 2000.

Table 1

U.S. Population and Components of Population Change, 1940 to 1973

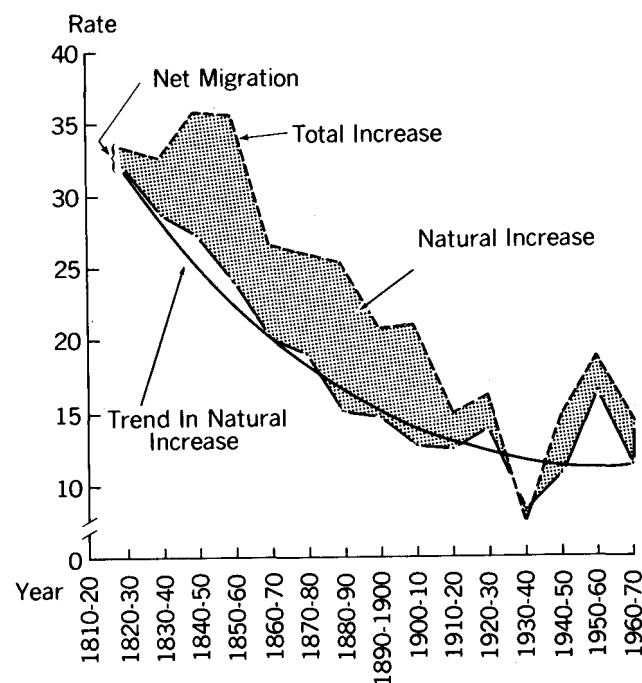
Year ¹	Total including Armed Forces abroad	Natural increase			Net civilian immigration	Rate per 1,000 mid-year population				
		Total	Births	Deaths		Net growth	Natural increase	Births	Deaths	Net Civilian immigration
Thousands										
1973 ²	210,404	1,170	3,150	1,980	350	7.3	5.6	15.0	9.4	1.7
1972	208,842	1,292	3,256	1,964	338	7.8	6.2	15.6	9.4	1.6
1971	207,045	1,630	3,554	1,924	387	9.7	7.9	17.2	9.3	1.9
1970	204,879	1,798	3,725	1,927	438	10.9	8.8	18.2	9.4	2.1
1969	202,677	1,671	3,605	1,934	453	10.3	8.2	17.8	9.5	2.2
1968	200,706	1,587	3,535	1,948	398	9.7	7.9	17.6	9.7	2.0
1967	198,712	1,694	3,555	1,861	414	10.4	8.5	17.9	9.4	2.1
1966	196,560	1,773	3,642	1,869	455	11.2	9.0	18.5	9.5	2.3
1965	194,303	1,971	3,801	1,830	373	11.9	10.1	19.6	9.4	1.9
1960	180,671	2,599	4,307	1,708	327	16.1	14.4	23.8	9.5	1.8
1955	165,931	2,591	4,128	1,537	337	17.6	15.6	24.9	9.3	2.0
1950	152,271	2,177	3,645	1,468	299	16.3	14.3	23.9	9.6	2.0
1945	140,468	1,324	2,873	1,549	162	10.4	9.4	20.5	11.0	1.2
1940	132,594	1,138	2,570	1,432	77	9.2	8.6	19.4	10.8	.6

¹Population as of July 1; components of change for calendar year.

²Preliminary.

Source: U.S. Bureau of the Census, Current Population Reports.

Figure 1
TOTAL AND NATURAL INCREASE PER 1,000 POPULATION: UNITED STATES, 1820-1970



The decline in birth rates began in the major metropolitan States of the Northeast, Lower Great Lakes and Far West and continues to be deeper in these areas than elsewhere. In most of the South and the Mountain West a decline was not measured until 1972. In 1973 births in the Northeast, Lower Great Lakes region and the Far Western States declined by 20 percent from what they had been in 1970. The decline in the rest of the country was ten percent. The evidence points also to a disproportionately large reduction in the birth rate in the major urban centers and to lower than average reductions in rural areas.

As yet, no State is recording more deaths than births. Massachusetts and Florida come closest to this condition with a margin in 1973 of about six births for every five deaths. In the United States as a whole the margin is about eight to five. But there are now hundreds of counties in which deaths exceed births, due primarily to out-migration of persons of child-bearing age.

One consequence of these changes is that the median age in the country is once again rising. The median age reached a peak of 30.5 years in 1953 before the accumulated surge of child-bearing in the World War II and post-war years began to lower it. By 1971 the median had declined to 28.0 years. In 1974 it rose to 28.7

and continues upward. If the birth rate stays near its present level until the year 2000, the Nation may expect the median age to continue rising. See Table 2.

As of 1974 there are 22 million persons 65 years of age or older in the United States. The number expected by the turn of the century is 29 million—a 32 percent increase. The actual number of older persons in the year 2000 will be unaffected by future fertility since the people now in this group and those who will enter it are already alive.

The average American woman now has her last child by the time she is 27 years old. Most women will have borne their last child well before the age of thirty, and all their children will be in school by the time the women are in their mid-30's. In addition there has been a decline in the number of births to older women and in the number of women having four and more children. If these trends continue, the pressure for increased participation of women in the labor force cannot help but grow.

In fact, since 1950 the greater part of the increase in the labor force has been female. Out of a total increase of 27.2 million between 1950 and 1973, 11.0 million were male and 16.1 million were female. In 1950 only a third of the females over 16 years of age were in the labor force; by 1960 the proportion was 38 percent and in 1973 had risen to almost 45 percent.

By 1970 almost 40 percent of all women of working age were employed. Wife as well as husband was working in 37 percent of all white husband-wife households, and in 48 percent of black ones.

Women also have moved into diverse fields of occupation. For example approximately 40 percent of professional and technical jobs in the United States are held today by women. Although still heavily concentrated in the education, health and social services areas, women are slowly expanding in other professions heretofore dominated by men.

Quality of Life Issues

As the population grows and ages there will be proportionately fewer children, more elderly persons, and many more working people. These changes in age distribution portend new and varied demands for the private and public services which determine the quality of American lives. The list of issues that must be confronted is long though not exhaustive.

Table 2

Distribution of U.S. Population, 1972 and 2000

Age	1972	2000		
		Fertility assumption		
		2.5 child family	2.1 child family	1.8 child family
Millions				
All ages	208.8	286.0	264.4	250.7
Under 15 years	56.8	73.1	59.7	50.7
15 - 29 years	53.4	66.0	57.9	53.1
30 - 44 years	35.1	59.8	59.8	59.8
45 - 64 years	42.6	58.2	58.2	58.2
65 years old and over	20.9	28.8	28.8	28.8
Median age (years)	28.1	31.1	34.0	35.8
Percentage distribution				
All ages	100.0	100.0	100.0	100.0
Under 15 years	27.2	25.6	22.6	20.2
15 - 29 years	25.6	23.1	21.9	21.2
30 - 44 years	16.8	20.9	22.6	23.9
45 - 64 years	20.4	20.4	22.0	23.2
65 years old and over	10.0	10.1	10.9	11.5
Percentage change, 1972 to 2000				
All ages		36.9	26.6	20.0
Under 15 years		28.8	5.2	-10.7
15 - 29 years		23.7	8.4	-0.5
30 - 44 years		70.4	70.4	70.4
45 - 64 years		36.4	36.4	36.4
65 years old and over		37.7	37.7	37.7

Source: U.S. Bureau of the Census, Current Population Reports.

What is the impact of population growth on the standard of living and quality of life? Although the rate of population growth is decreasing, the Nation's population is still increasing in absolute numbers. This continued population growth and its implied demand for economic growth pose questions regarding the Nation's limited resources. Traditionally national economic growth has been based on plentiful resources. This translated into low density suburban development, a gradual abandonment of blighted areas and the highest per capita consumption of goods, services, and materials in the world. As the U.S. becomes more interdependent with the world economy, new demands are being placed on domestic resources of minerals, food and fiber, land and energy. Under conditions of resource

scarcity, the potential may arise for adjustments in life styles and standards of living.

How will increases in working population affect the standard of living? One of the most important population statistics is the ratio of persons outside the labor force to those within it. This ratio is an index of the dependency burden borne by the economically active population and of the need for increased productivity on the part of the working population.

If families average only two children, the discretionary income of American families can be expected to increase because per capita income is virtually certain to rise as people of working age constitute a larger fraction of the total population. Moreover family income also can be expected to increase because a growing number of

women will undoubtedly participate in the labor force, giving more families at least two wage earners. Consequently, smaller families will be dividing larger incomes and one result, given control over inflation, should be an increase in discretionary spending. Larger per capita incomes and the changing role of women portend future increases in demand for higher education, professional and technical training and retraining, adult education, and recreation.

How will income security be provided? Not all segments of the national population are able to participate with effectiveness in the market and hence decide where to live and work. Those with inadequate income, including many minority persons, tend to be geographically concentrated in small rural towns or within central city or suburban poverty pockets. These population groups lack the opportunities enjoyed by most other Americans to attain their individual goals. Many do not enjoy equal access to public and private services because of local economic decline or limited governmental capacity in the community where they live. To what extent and how should these persons share in the benefits of the Nation's economic prosperity?

What is the outlook for improved economic security for the elderly? The economic position of elderly persons is determined by personal savings, the social security system, numerous public monetary benefits, pension plans, and to a lesser extent, employment. Yet with all these sources of income, poverty is more prevalent among the aged—especially among aged minority groups—than any other age group in the society. Thus one of the longstanding policy issues for the Nation is how the working population will pro-

vide for the dependent population of which the elderly are a major part.

What impact will changes in population composition have on demand for consumer products? A basic finding by the Commission on Population and the American Future was that sales in most industries can be expected to rise regardless of whether the population grows at the current 2-child per family rate or a higher rate. Furthermore it was demonstrated that few additional sales would result in most industries if population growth were higher than that produced by the 2-child pattern. Nevertheless industries which cater to the youth market will be affected by slower population growth to a greater extent than industries as a whole. If current births continue, the absolute number of young people will decline and the demand for such products as baby food and accessories, maternity clothes, toys, and textbooks will be reduced as well.

On the other hand fewer children per family and the associated reduction that can be expected in household responsibilities may tend to release additional women into the labor force and create further demand for labor saving homemaking devices and prepared foods. The increasing elderly population also may alter the type of goods in demand. And the anticipated rise in discretionary family income will probably result in demand for both higher quality and more types of consumer goods. As always, industries will find it advantageous to modify their investment directions and switch to areas of relatively greater demand.

How will the trend toward fewer children affect the Nation's educational system? The size of the school age population is a basic factor

which determines the aggregate educational expenditure of the Nation. Consequently educational costs will be very sensitive to population growth during the next 30 years. If families average two children, there will be only a 5 percent increase in the school age population (5 to 24 years of age) by the year 2000 over 1970. Will having fewer children per family result in proportionately lower educational expenditures than otherwise would be the case or a higher expenditure per child to improve the quality of education? And will a relative reduction in enrollment in elementary and secondary education be offset by increasing demand for education by other age groups in the population? See Table 3.

How will trends toward fewer children per

and prevention of chronic conditions afflicting other age components. See Table 4.

At the same time, an increasing elderly population will translate into demand for other types of health services. During the fiscal year 1972 the United States spent about \$72 billion on personal health care, of which 27 percent was for the aged though they represented only ten percent of the population. The average hospital bill for an aged person was more than ten times that for a youth and nearly triple that for persons in the economically active age group. It is among older persons that institutionalized care is most often needed. Hence, an increase in the number of older citizens will necessitate greatly increased spending for geriatric services.

Table 4
Health Indicators By Age

Age	Physician visits, 1969		Incidence of acute conditions per 100 persons, 1969-70	Days of restricted activity per person, 1968	Days of bed disability per person, 1968
	Percentage with 2 or more visits	Average number of visits per person			
	Pct.				
All ages	69.4	4.3	205	15.3	6.3
Under 5 years	82.4	5.7	356	10.8	4.8
5 - 14 years	63.5	2.8	271	9.7	4.3
15 - 24 years	71.1	3.7	209	10.5	4.7
25 - 34 years	71.9	4.4	191	12.9	5.3
35 - 44 years	66.8	4.1			
45 - 54 years	67.4	4.3			
55 - 64 years	67.4	5.1	133	20.8	7.6
65 - 74 years	70.5	6.1	103	30.7	11.8
75 years old and over	72.6	6.2			

Source: National Center for Health Statistics, U.S. Department of Health, Education, and Welfare.

family and more elderly persons affect demand for health services? The high incidence of acute illness among the young creates a substantial demand for medical care. Over 80 percent of the population under 5 years of age visited a physician at least once during 1970 and the average number of visits for sub-five-year-olds during the year was 5.7. Both of these figures are considerably higher than those reported for the total population undifferentiated by age.

A relative decrease in the number of children should reduce the need for medical personnel, facilities, and resources associated with their problems and free more resources for the care

THE EVOLVING AMERICAN HOUSEHOLD

Future urban growth and population distribution in the United States will be shaped partly by changes in the size and composition of households. In general the size of households continues to decline while the number of households is expanding, especially those headed by females and young unmarried adults.* See Table 5.

* The term "household" is used to indicate persons who live together in one housing unit regardless of relationship to one another. In most cases it consists of a family group, but may also consist of a person living alone or of unrelated people

Table 3
Growth of School-Age Population, 1970 and 2000

Age	Fertility assumption			
	2.5 child family		2.1 child family	
	Change 1970 to 2000		Change 1970 to 2000	
	Number	Percent	Number	Percent
	Thou.		Thou.	
Total, 1-24 years old	25,027	27.5	9,644	10.6
1-4 years	5,918	43.0	2,476	18.0
5-13 years	6,556	17.9	466	1.3
14-17 years	4,034	25.4	1,536	9.7
18-24 years	8,519	34.6	5,166	21.0

Source: U.S. Bureau of the Census, Current Population Reports.

Table 5

Household and Family Trends, 1940-1973

Characteristic	1974	1973	1972	1971	1970	1965	1960	1955	1950	1940
Total households (Mil.)	69.9	68.3	66.7	64.4	62.9	57.3	52.8	47.9	43.6	34.9
Average size of household	2.97	3.01	3.06	3.14	3.17	3.31	3.33	3.33	3.37	3.67
Primary individuals (Mil.)	14.9	14.0	13.5	12.6	11.8	9.5	7.9	6.1	4.7	3.5
Under 30 years of age (Mil.)	N/A	2.4	2.2	1.8	1.5	.9	.5	.4	N/A	N/A
Women 65 years and over (Mil.)	4.7	4.6	4.5	4.2	4.0	3.1	2.3	1.7	1.1	N/A
Percentage of all households-										
Primary individuals (Pct.)	21.4	20.5	20.3	19.5	18.7	16.6	15.0	12.8	10.8	9.9
Under 30 years of age (Pct.)	N/A	3.5	3.3	2.8	2.4	1.5	1.0	.9	N/A	N/A
Women 65 years old and over (Pct.)	6.7	6.7	6.8	6.5	6.3	5.4	4.4	3.6	2.6	N/A

N/A - Not available.

Source: U.S. Bureau of the Census. U.S. Censuses of Population and Current Population Reports.

living together. By definition the number of households is also the number of occupied housing units.

Smaller size. The average number of persons per household has dropped from 3.67 in 1940 to 2.97 in 1974. Several factors account for this decline. The number of children per family is dropping. Longer life expectancy has increased the time that couples live after their children leave home. Increased old age financial security has reduced the number of elderly people who live in their children's households. There are far fewer live-in servants or employees than in the past. And young adults are now more likely to leave parental homes before marriage than was previously the case.

Increasing numbers. In 1974 there are an estimated 69.9 million households containing 207.2 million persons. Given the average household size prevailing in 1940, this same population could have been accommodated in 56.5 million households. Since 1940 over a third of the total increase in households and thus in housing units required has resulted from the dispersal of the population into smaller but more numerous units rather than from the overall increase in population.

The demand for housing and household-related goods and services associated with the new families that will be started in the 1970's and 1980's is already determined by past birth rates. But family formation after 1990 is dependent on the level of childbearing now and in

the coming years. The vast majority of new households are formed by people in their early to middle 20's, and the number of persons in these age groups will be substantially different in the year 2000 if couples average 2 rather than, for example, 2.5 children during the next 30 years. We can expect long term demand for new dwelling units to be considerably lower if the population grows at the slower rate. Not only will there be fewer new families if population grows at the slower rate but smaller families as well.

In addition to population growth, however, the decrease in per-household occupancy also affects the demand for housing. More rapid growth of households relative to population increase is reflected in the spread of urban areas, the lowering of average urban densities and the increased amount of land required to accommodate a given population level. In 1940, 272 housing units were required to house each 1,000 persons. Today the comparable number is 337 units.

Housing Issues

The trend toward more and smaller households raises important public policy questions about the types and location of housing needed in the future and about the effects of this increased housing on our environment.

What broad locational choices will future families make? The Nation may well see more varied demands for housing types and locations. Increasing demand for smaller units could bring about more conversions of large homes in old

residential neighborhoods and more multifamily construction. Most population growth and household formation since World War II has occurred in the suburbs because of increasing prosperity, the availability of long term, low downpayment mortgages and the emphasis on single family houses. The location of housing in the future may be more sensitive to other considerations: job opportunities offered by footloose industries beyond the metropolitan fringe, the proportionately higher costs of detached single family housing relative to family income, the higher costs of transportation due to changes in energy pricing, and trade-offs in journey to work options for households which have both husband and wife working. The resulting demands for new housing of given types and locations in rural, suburban, and downtown neighborhoods have yet to unfold.

How will the increasing elderly population affect the demand for types of housing? It has been suggested that demand for rental as opposed to owner occupied housing and demand for condominiums and mobile homes will increase to meet housing needs of the aged. In 1970 however, many of the housing characteristics of elderly Americans were quite similar to those of the general population. Older persons were just as likely to be single unit dwellers. Moreover the proportion of older persons living in mobile homes was almost identical to that of the Nation as a whole.

Homes for the aged were an exception. About 800,000 people over 65 now live in residential homes for the aged and the dependent. Comparatively little use is made of such homes by persons under age 75. Some eight percent of people aged 75 and over are in homes for the aged, a proportion that has doubled since 1950. Though there is reason to expect these places to continue to grow, they are not now and probably will not be the dominant form of community in which our senior citizens will live.

How will the growth in households occupied by young unrelated adults, by married adults with smaller families and by female heads of households affect the types of housing in demand? At least one of these groups, the young unmarried adult population, tends to be less concerned with seeking permanent housing. This suggests that demand for rental housing, particularly apartments, will increase. Predicting demand for the other two groups is more difficult and is complicated by factors of income, mobility, family size and personal preference. Smaller size

of households, however, suggests increased demand for townhouses, smaller detached houses and apartments.

REGIONAL POPULATION SHIFTS

Historically up to 1970, there have been three shifts in population between major regions of the country: the continuing overall westward movement which is slowing; general migration toward both oceans, the Gulf and the Great Lakes regions; and the ongoing redistribution of black population northward and westward to the major metropolitan areas. Since 1970 these three shifts have undergone dramatic changes, although it is of course not known if the changes are temporary or long term.

Westward movement: Every census since 1790 has shown a further westward movement of the geographic center of population. The West had consistently been the fastest growing region, with rates since 1920 about twice as high as those for the Nation as a whole. But in the period 1970-74, the South pulled even with the West as a most rapidly growing region. Each is estimated to have grown by seven percent. In contrast growth in the Northeast and North Central Regions was about one and two percent respectively. See Tables 6 and 7.

Toward coastal areas: Attracted by climate and job opportunities, more and more people are locating along coastal areas of the Nation. Between 1940 and 1970 the population living within fifty miles of the Nation's coastline (including the Great Lakes) increased from 46 percent of the national total to 54 percent. These areas have about 16 million more people today than they would have if the population were distributed as it was in 1940. The greatest influence on the regional distribution of people came from the sustained rapid growth of California and Florida, whose joint share of the national population rose from 6.6 percent in 1940 to 13.2 percent in 1970. The greatest relative loss occurred in the West North Central States.

Since 1970, while some coastal States have continued to experience rapid growth, e.g., Florida and Oregon, the general pattern of net migration to the coastal areas has ceased. For example the five Great Lakes States of Wisconsin, Illinois, Michigan, Indiana and Ohio have experienced annual out-migration of approximately 100,000 persons during 1970-1974.

Movement of the black population. The overall interregional growth pattern masks a major redistribution of the black population,

Table 6
Percent Increase in Population, 1920-1970, by Decade
 Millions

Year	United States	North east	North Central	South	West
1920-30	16.2	16.1	13.4	14.3	33.7
1930-40	7.3	4.5	4.0	10.1	16.7
1940-50	14.5	9.7	10.8	13.3	40.4
1950-60	18.5	13.2	16.1	16.5	38.9
1960-70	13.3	9.8	9.6	14.2	24.1
1970-74*	4.0	0.8	1.7	7.0	7.0

Source: U.S. Bureau of Census: Current Population Reports

* July

whose direction of movement has been primarily northward and westward. Movement of blacks from the South since 1940 dwarfs that of any earlier period. In 1940, 69 percent of all blacks lived in a 13 State Southern region exclusive of Delaware, Maryland, the District of Columbia and Florida. In each of the next three decades, black out-migration was nearly equivalent to black natural increase in the South. In the 1960's net loss of blacks from the 13 State South area was 1.4 million persons.

The heavy net movement of blacks out of the South appears to have stopped. For the period 1970 to 1974, sample data of the Bureau of the Census show a nominal switch in the migration pattern of blacks, with an 81,000 net movement from the North and West to the South, but primarily to metropolitan areas rather than to rural areas of origin.

Regional Growth Issues

These interregional growth patterns pose a number of broad issues.

Will continued selective growth along coastal areas induce large scale deterioration of the quality of life through environmental overload and population congestion? Trends in regional growth have on the whole aggravated environmental problems. This is especially clear with regard to air pollution. The capacity of the atmosphere to absorb air pollution varies by region, with potential air pollution highest in the far West and increasing with city size regardless of location. Maintenance of air quality in the context of the broad migrational drift of population to the coasts will continue to pose a Federal-State policymaking challenge. Further as population becomes increasingly concentrated in coastal areas of the Nation, cumulative and competing demands for use of the coastline will increase. The growing pressure for certain types of industrial development and for second homes along the coastline intensify these demands. At the same time citizen interest in public access to the waterfront for recreation and scenic enjoyment is also becoming stronger.

What are implications for energy self-sufficiency of continuing urban development on the seaboards? To achieve self-sufficiency, new resources must be tapped. New issues over competing goals of environmental quality and national prosperity must be faced. For example, the heavy extraction of coal and oil shale from the Mountain States to supply energy needs along the coasts would pose water supply problems for

those States. Some reasonable trade-offs must be worked out to tap these energy resources at not too great a cost to environmental quality. To meet air quality standards, low sulfur coal from Western States is in greater demand; but its use involves trade-offs between mass strip mining, related environmental impacts, and local development options. Coal gasification also requires large amounts of water, yet few good sites remain for major dams and agricultural demand for existing water supplies is rising.

METROPOLITAN DEVELOPMENT PATTERNS

The growth of metropolitan areas most dramatically indicates how our population is concentrating. Between 1960 and 1970 the population grew by 20 million in metropolitan areas, leaving an increase of less than 4 million for the rest of the country. In 1970 metropolitan areas contained over 140 million people, nearly 70 percent of the total population.

There is, however, evidence of a slackening of metropolitan growth between 1970 and 1974 in the large metropolitan areas. Those areas exceeding two million population are experiencing net out-migration. Many medium-sized and smaller metropolitan areas on the other hand continue to gain population through net in-migration.

The rate of growth of metropolitan areas has varied with size. Between 1960 and 1970, the 13 percent rate of growth for the smallest metropolitan areas, those between 50,000 and 250,000 population, was about the same as that for the Nation, but the rate increased with size until it reached twice as much for metropolitan areas of one to two million. See Figure 2. Since 1970, however, these have been essentially the same rate of growth, between four and five percent for all sizes of metropolitan areas, except those over two million as noted above.

Growth also varies by region. Most metropolitan areas in the Northeast show growth rates below that for the Nation as a whole. Those in the North Central Region match the national average while those in the South and West, where the cities are newer, are higher. Between 1960 and 1970 the population increased about six million in the South and six million in the West, while in the Northeast and North Central States the gain was approximately seven million.

Within metropolitan areas, the process of suburbanization continued unabated from 1960 to 1970 and, at a slower pace, from 1970 to 1974. Within central cities the most striking feature of population change between 1960 and 1970 had been the constant widespread loss of

Table 7
Regional Trends in U.S. Population, 1910 and 1973

Area	Population ^{1/}						Percentage distribution					
	1973	1970	1960	1950	1940	1910	1973	1970	1960	1950	1940	1910
	Millions						Percent					
United States	209.9	203.2	179.3	151.3	132.2	92.2	100.0	100.0	100.0	100.0	100.0	100.0
Regions:												
Northeast	49.7	49.0	44.7	39.5	36.0	25.9	23.7	24.1	24.9	26.1	27.2	28.0
North Central	57.6	56.6	51.6	44.5	40.1	29.9	27.4	27.8	28.8	29.4	30.4	32.4
South	66.0	62.8	55.0	47.2	41.7	29.4	31.5	30.9	30.7	31.2	31.5	31.9
West	36.6	34.8	28.1	20.2	14.4	7.1	17.4	17.1	15.6	13.3	10.9	7.7
Division or State:												
New England	12.2	11.8	10.5	9.3	8.4	6.6	5.8	5.8	5.9	6.2	6.4	7.1
Middle Atlantic	37.5	37.2	34.2	30.2	27.5	19.3	17.9	18.3	19.1	19.9	20.8	20.9
East North Central	40.9	40.3	36.2	30.4	26.6	18.3	19.5	19.8	20.2	20.1	20.1	19.8
West North Central	16.7	16.3	15.4	14.1	13.5	11.6	8.0	8.0	8.6	9.3	10.2	12.6
South Atlantic	32.5	30.7	26.0	21.2	17.8	12.2	15.5	15.1	14.5	14.0	13.5	13.2
Florida	7.7	6.8	5.0	2.8	1.9	.8	3.7	3.3	2.8	1.8	1.4	.8
East South Central	13.3	12.8	12.1	11.5	10.8	8.4	6.3	6.3	6.7	7.6	8.2	9.1
West South Central	20.3	19.3	17.0	14.5	13.1	8.8	9.7	9.5	9.5	9.6	9.9	9.5
Mountain	9.1	8.3	6.9	5.1	4.2	2.6	4.4	4.1	3.8	3.4	3.1	2.9
Pacific	27.4	26.5	21.2	15.1	10.2	4.4	13.1	13.1	11.8	10.0	7.7	4.8
California	20.6	20.0	15.7	10.6	6.9	2.4	9.8	9.8	8.8	7.0	5.2	2.6

^{1/} Data from decennial censuses except for preliminary mid-year 1973 estimate.

Source: U.S. Bureau of the Census, U.S. Censuses of Population and Current Population Reports.

white population and the large increase in black population. Of the four million by which the black population in metropolitan areas increased between 1960 and 1970, 3.2 million was in the central cities and only 800,000 in suburban areas. Between 1970 and 1974 the white population in the central cities declined further, by more than four million. Meanwhile black population in the suburbs increased by about 100,000, compared with a white increase of nearly three million.

Though the population in the United States has become far more concentrated since 1950, there is nevertheless for much of the population more living space now than at the end of World War II. This is accounted for by two factors: the hollowing out of central cities, many of which have actually lost population, and the spread of suburbs which despite the inclusion of more and more apartment buildings remain as areas of low-density land use.

Paradoxically population growth in metropolitan areas is accompanied by a falling density of population because of the continuing drop in

central city population and the continued low density development in the suburbs. The extent of this suburban development is illustrated by the fact that in the 20 years prior to 1970 urbanized land almost tripled to 35,000 square miles. This increase was sufficient to bring about a fall in the density of population from 8.4 persons per acre in urbanized areas in 1950 to 5.3 in 1970. The land added on the urban fringes was only slightly less densely populated than the land in similar areas in 1950, less than five per acre in each instance; but within the central cities residential population density fell from more than 12 per acre in 1950 to about seven in 1970. This general decline in central city population density masks exceedingly high densities in specific neighborhoods found in most downtowns. Coupled with a lack of compensating amenities, some of these densities are intolerably high.

Changes within metropolitan areas. From 1960 to 1970 the process of suburbanization continued unabated. The central cities added about three million people while suburban areas

increased by almost 17 million, some 70 percent of the total increase for the Nation. Thus in a period of generally slow growth, the suburban areas increased by nearly 30 percent as against about five percent in the central cities. In 1960 approximately a third of the population lived in central cities, another third in the surrounding suburbs, and a third in non-metropolitan areas. By 1974 about 37 percent of the national population lived in metropolitan rings, while the remainder was divided, about 30 percent each, between central cities and non-metropolitan areas.

Furthermore what growth of central cities did occur was largely the result of annexation. With annexation the central cities registered a growth of over three million; without annexation growth would have been only about 300,000. But even with annexations, some central cities in the North Central Region, for example, lost population. Gains in the South and West through annexation were nearly two million each, whereas gains within 1960 boundaries were only about 500,000 and one million respectively.

Racial Concentration. Since 1970 the loss of white population in the central cities has accelerated. Between 1960 and 1970 the white population in central cities decreased by a little more than one percent. But between 1970 and 1974 the decrease in white population was over eight percent.

During 1960-1970 all of the 15 million increase of whites in metropolitan areas took place in the suburbs, whereas for blacks only a fifth of the four million increase in metropolitan areas was suburban. During 1970-1973 the black population increased more rapidly in the suburbs (1.8 percent) than in the central cities (0.3 percent), but blacks continued to represent an increasing proportion of the central city population and a decreasing proportion of the suburban population. See Table 8.

As in the past, much future growth is expected to occur in expanding suburban areas around major cities. Since many cities are located close to each other, they are merging as their suburbs expand. Outside metropolitan areas most major development is occurring in the transportation corridors that connect larger cities. Megalopolitan areas, gigantic urban regions stretching over hundreds of miles, are already well formed. Three such complexes stand out: one stretching up the Atlantic Coast from Northern Virginia to Boston, another centering around Chicago and the Great Lakes, and a third on the West Coast connecting San Francisco and San Diego. These

will in time contain half of the national population if the historic migration of people to coastal regions continues.

Metropolitan Growth Issues

The loss of population from central cities, racial concentration, and expansive growth in suburban and outlying areas will continue to be the source of major policy issues confronting governments at all levels.

As more single communities seek to guide growth, what balance will be struck between individual rights and community rights? Local actions to control growth are mounting as some communities seek to preserve the quality of life as perceived locally or to maintain balance between their ability to provide public services and increased demand resulting from community development. Techniques like sewer moratoria, building freezes and exclusionary zoning act to limit the basic rights of many while achieving limited goals for a few. The Ramapo, New York; Boca Raton, Florida; and Petaluma, California cases pose a basic constitutional issue of the right of citizens to make a reasonable choice of housing and job locations. Yet all of these types of actions indicate the increasing desire to manage growth. What new techniques can be used to provide for growth in an orderly and equitable manner yet accommodate individual choices on where to live and work?

What are the areawide impacts of individual community actions to control growth? Efforts by single jurisdictions to control housing or population growth spotlight the mismatch between city and county boundaries and the size of housing,

Figure 2
POPULATION GROWTH BY SIZE OF STANDARD METROPOLITAN STATISTICAL AREAS IN 1970 AND BY RACE: 1960 TO 1970

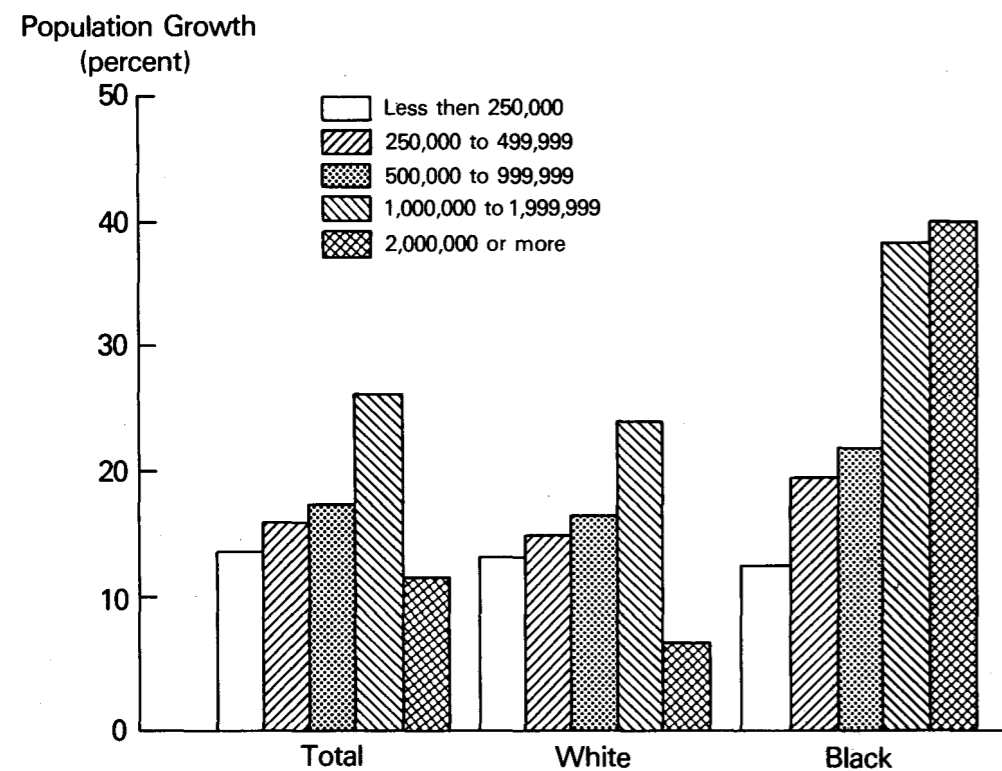


Table 8
Population Shifts Between City And Suburbs By Race: March 1970-March 1973 (in thousands)

	1970	1973	Percent Change
Within Central Cities			
Whites	46,592	42,600	-8.6%
Blacks	12,315	12,350	0.3%
Balance SMSA (Suburbs)			
Whites	64,460	67,380	4.5%
Blacks	3,360	3,420	1.8%

SOURCE: Bureau of the Census, "Mobility of the Population of the U.S., March 1970-March 1973," Series P-20, No. 262, March 1974, Table 1.

labor force, and job markets in metropolitan areas. What local institutional means can best correct this mismatch: two-tiered government, administrative coordination, areawide government? How can overall growth strategies for inner city neighborhoods, suburban communities, and the outlying fringe best be coordinated, since all affect the same housing and job markets?

. **How will broad changes in economic activity affect the comparative position of older cities?** The potential of each city to grow and change is a function of its economic setting. Each city plays a particular economic role, such as a center for business and commerce or an industrial magnet. But the economic rationale for each city may be altered by changes in markets, resources, the labor force, technological advance or other factors. What is the future economic outlook of older American cities and how will it affect the comparative position of those cities vis-a-vis suburban areas, nearby nonmetropolitan areas, and more distant parts of the country?

. **What is needed to overcome the isolation of minorities that leads to waste of human talent and social entanglement?** Under the Civil Rights laws much has been accomplished, but a great deal remains to be done to promote equal access to jobs and housing for all Americans. Despite rising incomes and more open housing, in percentage terms and in absolute numbers minorities remain heavily concentrated in well defined neighborhoods. What would be the impact of new income transfer strategies on the mobility of minorities and on the inner city itself?

. **What is the relationship of the need for a balanced transportation system to local and areawide growth strategies?** Primary reliance on the automobile for metropolitan area travel favors adults who are economically self-sufficient and healthy. But they comprise only about half the metropolitan population. To those who cannot move so freely—the nondrivers, the aged, the poor, the handicapped, and children—the absence of alternative transportation can be a barrier to getting health services, finding a job or housing, or maintaining social contacts.

Each metropolitan area will face choices regarding the best mix of bus, rail and auto modes, levels of service, and intra-metropolitan travel links. Transportation issues increasingly will become a common denominator linking growth-related actions such as neighborhood preservation strategies, areawide growth policies and preferred use of Federal transportation funds for multi-modal systems.

. **What kinds of neighborhood preservation**

strategies are needed in the central cities to make these areas viable residential alternatives? Neighborhoods in central cities vary in degree of physical obsolescence, ethnic-racial-age mix, level of public services and facilities and economic condition. What combination of housing production, rehabilitation or demolition makes sense in each neighborhood? How would housing preservation relate to economic upgrading and the provision of better public services? As household income in the inner city improves and a new generation replaces the old, and inner city residents seek alternative housing choices, will there be a market for the existing housing in inner city neighborhoods no matter how well maintained or rehabilitated? Who should decide these issues locally? What should be done if neighborhood revitalization results in more affluent families replacing lower income families?

. **What strategies for older suburban areas?** Much of the housing built since World War II is suburban. By 1980 many subdivisions will be in need of major rehabilitation. Meanwhile many urban problems such as increased traffic congestion, commercial blight, inadequate public services and higher taxes, are mounting. Will we find ourselves faced with the need for suburban renewal on a large scale? What maintenance strategies can be fashioned to retain housing quality, reduce the suburban journey to work, open job links for the inner city labor force?

. **What effect will energy cost increases have on metropolitan growth trends?** Energy cost increases could lead to more compact forms of development. If costs of private auto operation in low density settings increase substantially, demand may grow for alternative transportation modes and denser residential and business development. This could cause a slow-down in exurban and suburban fringe development, stimulate multifamily residential construction in established suburban areas, or prompt reclamation of older inner city neighborhoods. Future suburban development might be more integrally planned so as to be more cost and energy efficient than the current mode of development.

RURAL DEVELOPMENT PATTERNS

In contrast to the clear trends in metropolitan area growth is the paradox of nonmetropolitan areas. Historic decline in the rural farm population, which has been relatively stable since 1970, is being more than offset by an increase in rural nonfarm population in villages and small towns, and especially in rural parts of metro-

politan areas. Since 1970 out-migration from many nonmetropolitan counties has halted.

A variety of structural and attitudinal factors in the late 1960's led to a curtailment of the migrational drift to the cities, and events since 1970 have accelerated the trend. From 1970 to 1973 non metropolitan areas averaged a 2.5 percent annual increase in job growth (from 21.2 to 22.8 million) compared with 1.2 percent in metropolitan areas (from 60.4 to 62.6 million). Population has grown accordingly. Figures for the period April 1970 to July 1973 show a total population growth of 4.2 percent in nonmetropolitan counties compared with 2.9 percent in the metropolitan areas. A growth pattern of this type is unprecedented in the modern history of the United States, with the exception of a brief period during the worst of the Depression years. Between 1970 and 1973 migration from metropolitan to nonmetropolitan areas totalled 994,000.

Overall the period 1960-70 saw manufacturing jobs in nonmetropolitan areas increase from 3.6 to 4.9 million, about 36 percent. Metropolitan area manufacturing jobs increased by comparison from 13.2 to 14.9 million or about 13 percent. A notable reverse occurred, however, between 1970 and 1973. Nonmetropolitan manufacturing jobs continued to grow, to 5.3 million or 8.9 percent. But manufacturing jobs in metropolitan areas declined to 14.2 million, or almost 5 percent. See Table 9.

In the latter part of the 1960's other stimuli to nonmetropolitan economic growth occurred, including the environmental and youth movements, reactions to the problems associated with large cities and the major urban riots of the late 1960's. These factors reduced the desirability of major cities as places in which to live or to locate businesses, relative to smaller scale cities and towns.

Farm Out-Migration. At the beginning of World War II, 30 million people lived on about six million farms. Today nine million people live on fewer than three million farms. This represents a decline in farm population from 25 percent to five percent of the total population. Between 1960 and 1970 the farm out-migration was particularly severe. The farm population declined during those years by about six million, or 38 percent nationwide. The South continued to experience the largest farm population loss. This region, traditionally the most populous in farm residents, now ranks second behind the North Central Region.

During the decade 1960-70 a net average of 694,000 persons left farms each year. The annual rate of migration during this period was 5.6 percent. Although the number of net migrants was less than in earlier decades, the rate of movement was about the same as in the 1950's. But for the period 1970-74 the rate of out-migration, 1.2 percent, was considerably less than in other recent periods.

Decline in Black Farm Population. The decrease in black farm population is noteworthy. In 1920 there were over five million black people on farms. As of 1973 there were fewer than 700,000 blacks living on farms. There remain, however, about four million blacks in the rural population, with about 93 percent in the South.

Growth in Non-Farm Rural Population. The huge movement of people from the open country and small towns to the cities occurred in the last generation due to a decline in manpower needs in rural industries, the pressure of high birth rates and the comparative attractions of urban life. There was a tendency to view this pattern as inexorable, inflexible and without end. Now the dynamics of the rural-urban shift of population are changing. Neither industry nor people are as strongly drawn toward metropolitan areas as they were. Economic changes in mineral, food, and timber industries have led to an increased demand for products from rural areas. Furthermore, the movement of people of retirement age is primarily to rural areas and small towns.

The large pool of rural unemployed women appears to have been a significant attraction to the location of industry in rural areas. Rural women have long had lower labor force participation rates than urban women. Many rural counties in areas dominated by classically male industries such as farming, mining, and forest products had fewer than 30 percent of their women of working age in the labor force in 1960. This condition was both a source of local income loss and an inducement to firms seeking a ready supply of workers. Thus, since 1960, almost all net growth of rural and nonmetropolitan employment was in employment of women.

Rural Development Issues

. **Should public policy encourage growth in rural areas beyond what normal economic development would cause?** The fundamental issue here is the extent to which public programs during the 1970's should seek to "correct" imbalances which arise from normal processes of economic development.

A strategy of minimal intervention with

Table 9
Employment Changes in the United States by
Metropolitan Status, 1960 to 1973

Location of employment and industry	Employment			Average annual change			
	1973	1970	1960	Number		Rate per 100 persons	
				1970-73	1960-70	1970-73	1960-70
	Thousands					Pct.	Pct.
Metropolitan areas ^{1/}							
Total employment	62,591	60,409	47,527	727	1,288	1.2	2.4
Nonfarm wage and salary	56,428	54,183	40,953	748	1,323	1.4	2.8
Goods producing	17,099	17,599	15,440	-167	216	-1.0	1.3
Manufacturing	14,214	14,887	13,248	-224	164	-1.5	1.2
Mining	226	227	241	^{3/}	-1	-1	-6
Construction	2,659	2,485	1,951	58	53	2.3	2.4
Service performing	39,329	36,584	25,513	915	1,107	2.4	3.6
Trade	12,375	11,579	8,579	265	300	2.2	3.0
Service groups	10,034	9,149	5,667	295	348	3.1	4.8
Finance, insurance, and real estate	3,382	3,113	2,237	90	88	2.8	3.3
Transportation, communi- cations and utilities	3,600	3,590	3,153	3	44	.1	1.3
Government	9,938	9,153	5,877	262	328	2.7	4.4
Other nonfarm ^{2/}	5,368	5,396	5,474	-9	-8	-2	-1
Farm	795	830	1,100	-12	-27	-1.4	-2.8
Nonmetropolitan areas ^{1/}							
Total employment	22,895	21,232	18,483	554	275	2.5	1.4
Nonfarm wage and salary	17,896	16,213	12,157	561	406	3.3	2.9
Goods producing	6,501	5,971	4,578	177	139	2.8	2.7
Manufacturing	5,265	4,909	3,651	119	126	2.3	3.0
Mining	386	379	450	2	-7	.6	-1.7
Construction	850	683	477	56	21	7.3	3.6
Service performing	11,395	10,242	7,579	384	266	3.6	3.0
Trade	3,603	3,112	2,450	164	66	4.9	2.4
Service groups	2,360	2,127	1,402	78	72	3.5	4.2
Finance, insurance, and real estate	552	478	359	25	12	4.8	2.9
Transportation, communi- cations and utilities	928	868	857	20	1	2.2	.1
Government	3,952	3,657	2,511	98	115	2.6	3.8
Other nonfarm ^{2/}	2,641	2,609	2,773	11	-16	.4	-6
Farm	2,358	2,410	3,553	-17	-114	-7	-3.9

^{1/} Metropolitan areas essentially as defined in January 1972.

^{2/} Self-employed, private household workers, and unpaid family help.

^{3/} Less than 500 persons.

SOURCE: Adopted from State employment security agency estimates by Economic Research Service, USDA.

normal economic growth would create more and larger metropolitan areas, revitalize places close to metropolitan areas as well as some rural areas, and hasten the decline of other small rural places. Under this strategy little use would be made of such tools as functionally or geographically focused economic development aids. However, resettlement and relocation aid for declining areas would become logical policies to follow for this strategy.

A "corrective" or strong public intervention strategy would approximate prior national efforts to spur economic growth in lagging and depressed areas where such growth would not otherwise occur. Corollary policies would call for economic aid targeted at specific geographic areas or economic sectors, growth center programs, and major public works investments geographically targeted to declining areas.

At the local level, what types of community preservation or adjustment strategies are needed in nonmetropolitan areas? Some rural areas outside of the influence of metropolitan areas continue to experience little growth and development, evidenced by very low levels of household or per capita income. These areas are largely bypassed by the overall economic growth of the Nation. Other rural areas are gaining in nonfarm employment and experiencing new economic growth. This leads to urban-type characteristics of subdivision growth, inadequate public facilities, higher taxes, congestion and pollution. The variety of futures facing different rural communities thus calls for flexible community preservation or adjustment strategies. These must take into account the age-labor force-income mix of the rural population and opportunities for economic adjustment. Questions arise regarding the minimum size for viable communities and threshold levels above which rural local governments can collect revenues and provide services efficiently for populations spread thinly over large areas. One area of exploration is the potential for rural intergovernmental cooperation in providing services on a more economical basis and the infrastructure needed to attract employment opportunities.

What type of State and local actions are needed to resolve issues of increasing land use competition at the metropolitan fringe? About 21 percent of all farm products by value are produced in metropolitan areas. But the metropolitan area fringe itself is the established focus

for low density, auto-oriented residential growth. As more land comes under cultivation to meet national and world demands, as nonmetropolitan manufacturing growth continues close-in to metropolitan areas, how will these further claims be weighed against each other and against the anticipated increase in household formation and the demand for more low density housing?

What impact would income transfer strategies for the poor have on rural areas? Would rural people use increased income to move from declining to growing rural towns or to metropolitan areas?

What is the potential impact of an increased demand for vacation and retirement homes or resorts on rural areas? As urban areas have become more populated, the desire to "get away from it all" during holidays or weekends has resulted in a rise in demand for vacation homes. What types of State or local action are needed to guide this type of growth?

What environmental impacts must be anticipated due to selective growth in rural areas? As nonfarm rural employment increases and fossil fuel resources are developed to achieve greater national self-sufficiency in energy, policy issues will arise in specific States and localities over air and water quality, resource preservation and protection of the physical environment. How can States and Federal agencies work together to implement State initiated strategies to maintain air and water quality standards, protect critical environmental resources and provide for the economic growth necessary to sustain our quality of life?

SUMMARY

In the broadest sense the foregoing issues deal with the need for adjustments rather than fundamental changes in local, State and Federal policies related to growth. There appears to be no great demand for massive programs to relocate businesses or induce large population shifts. But there is strong and persistent public demand to raise the quality of life of people where they live now. In short people want livable, safe inner city neighborhoods; more orderly, lower cost, new developments in suburban areas, and adequate, well serviced rural communities. These public preferences are the driving force behind the growth issues of the 1970's and the search by the private and public sectors for better management of the processes by which the Nation grows and develops.

FEDERAL INFLUENCE ON GROWTH AND QUALITY OF LIFE

Knowledge is limited about the long term effects of various Federal actions on localities and regions. The real impact of Federal programs designed explicitly to change growth patterns (e.g., bolster a lagging region, or revitalize a downtown area) appears to be far less than the impact of other Federal programs (e.g., defense procurement) whose ostensible purposes have nothing to do with growth and development. Understanding of how the effects of different Federal actions will converge within a given city, metropolitan area or rural locale is difficult to anticipate.

Although there have been many evaluations of specific Federal programs, few attempts have been made to assess the intertwined consequences of these programs. The purposes of this section are: to enumerate at least some of the governmental actions which, by design or unintentional effect, influence the growth and development of urban and rural areas; to suggest the relative importance and impact of different Federal activities; and to underscore the imperfect state of public knowledge about the aggregate effects of all Federal actions on growth and development.

INSTRUMENTS OF FEDERAL POLICY

There are a variety of Federal activities assumed or known to have impacts on growth and development: grants and loans to State and local governments, location and employment levels of Federal installations, procurement of goods and services, construction of public works, taxation, credit management and regulatory activities.

Grants and Loans to State and Local Governments

It is estimated that, in FY 1975, about \$50 billion will go to States and local governments for highways, community development, environmental improvement, public assistance, education and manpower development. These grant programs account for about one-sixth of all Federal outlays and one-fourth of State and local outlays. Yet, despite their intent, some of the programs appear to have had limited effect on growth patterns for the following reasons.

Conflicting strategies. Many programs contain conflicting objectives, which diminish their ability to alter growth and development. The strategies of one agency sometimes blur or tend to reverse actions of another. For example, the Appalachian

Regional Development Act, the Public Works and Economic Development Act and the Economic Opportunity Act, passed during 1964 and 1965, all dealt with problems of poverty. But the programs authorized under these acts were implemented according to different strategies. Some assisted poor people where they lived; other programs stimulated job development in favorable locations, thereby encouraging poor people to migrate.

Inherent limitations. Federal programs directed to depressed and rural regions have often been too limited geographically to allow the application of a rational strategy which recognized the interrelationships of major urban centers and their hinterlands. An example is the Economic Development Administration, charged with assisting multicounty Economic Development Districts. Through June 1973, approximately \$1.5 billion in Federal funds had been obligated for EDA public works, technical assistance and planning; and about \$400 million in loans for business development had also been approved. But, despite these expenditures, the programs have had little effect in achieving basic objectives. The reasons include dispersion of available resources in subcritical amounts and heavy emphasis on investment in public works (65 percent of funding) instead of assistance to the private sector (18 percent), thereby foregoing the leverage that private capital can often exert to stimulate economic activity.

Nor can the sheer force of private sector determinism, relative to the size of any Federal program, be overlooked. For example, in 1973 the private sector invested \$96 billion in construction activity, compared to only \$34 billion for all levels of government combined. It is in comparison with the scale of impacts of private investments that the influence of any single Federal program must be judged.

Program dominance. It also seems clear from decades of experience that some government programs exert far greater influence on growth and development than do other programs. The classic example is the national highway program which has had a profound impact on the patterns of national growth and development. The Interstate Highway System was in 1956 without much thought for its second order impacts on national development; yet no recent direct action of the Federal Government has had greater influence on the competitive balance of one region to another

and one city to another. Transportation and utility systems are inherently powerful tools for structuring patterns of growth and development, yet rarely have these tools been consciously employed as a matter of policy for that purpose.

Construction of the Interstate System dramatically reduced travel time between cities and conferred a new competitive advantage on trucks as against rails as conveyors of commerce. These same reductions in travel time expanded the trading areas and commuting sheds of many larger towns, leading to greater efficiency in production and distribution of goods and services but also accelerating the demise of many smaller communities.

The system also profoundly affected the structure of metropolitan areas. Beltways around metropolitan areas helped to create polycentric development. Industries became more footloose because they could draw their commuting work forces from larger areas. Highway improvements also encouraged manufacturing firms to locate in rural areas, many adjacent to metropolitan areas, and enabled rural residents to commute to and shop in communities an hour or more away.

As the interstate highway systems near completion in many metropolitan areas, it is evident that sewerage facilities are becoming more important determinants of the pattern and pace of urbanization. The placement, sizing, and timing of major interceptor sewers in undeveloped areas near cities and expansion in treatment plant capacity can directly influence the location and density of new residential development.

Urban-Rural Variations. Department of Agriculture analyses provide another view of the relative impacts of 226 selected programs deemed to have significant impacts on development. See Table 10. These outlays accounted for over \$215 billion of total FY 1973 Federal Government outlays.

Federal outlays in the aggregate flow to metropolitan and nonmetropolitan areas roughly in proportion to their respective population. The metropolitan areas, as defined in April 1973, with about 73 percent of the national population, received about 75 percent of these selected FY 1973 outlays.

When the outlays are differentiated by major national purposes, however, variable impacts occur between metropolitan and nonmetropolitan areas. Outlays for housing and Defense-NASA-AEC activities greatly benefit metropolitan areas. Conversely, the bulk of agricultural and natural resource outlays accrue to nonmetropolitan areas. Such outlays were highest on a per capita basis in the most rural and nonmetropolitan counties. Among nonmetropolitan counties, outlays for agriculture and natural resources favored those with large population losses during the 1960's. On a per capita basis, community development outlays were higher in nonmetropolitan counties than in metropolitan counties and highest of all in totally rural nonmetropolitan counties not adjacent to metropolitan areas. These differences in community development outlays were largely a function of extensive interstate highway construction in sparsely settled counties.

Overall, human resource outlays were heavily weighted toward income maintenance (e.g., welfare and social security). On a per capita basis, these outlays were greatest in counties with large incidences of poor and of aged people. Across the urban-to-rural continuum, per capita outlays for human resource development were largest in the most rural of nonmetropolitan counties and smallest in the fringe counties of the large metropolitan areas.

Federal Construction

Large scale projects undertaken directly or assisted by the Federal Government have significant impacts on the growth and development of some areas of the country, particularly the South and West. Direct public works (built largely by the Corps of Engineers, the Bureau of Reclamation and the Tennessee Valley Authority) include flood control, beach erosion control, irrigation, water conservation, navigation, power generation and recreation. Federal policies in these areas have contained many internal contradictions such as those between the objectives of the former acreage retirement programs of the Department of Agriculture and the reclamation programs of the Department of Interior. Conflicting national policies and lack of adequate policy coordination have been two of the principal obstacles to better balance in the quality of life among various parts of the country—an obstacle made more significant by the large size of Federal outlays and the high degree of Federal involvement.

In 1973 outlays for direct and indirect Federal construction programs totalled an estimated \$12.7 billion. This included \$7.5 billion in grants and loans to states and localities and \$5.2 billion in direct construction (\$1.4 billion for defense, \$3.8 billion for civil works). This was nearly ten percent of the \$130 billion total public and private construction put into place in 1973. There was also a substantial amount of private construction which resulted indirectly from defense and research procurement activities.

A great many Federal agencies now conduct water resources activities: the Bureau of Reclamation handles irrigation matters; the Corps of Engineers, flood control and river and harbor development; Soil Conservation Service and Forest Service, watershed protection and development; the Environmental Protection Agency water pollution control and assistance for treatment plant development. The Tennessee Valley Authority and many other agencies carry on additional programs. All of these programs impact

on growth patterns by influencing job and housing opportunities, the construction of large scale projects, provision of road access, and subsequent development of recreation facilities and second homes.

Water resource projects of the Bureau of Reclamation in 17 Western states have a significant impact on development and growth in arid and semi-arid lands. The Corps of Engineers has major public projects for the improvement of rivers, harbors and waterways for navigation and flood control. Though economic growth is used to justify these programs, many of them are conducted without reference to any broad economic development strategy.

Location and Employment Levels of Federal Installations

Significant effects on growth patterns of States and local areas also result from Federal decisions on placement of Federal facilities and projects. Major government installations, such as office centers, research complexes, military installations and public works projects, stimulate growth. The effects of opening, closing and expanding civilian and military installations have obvious and direct impacts on the development patterns of local communities. There are numerous examples of Federal decisions deliberately made to provide job opportunities in inner cities or aid in developing a new community. The decision to locate headquarters facilities for the U.S. Geological Survey in the new town of Reston, Virginia was made deliberately to help that community. The consolidation of headquarters for the Standard Federal Regions in the center of ten large cities has contributed to the revitalization of the deteriorating downtowns in some of these cities.

Federal decisions regarding employment at civilian and military installations exert major influence over local urban and rural development as well. See Table 11, which measures the FY 1973 distribution of defense payroll outlays between metropolitan and nonmetropolitan counties. Metropolitan counties received most of such outlays, reflecting the existing pattern of installations developed over the years.

Procurement of Goods and Services

Another form of Federal influence on growth patterns is procurement outlays for Defense, NASA, and AEC. Several types of procurement outlays heavily favor urbanized areas of the coun-

Table 10

FY 1973 Selected Federal Outlays By Program Groups
By Metropolitan And Nonmetropolitan Counties

Program Groups	Fed. Outlays Million \$	Percent Distribution by County	
		Metropolitan	Nonmetropolitan
Agriculture and Natural Resources	\$ 8,441	21.6	78.4
Community Development	21,547	72.6	27.4
Housing*	19,020	82.4	17.6
Human Resources	95,536	72.6	27.4
DEFENSE-NASA-AEC	70,621	84.8	15.2
TOTAL	\$215,165	75.5	24.5

*Includes guaranteed/insured loans and home mortgage insurance, which exert strong Federal influence on local market activity.

SOURCE: Adapted from Economic Research Service, U.S. Department of Agriculture.

try where the bulk of manufacturing, supply, service, research and other resources are located. See Table 12.

Federal procurement and sponsorship of research and development activities represent important influences on the economic development of certain regions of the United States.

Although the 1968 ACIR report, *Urban and Rural America: Policies for Future Growth*, recommended that regional development considerations be taken into account in procurement policies, Federal procurement decisions have generally continued to reflect the lowest-cost competitive basis for contracts. Scientific research

Table 11
FY 1973 Defense Payroll Outlays By Metropolitan
And Nonmetropolitan Counties

Defense Payrolls	U.S. Total Millions	Percent Distribution By Counties	
		Metropolitan	Nonmetropolitan
Civilian Pay	\$11,429	85.3	14.7
Military Active Duty Pay	\$12,417	75.2	24.8
Military Reserve and National Guard Pay	\$ 1,231	76.5	23.5
Military Retired Pay	\$ 4,122	84.9	15.1

SOURCE: Adapted from Economic Research Service, U.S. Department of Agriculture

Table 12
FY 1973 Defense-NASA-AEC Outlays
Metropolitan And Nonmetropolitan Counties

Defense Contracts	U.S. Total Million \$	Percent Distribution By Counties	
		Metropolitan	Nonmetropolitan
Military Prime Supply	\$17,014.7	89.8	10.2
Military Prime RDTE	6,218.7	96.7	3.3
Military Prime Service	5,643.4	82.8	17.2
Military Prime Construction	1,249.1	73.5	26.5
Civilian Functions	1,789.8	69.9	30.1
Contracts Under \$10,000	3,746.7	86.7	13.3
Atomic Energy Commission			
Operating Expenses	2,380.2	71.7	28.3
Capital Investment	428.1	75.1	24.9
NASA			
Research & Prog. Mgt.	652.2	98.1	1.9
Facilities Construction	52.7	96.6	3.4
Research & Development	2,247.0	98.6	1.4

Source: Adapted from Economic Research Service, U.S. Department of Agriculture

and development has been enormously expanded in the post World War II era as the Federal Government has played a major role in funding R&D for military activities, atomic energy development, space programs and a variety of other civilian activities. Federal contracts for scientific research and development tend to be awarded to existing centers of scientific achievement, which in turn are located in fast-developing metropolitan areas. As an example, NASA awarded R&D contracts totalling almost \$40 billion for the Apollo program, providing strong economic growth for selected counties in metropolitan areas.

Taxation

Taxes of various kinds, on corporations, individuals, and property, influence State and local growth patterns in complex ways. Federal fiscal policy has been concerned almost exclusively with overall economic growth as viewed in a nationwide context. The location or distribution of economic growth throughout the country has not been a factor of primary concern. Yet specialized tax provisions often have important regional and sector growth implications. For example, the oil depletion allowance together with other favorable Federal tax policies for oil produces a major impact on the economic growth of those locations of the country which have oil reserves. Another example is the capital gains provisions of Federal income tax laws which, for example, provide incentives to those investing in land and other capital assets, by permitting profits from the sale of land (held longer than six months) to be taxed at about half the rates otherwise applicable.

Credit Management

A number of Federal organizations are concerned with credit cost and availability, such as the Federal Reserve System, the Federal Home Loan Bank Board, the Farm Credit Administration, the Government National Mortgage Association, the Federal Housing Authority, the Farmers Home Administration, and the Veterans Administration.

These credit-related institutions do not deliberately operate to achieve predetermined impacts on community or regional economic development. But they often do. For example, housing mortgage guarantees and interest rates which these agencies influence have played a key role in encouraging suburbanization by encouraging construction of new housing rather than

conserving existing housing stock. The result has been to give inadvertent impetus to outmigration from central cities. Assistance to the shipbuilding industry represents yet another example of Federal influences on growth. Over the years, credit for the shipbuilding industry has led to the expansion and maintenance of numerous locales whose economy centered on ship construction and related industries.

Regulatory Activities

The Clean Air Act of 1969 as amended and the Water Pollution Control Act of 1971 as amended are two of the more important Federal regulatory systems that influence physical and economic growth patterns at the State and local levels. Under the Clean Air Act, the Environmental Protection Agency sets performance specifications for stationary pollution sources, auto emissions, and ambient air quality. State implementation of these standards can require modifying or halting construction of major shopping and office centers, and private transportation operations. Federal water pollution control legislation provides for Federal/State regulation of water quality by requiring a national system of standards, enforced by a permit system, for the discharge of effluents from point sources into navigable waters. Other national/State permit systems cover municipal waste facilities, large feedlots, industrial and other point sources of discharge.

Under the National Environmental Policy Act of 1969, all Federal agencies must assess the impacts of proposed Federal actions, the administration of grants and loans to State and local governments, and assistance to the private sector. Public and private decisions on the location and design of housing, business and industrial projects, public facilities, transportation, parks and other components of development are often determined by environmental considerations raised during the course of impact reviews.

The National Flood Insurance Program is another example of the influence of Federal regulatory activity over the location of growth and development. Through the operation of statutory and administrative regulations tied to the insurance function, new development is encouraged in areas that do not pose dangers of flooding and discouraged in unprotected flood prone areas. (Recent legislation, the Disaster Relief Act of 1974, extends this Federal role to other natural hazard areas, (e.g., earthquake, volcanic, landslide or subsidence zones) by requir-

ing States and communities which receive grants or loans under this legislation to commit themselves to evaluate the hazards confronting them and to enact and enforce land use and construction measures to reduce these hazards.

Growth is also affected by the policies of other regulatory mechanisms. The Federal Power Commission regulates hydro-electric power production, electric power facility systems, and natural gas production and pipelines. Interstate Commerce Commission regulations cover rail, water, and highway transportation. The Civil Aeronautics Board regulates economic aspects of air carrier operations, and the Federal Maritime Commission regulates domestic offshore and international waterborne commerce. Atomic Energy Commission responsibilities include regulation of the location and form of nuclear energy power plants. In sum these commissions control location of much of the physical infrastructure essential to growth.

A new dimension of Federal regulatory impacts on growth is the proposed legislation for strip mining and reclamation. Such legislation will critically affect the pace, location and amount of mining activities, particularly in the Rocky Mountain and Appalachian regions, and thus the growth of these areas.

IMPLICATIONS FOR GROWTH POLICY

From this selective review of the impacts of growth of various Federal policies and programs, certain observations can be drawn.

Because of inadvertent or hidden impacts, Federal influences on the quality of life, on growth and on development at regional and local levels is more pervasive than generally recognized.

Most Federal policies and programs are not ostensibly intended to influence growth and development directly. Since these Federal activities are not orchestrated to influence growth patterns, States and localities are subject to haphazard impacts. Some are beneficial, some are not.

In those cases where Federal action is intended to affect growth patterns or the well-being of people, policy is usually reactive rather than foresighted. Public actions are taken to respond to problems after they have occurred rather than to anticipate social and economic conditions in advance. For the most part, programs designed to correct growth problems have failed in the face of far larger impacts of other Federal actions and the sheer weight of private sector determinism.

Except for the national highway program, few grant programs appear to have had major, long lasting and substantial impacts on growth patterns. Far more important effects flow from other kinds of Federal action:

—Direct Federal public works and resource development programs;

—Programs providing credit for housing, agricultural production, and business investment;

—Regulatory activities of the Federal

—Federal procurement of goods, services, and research and development.

From the viewpoint of States and localities, the cumulative impact of diverse Federal influences is hard to monitor and harder to anticipate. The ability of these governments to manage growth and development is influenced by Federal activities, and the degree of influence varies from community to community.

STATE AND LOCAL EXPERIENCE IN PLANNING FOR GROWTH AND QUALITY OF LIFE

Growth and development policy rests on two foundations. It must have public support. And government must have the ability to translate it into operational terms, consistent with the private sector role. The extent to which these requirements are met is analyzed below at three levels. **Multistate Regional Cooperation** reviews the evolution of federally-assisted interstate regional commissions, river basin commissions and voluntary associations formed by States, and discusses potential institutional roles for regional cooperation across State lines. **State and Local Experience** describes recent actions to improve public capacity to define growth policy, coordinate functional programs, and better cope with physical growth and development. **Evolution of Substate Districts** reports on the continuing expansion of these coordinative organizations, issues over improving their effectiveness, and increasing demands of public interest groups to clarify the role and rationalize the structure of these districts.

MULTISTATE REGIONAL COOPERATION

In the past, the States on many occasions have joined together for purposes such as metropolitan planning, river basin development, and the promotion of environmental quality. Since no one combination satisfied all needs, multistate regions have been defined differently for different purposes. As of mid-1973, there were 29 Federal-multistate commissions: eight relating to eco-

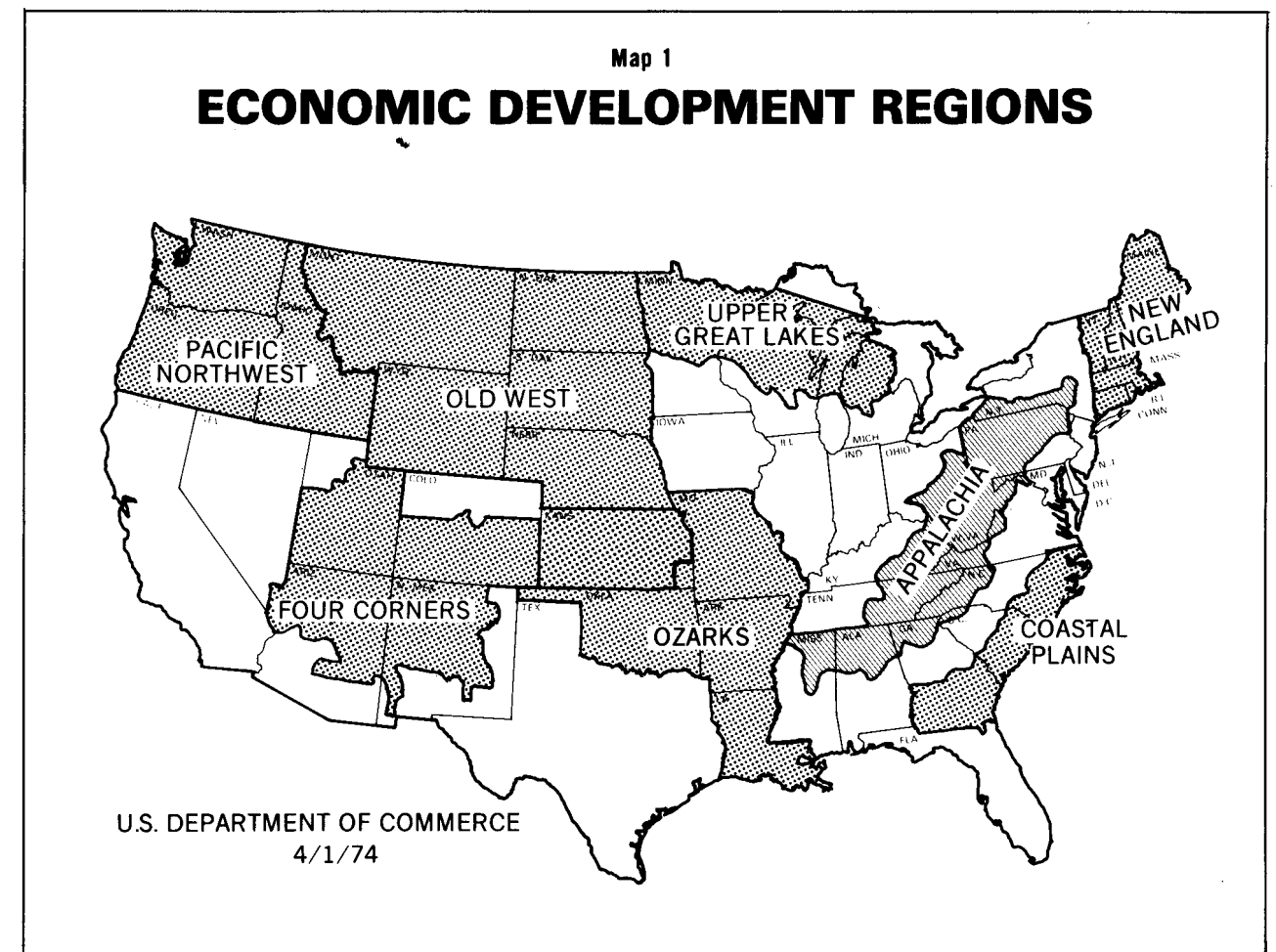
economic development for lagging regions, 21 for river basin planning.

Economic Development Regions. Eight Regional Commissions, as shown in Map 1, have been created as Federal-State partnerships for economic development. Each commission contains a Federal Co-chairman appointed by the President and the Governors of the participating States. The Appalachian Regional Commission was created by Congress in 1965. The region includes parts of 13 States with 18 million people and a high concentration of poverty and underdevelopment. Control over the spending, since the program began, of about \$2 billion in Federal funds is shared by the Federal Government and participating States. State and local governments in the region have contributed another \$2 billion to match the Federal funds. About 45 percent of Federal assistance has been invested in health, education, vocational training, the reclamation of mine areas and community facilities. The Public Works and Economic Development Act of 1965

provided for similar regional commissions in other parts of the Nation. Seven have been formed under this Act, but exercise more limited authority and operate with less funding than does the Appalachian Commission.

River Basin Regions. The Water Resources Council and several Federal Interagency Committees have divided the country into 21 river basin regions. See Map 2. Authority now exists for Federal-State cooperation for basin planning through River Basin Commissions similar in structure to the Regional Economic Development Commissions. It should be noted that the Delaware and Susquehanna River Basin Commissions are interstate compacts that have been ratified by both the participating State legislatures and the Congress. The others are organized on the basis of Federal statutes alone.

State-initiated Regionalism. There are several organizations formed under what may be termed "voluntary regionalism," that is, States getting together without Federal initiative. The most



prominent of these is the Federation of Rocky Mountain States, chartered as a nonprofit corporation in 1966 by the Governors of Colorado, Idaho, Montana, New Mexico, Utah and Wyoming. The Federation is funded by the six States, leading businesses in the region and various Federal programs. Organized originally for economic development purposes, the Federation's purview has expanded to include many matters affecting the quality of life and development in the Rocky Mountain Region.

The Federation's experience is a useful precedent for interstate policy formulation. As a nonprofit organization, it is able to spin off subsidiary institutions for specific projects. Its boundaries can be adjusted for different purposes. For instance, the Federation works with the Dakotas on matters involving Federal Region VIII, and with Washington and Oregon on cultural matters. Direct involvement of Governors gives an important dimension of political reality, an essential in State development planning. The

Federation offers the advantage of access to the private sector. The West's leading banks, utilities, manufacturing concerns and retailers are all dues paying members, which has been useful in coordinating large scale private sector development proposals with State planning objectives and policies.

Another example of voluntary regionalism is the Southern Growth Policies Board. Composed of States only, the Board was created in 1972 by 15 Southern States as a cooperative regional effort to enhance the development, conservation and utilization of human and natural resources in the South. As one of its earliest and principal efforts, the Board has established a Commission on the Future of the South. This Commission is charged with developing interstate resources, land and natural resources, and transportation systems.

One more example of voluntary regionalism is the New England area, the Nation's most homogeneous region with a tradition of cooperation among the six States dating back 300 years.

There are, for example, the New England Governors' Conference and the New England Council, a private-sector organization. The six New England States also constitute a Regional Economic Commission, a River Basin Commission, and Federal Region I, the only group to have the same boundaries for all these institutions. The Region is almost unique in the congruence of institutional boundaries with economic and environmental boundaries.

Regionalism in Sum

As forums for planning and development, the most important function that regional institutions can perform is to coordinate individual State plans and programs affecting the quality of life of people throughout the region.

As a coordination device, the regional institution is a means of developing consensus and exchanging information between levels of government. It is not, however, a permanent fourth level of government. These interstate institutions are instrumentalities created by the participating members to adjust geographically-limited jurisdictions to larger economic and social problems.

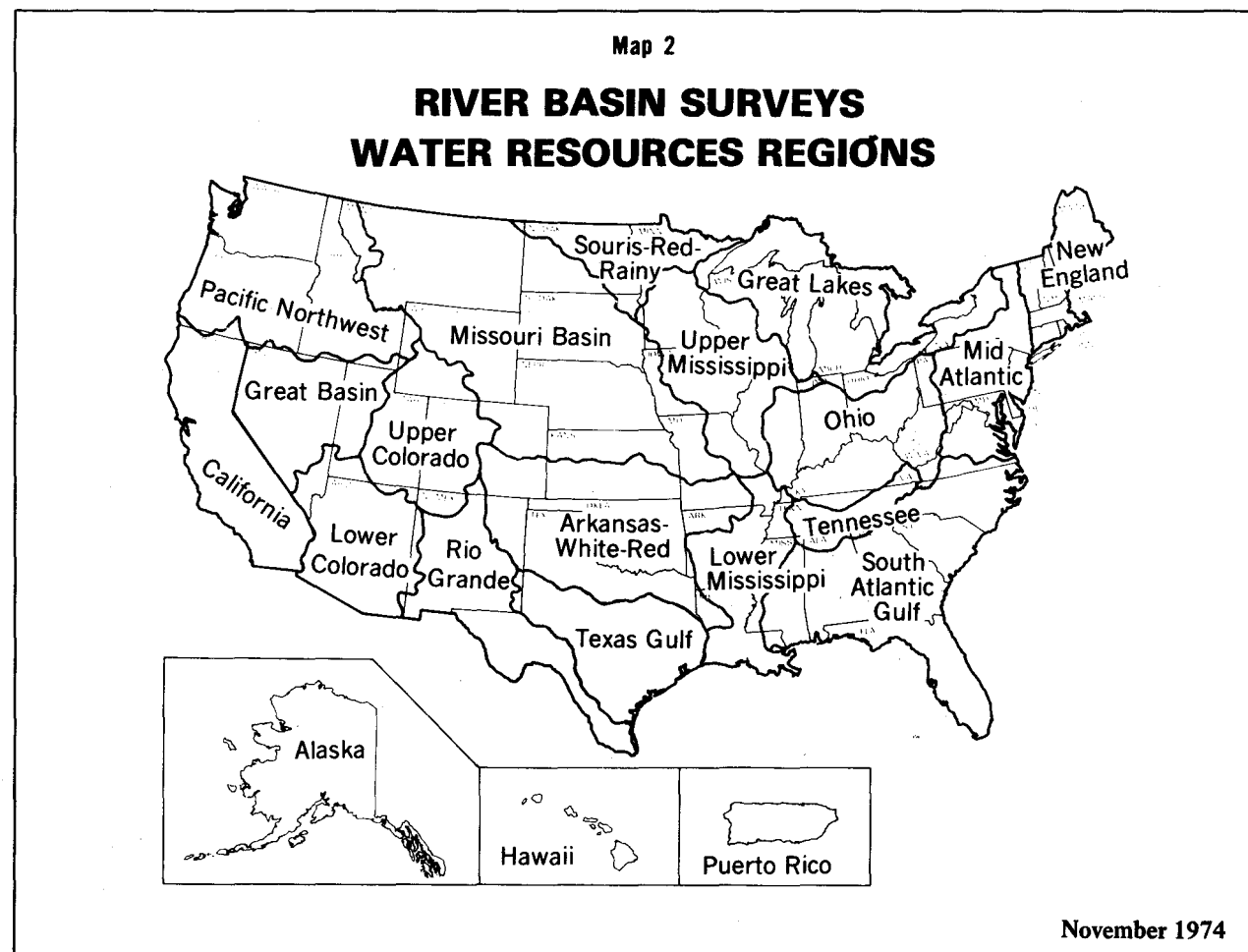
Interstate groups also help with the location of new developments that have impacts beyond the local or State level. Multistate organizations have the geographic field of vision to identify growth and development strategies on an interstate scale.

The fourth role of interstate institutions is regulation in functional areas such as water resources and environmental quality. Each State must adopt a common format by statute or administrative arrangement, as in a compact. Over

the years, many compacts have been adopted by States; a recent Council of State Governments study identified 150 in current usage. As the courts continue to intervene in large scale environmental and urban problems, there will be greater pressure on States to work cooperatively through interstate compact organizations to solve interstate aspects of such problems.

Multistate planning organizations also can help coordinate plans and programs for investments to be made by large private and public investors. Many private sector investments are regional in scale. For example, utility companies must have a way to relate the impacts of power generating facilities serving several States to housing, transportation and urban growth patterns. In the absence of data assembled in a regional context, the utilities have not always been able to project demand for their services in terms of the aggregate State forecasts for the region. Heretofore, in most cases the utilities have developed their own regional projections which might not conform to aggregate State projections.

Interstate cooperation depends on full partnership. In the Federal system of government, States are basic building blocks for national policy. But State boundaries do not always constitute practical planning regions. Thus, the States and Federal Government continue to experiment with multistate organizations, each tailored to specific regions and functional problems. The implicit lessons emerging from these experiments is that cooperation between States will prove to be an inevitable and important component of coordinated national and State growth and development strategies.



STATE AND LOCAL EXPERIENCE

It is at the State and local levels that the most challenging problems arise in promoting quality of life and in coping with growth issues. The experience of recent years shows that the States are exerting vigorous leadership to establish means for determining the wishes of people and goals for growth.

Historically, evolution of State growth policies has been retarded by the lack of national consensus on the form and content of an inter-governmental process for policy development. There has been constant confusion over objectives, inability of technical experts to provide information needed to develop such policy, and fragmentation of the legislative and executive authorities needed to properly address growth issues.

However, there appears to be a new public, political and academic sensitivity and appreciation for the interrelated nature of all the factors of growth and development. More and more, various States are recognizing policies for growth that take into account the frequently conflicting claims of social, economic, and environmental objectives.

Role of the States

The States are uniquely suited to managing growth and development processes because of the constitutional powers they enjoy and their relationship to local governments. States are the only institutions that combine metropolitan and nonmetropolitan-wide perspectives, decisive powers to override local actions adversely affecting larger interests, and sufficient local knowledge and local political roots to make proper use of these tools. State government has, therefore, emerged as the instrumentality well equipped to carry the responsibility for development of growth strategies and implementation of public action to improve the quality of life.

The powers of the States to develop and implement growth policies are considerable:

- . A State may strengthen or otherwise modify local powers to deal with the problems of growth and development.
- . A State establishes its own taxing powers and those of its constituent jurisdictions. Tax policy can be a powerful incentive or disincentive to growth and development.
- . A State has jurisdiction over the use of land within its boundaries and may delegate to or withdraw from local jurisdictions any powers over land use deemed appropriate by the people and legislature of the State.

- . A State has power to regulate and establish standards over a wide array of activities including these affecting the environment, health, education and other aspects of the quality of life.
- . A State is an investor and through its own direct funding powers may take an active hand in shaping growth and development patterns and setting quality levels for services within its boundaries.
- . A State is a landowner and through acquisition, or more indirect devices, may forestall development in certain fragile scenic, historic, or otherwise publicly important areas.
- . A State is an adjudicator and through its courts, regulatory commissions, review boards and other bodies can mediate decisions on patterns of its growth and development.
- . A State has extensive responsibilities for achievement of numerous national goals and Federal requirements, through management of Federal funds and the exercise of regulations dealing with clean air and water, highway development, health, education, welfare, housing, law enforcement and other aspects of growth within the State geographic area.

All of these powers have been traditionally employed by the States in the past. Their present challenge is to define goals and objectives for future State growth and development in order to use these powers most effectively. A further and even more pressing challenge is to put in place the appropriate organizational structures to deal with growth issues and problems in a systematic way.

Evolving State Agendas

A substantial number of States are now moving toward more concerted attempts to help shape their future growth and development and further raise the quality of life sought by their citizens. These efforts take many forms, as reported below for the period through 1973.

Commissions on goals. Twenty-one States were engaged in attempts to articulate goals for future development. These attempts involve extensive public hearings and debate in areas throughout each State.

Population policy. Six States have created Population Commissions and 10 State legislatures have approved population stabilization resolutions. In establishing Population Commissions, several States come close to stipulating goals for growth and development. The Colorado statute, for example, directs that State policy should attempt to balance activity throughout the State,

and discourage "excessive" centralization of economic activity in any one portion of the State to the detriment of other parts.

Growth policy and futures assessment. One tool used increasingly for corporate planning, "alternative futures assessment," is being tried by several States. Utah is attempting to identify major economic changes which may occur in the State during the next ten years, assess their probable impacts, and outline five of the most probable futures for the State that follow from these changes. The Governor has called for functional State agencies to develop plans for action within the context of these five alternatives. Washington and Ohio are similarly engaged in "futures" analyses.

Outside of State governments themselves, private groups also seek to develop "alternative futures" with respect to growth and development. The Upper Midwest Council (a business-supported research organization concerned with development in Minnesota, the Dakotas, upper Wisconsin and Michigan) is now engaged in developing strategies to promote a more even distribution of growth through that region rather than its concentration around the Minneapolis-St. Paul area.

Policy planning. Without the means to coordinate the development of policies in both the executive and legislative branches, however, many of these efforts cannot readily be implemented. Recent trends demonstrate an effort to place increased emphasis on gubernatorial ability to execute policy and coordinate a broad range of State responsibilities. Basic trends in improving the State level executive policy planning function include: reorganization of planning, budgeting, and management units; development of improved functional planning capabilities; and development of staff and organizational capabilities of the Governor's office to deal with comprehensive State development policies. A companion trend is the increasingly attractive professional opportunities in public administration in State government. A stabilized civil service, higher salary schedules and increasing competition have strengthened the executive branch in many States.

Legislative reform. State legislative reform is also accelerating. Many of these reform efforts can be traced to reapportionment and the changing composition of State legislatures. State legislatures are considerably younger than ten years ago and now include more women and minority members. These changes in composition have brought significant changes in committee organization and staffing.

Administrative reorganization. Fourteen States have undertaken a substantial reordering of their executive branches since 1965. These include Michigan with the adoption of a reorganization plan in 1965; Wisconsin followed in 1967; Colorado in 1968; Florida and Massachusetts in 1969; Delaware and Maryland in a 2-year span 1969-70; Arkansas, Maine, Montana, and North Carolina in 1971; Georgia and Virginia in 1972; and South Dakota in 1973.

State financing. Within recent years, several States have shown a willingness to make large scale investments for long term improvements. The two notable forms of this investment have been State revenue sharing with local government and comprehensive bond financing programs. Michigan and New York have been leaders in comprehensive bond financing. Recently, Washington State voters passed four out of five interrelated bond issues, amounting to a total investment of \$4 billion, to establish a growth structure for future State development. In 1972, New York State passed a comprehensive environmental bond issue of \$1.15 billion to finance land, water, and air pollution control programs over the next five years. Illinois passed a \$900 million transportation bond issue for highways, mass transit, and airport development.

Managing land use and development. Vermont, Hawaii, Maine, and Florida have all enacted statewide land use legislation with potentially important policy implications for the evolution of State growth policies and maintenance of environmental quality.

Vermont's Land Use and Development Act contains two basic provisions: a permit system regulating all private and public residential developments of consequence, and a planning system, largely proscriptive in intent, which calls for three kinds of land use plans. The first is an interim plan describing permissible uses of land based on ecological considerations. This plan will serve until a Development Plan is adopted. The final plan is a State Land Use Plan which will draw upon the recommendations in the earlier plans and will designate which areas are suitable for development and which are not.

The Hawaiian legislature passed its Land Use Law in 1961 to curb speculation, preserve agricultural land and maintain open space while enabling the State to meet expanding needs for developable land. The Land Use Law created a State Land Use Commission which was directed to divide the entire State into four districts: conservation, agricultural, rural and urban. Within each district, land uses must be consistent with

the nature of each district. The Commission has made major decisions affecting the economic, social and environmental conditions of the State and the Commission provides the mechanism through which competing development and conservation interests can be resolved according to statewide policy. The State in 1972 also enacted a "State Quality Growth Policy" to balance economic development needs against environmental consequences.

More recently, Hawaii has introduced "carrying capacity" as a factor in economic growth policy. In November 1973, a temporary Commission on Statewide Environmental Policy called for guidelines to ensure that land development, economic growth, and resource utilization do not exceed the limitations (the "carrying capacity") of Hawaii's environment. The proposed legislation and implementing programs represent a State level experiment to guide growth so as to achieve multiple public objectives.

In 1970, the Maine Legislature, motivated by proposals for several major oil terminals, passed the Site Selection Act requiring a license for any commercial, residential, or industrial development which occupies a land area in excess of 20 acres or which contemplates drilling or excavating for natural resources or which occupies on a single parcel a structure or structures in excess of a ground area of 60,000 square feet. Maine passed two additional acts in 1971. One provides for State-level land use controls; the other extends planning and subdivision controls of the Maine Land use Regulation Commission to all unorganized areas of the State.

Florida, drawing on the experience of other States, passed a comprehensive Environmental Land and Water Management Act in 1972. It calls for preparation of a comprehensive State plan and established both a State Land Planning Agency and Administration Commission. The Florida legislation is a landmark in that it provides for the designation of areas of critical State concern and the designation of developments of regional impact. Areas of critical State concern may be those having significant impact on environmental, historical or natural resources of regional or statewide importance; those affected by or having an effect on major public facilities; or a proposed area of major development potential such as a new town. The State Land Planning Agency or regional planning agencies may recommend to the Administration Commission areas for such designation. If the Commission decides favorably on such designations, it must also provide prin-

ciples for building and development in the area. Regulation of the areas is the responsibility of local government provided that their regulatory mechanisms are adequate to the task.

Tennessee has authorized preparation of similar State development plans. Arizona, Arkansas, Colorado, New Mexico, Massachusetts, Michigan, Rhode Island, Georgia, Virginia, and Washington all have embarked on special land use studies preparatory to legislative action.

Coastal Zones, Wetlands, and Shorelines. Within the past five years, coastal zone States have exerted increasing authority over land use to preserve areas of critical environmental quality. The voters of California by initiative have declared that the coast line is a distinct and valuable resource and that it is State policy to preserve, protect, and where possible, restore the natural and scenic resources of the coastal zone for present and succeeding generations. The coastal zone generally includes the land and water area extending seaward about three miles and inland to the highest elevation of the nearest coastal range. The California initiative created one State and six regional commissions which will study the coastal zone and its resources, prepare a State plan for coastal conservation and management, and regulate development by a permit system in the meantime. The regional commissions, cooperating with local agencies, prepare plan recommendations for the State commission which must prepare and adopt a plan for submission to the Governor and Legislature by 1975. Until then, new development in the permit areas of the coastal zone is restricted. No permit may be issued for development which will have any adverse effect on the quality of the coastal zone environment or lead to irreversible degradation.

In 1971, the Delaware General Assembly established a coastal zone and created the State Coastal Zone Industrial Control Board. It declared the public policy of Delaware to control of the location, extent, and type of industrial development in Delaware's coastal areas, thus protecting the natural environment of the bay and coastal areas and safeguarding their use for tourism and recreation.

Environmental Impact Requirements. The concept of systematic preconstruction review of the environmental impacts of publicly-sponsored projects is gaining favor at the state level. By August, 1974, 16 States and Puerto Rico had adopted procedures similar to those required at the Federal level by the National Environmental Policy Act.

Large Scale Projects. The States are enacting laws giving them special powers to review and control large scale developments likely to have widespread effects. Power plant siting, the location of refineries, large urban developments, superports and airports are typical of the kinds of projects addressed by such legislation.

Maryland has adopted a power plant siting law, the enforcement of which is financed from a tax on electrical power. The State provides alternatives sites if the one selected by the utility is rejected. Texas, Oregon, Washington, Ohio, Virginia and New York have also adopted power plant siting policies. Texas also has established an Offshore Terminal Commission and Louisiana a Deep Draft Harbor and Terminal Authority to determine where and how and under what condition superports can be constructed.

New Communities and Growth Centers. Several States have sought to gain experience in creating new towns. New York State's Urban Development Corporation, with powers to acquire land, facilitates large-scale housing and related development projects in concert with local and substate organizations. Alaska has taken steps to facilitate new communities in areas where development of mineral and timber deposits are likely to lead to an influx of population. Louisiana has passed a New Communities Development Act, applicable to the New Orleans metropolitan region. Ohio has passed legislation authorizing New Community Districts and New Jersey has instituted a New Communities Assistance Program. Arizona has authorized private developers of new cities to finance utilities and streets with general obligations bonds.

Kentucky has authorized new community districts, operating as nonprofit membership corporations to exercise general governmental powers in specific areas, to promote private initiative and voluntary participation in planned urbanization.

Promotion of Economic Growth. States have engaged in economic development programs for decades. Nearly all States are involved in a variety of promotional and informational activities traditionally carried out in connection with State chambers of commerce. Some States have vigorous and continuing campaigns to attract industries, even reaching out to foreign prospects. Fifteen States have set up overseas offices for that purpose. South Carolina, for example, is particularly active in attracting foreign firms. Twenty-four companies from seven Nations have developed plans in Spartanburg, South Carolina, since 1960, employing 4,000 workers.

Many States are actively supporting industrial development through a wide variety of means. State economic development and planning agencies conduct studies on various aspects of industrial growth such as labor supply, skill training, natural resources, transportation and fiscal policies. Thirty States have sponsored industrial development programs, leasing buildings, providing loans or guarantees, and other services. Twenty States utilize revenue or general obligation bonds to finance industrial development and 43 have authorized cities and counties to do so.

All 50 States use tax incentives in one form or another to encourage the expansion or creation of industry within their borders. As many as 19 different forms of tax relief were identified in a 1973 nationwide survey by the State of Michigan Legislature. These measures cover all types of taxes including corporate income, inventory, raw materials, equipment and capital improvement taxes. Their use, however, is sometimes limited by particular State constitutional provisions. These provisions cover such aspects of tax policy as forgiveness or reduction of taxes, the extension of credit, and use of accelerated depreciation techniques.

In general, States tend to remain neutral with respect to the specific location decision of "prospects," even to the point of enacting State laws to that effect. However, there is a growing trend among State legislatures to use industrial development programs to influence broad patterns of development within the State so that some areas are avoided and others favored. Colorado has so instructed its Division of Commerce and Development. In Pennsylvania, preferential treatment has been given to depressed regions by providing low interest State loans, tax relief, and guarantees to community development organizations offering industrial land and buildings to firms willing to locate in such regions. Tennessee has created an Industrial Development Authority to attract growth into the underdeveloped areas of the State. Maryland provides loans to counties for the acquisition and holding of land for industrial development, one of the earliest indications of State interest in public "land banking" for future development. Other States indicate an interest in such advance land acquisition for development, a tool long used by European countries.

Housing. The emergence of States as a force in promoting the development of housing is fairly recent. Partially in response to Federal housing programs enacted in the latter part of the 1960's the States have been establishing their own hous-

ing finance and development agencies and community affairs agencies to facilitate the planning and construction of housing within their borders and to deal with many of the concomitant factors involved in housing production.

As of 1960 there was only one State housing finance agency—in New York. In the late 1960's, 11 more were established. From 1970 to 1972, 14 additional States set up housing finance agencies. As of November 1974, 33 states plus the Commonwealth of Puerto Rico have enacted legislation to establish housing finance or development agencies and most of the remainder of the States are considering such legislation. These laws have led to the creation of 49 finance and/or development agencies, 40 of which are in some stage of operation.

The primary function of State finance agencies has been to provide financial assistance for construction of housing for low and moderate income families. Most of these States play an active role in the development of housing, usually in partnership with private developers who do the actual building or rehabilitation work. State agencies also participate in site selection and acquisition, design review, and the determination of size and number of units in a given project. They establish the nature and extent of supporting community facilities and set standards for equal opportunity, employment and marketing of the housing.

In general, State finance agencies have been given a broad range of authority in addition to financial capabilities. All but six of the finance agencies are empowered to survey and evaluate statewide housing deficiencies and develop programs to correct the deficiencies. Thirteen of the 33 State agencies directly administer Federal housing subsidy programs, with nearly all of the rest empowered to do so when they become fully operational. Eighteen are authorized to acquire land by purchase or eminent domain. Apart from nine authorized to act as public housing authorities, only a few are permitted to construct or rehabilitate housing directly on their own. Despite the variegated appearance of the above mentioned State institutional capacity to provide housing, nearly 130,000 units were constructed or being completed as of July 1974.

Most States are moving toward housing policies addressed to the social objective of improving access to safe and sanitary housing for all citizens. Actions by State and Federal courts are calling into question earlier public policies on housing location for low income families. While State human relations commissions attended to

individual complaints during the 1960's they are now faced in the 1970's with resolving far-reaching housing location problems to reduce disparities between suburbs and central cities.

Assuring non-discriminatory access to safe and sanitary housing requires comprehensive fair housing laws applicable in all areas, metropolitan and nonmetropolitan. Twenty-seven States and the District of Columbia have passed laws which provide rights and remedies for discriminatory housing practices, substantially equivalent to or more stringent than the Federal Fair Housing Act of 1968. Among the more effective laws based on both content and administration are those in Kentucky and New Jersey.

Tax Structure. The impact on community growth of taxation is a mixed blessing. As mentioned earlier, States use various tax incentives to promote economic growth and to encourage industrial development. The power to levy property taxes is generally delegated by States to their subdivisions: counties, cities, districts, and townships. These local real estate taxes are by far the most important local revenue source, currently accounting for 85 percent of all such revenues. Operation of local tax systems allows many communities to set their own standards for public facilities and services which they are willing to pay and sometimes to strongly influence the type and location of private development.

But it is also true that the property tax, anchored as it is to a single jurisdiction, can produce various distortions in land market operations as well as severe disparities in access to social services, public amenities and housing. Suburban land speculation, the conversion of prime agricultural land into urban uses near cities, the discouragement of low taxable uses (such as service industries and low income housing) and the determent of extensive property improvement and rehabilitation are attributable in part to the property tax and its dominant role in local public finance.

These kinds of effects have spurred States to experiment with means of mitigating the distortions. Thus, nearly half the States have provided for preferential property assessment of agricultural lands on the periphery of urban areas on the premise that rises in tax rates and assessments of these lands compel farmers to sell them to developers. There is also State concern over the impact of high property taxes on the poor and elderly, leading to efforts to grant special property tax relief. As of 1973, 22 States granted such relief through "circuit breakers" which prevent a family's property tax from exceeding a

percentage of income considered to be equitable by the State. In addition provisions either eliminating or limiting property taxes for low-income homeowners over age 65 have been adopted in 24 States.

Perhaps the most interesting change in trying to adapt tax policies to the realities of growth and development is the adoption of tax base sharing legislation in Minnesota designed to reduce fiscal disparities in the Minnesota-St. Paul metropolitan area by pooling 40 percent of property tax revenues for redistribution among the jurisdictions on the basis of population and need. A local village brought suit challenging the validity of the law; but the State Supreme Court has upheld the constitutionality of the measure.

The Minnesota statute by exempting the tax base existing in 1971 in each community guarantees every unit of government in the metropolitan area a share of the growth of the nonresidential tax base regardless of where in the metropolitan area that growth will occur. Such an approach eliminates most of the incentives for fiscal zoning yet leaves the autonomy of local jurisdictions untouched. Where fiscal disparities among communities are large, a great amount of intergovernmental mutual understanding is needed to utilize this technique.

Modifying Areawide and Local Powers. States can act in a number of ways to enhance the powers of local government to cope with growth: home rule legislation, State mandating of action, State assumption of responsibilities, fiscal reforms, and regulation of local activities. Pennsylvania, for example, has authorized counties and municipalities to adopt home rule charters. Kentucky has granted home rule to Louisville and to the counties. South Carolina voted a wide range of innovations at the local level including the combination of counties and city-county consolidation achieved through joint financing and administration of functions. Iowa has granted greater independence to municipalities in new home rule legislation. New Jersey, Wisconsin, Georgia, and Utah have all substantially expanded the powers of counties to provide services. For another example, in the two Carolinas, the voters have approved measures designed to minimize the proliferation of many local jurisdictions in the established metropolitan areas.

Growth Management at the Local Scale

Public concern for the quality of life and for better control over growth and development is most evident at the level of local elected officials.

Around the Nation, many local governments are experimenting with various techniques to guide land development activities, to modify economic growth, or to prevent change in environmental quality within their jurisdictions. Some local governments, concerned with high growth rates, have devised methods of guiding or constraining development so as to minimize its adverse side effects. These cities have concentrated on limiting the area taken up by urban development and on discouraging sprawl-type development. One technique used in the "no-growth" movement is the moratorium on building permits, a device seen by some as extra-legal at least to the extent that there may be no specific legislation authorizing the withholding of permits for a specific period of time. There is a limited amount of case law supporting the use of moratoriums to allow time for planning or to deal with emergency situations.

The Lake Tahoe bi-state planning commission is proposing an areawide ordinance to adapt population growth to land use and capability standards. Based on this ordinance, the maximum seasonal population would be 311,000 rather than the 700,000 which is allowed under conventional zoning by the local jurisdictions. In Boulder, Colorado, a campaign to limit growth received wide-spread support. A referendum to limit the city's size to 100,000 did not pass, but the city is studying methods to promote internal growth to provide employment for the resident population without attracting outside population.

Another technique to stop or severely limit the growth of local areas is the development timing ordinance. This type of ordinance attracted national attention in 1972 with the decisions of the New York Court of Appeals, *In Golden va. Town of Ramapo*, that such use of the police power is constitutional. The U.S. Supreme Court later dismissed an appeal for lack of substantial Federal interest. The Ramapo ordinance uses a mathematical formula for determining when land can be developed. The town has set out a schedule of proposed improvements over an 18 year period and will allow the development of land only at the time when the improvements are scheduled to reach the area. A point system has been developed to measure this state of readiness. The ordinance substantially reduced the number of housing units being constructed in the town and increased their cost. The Court of Appeals upheld the validity of the ordinance in relation to the availability of public facilities.

Petaluma, California has designed a development control program to limit population growth.

All residential development, except for small scale buildings, would be allotted through a review process taking into consideration an established quota system tied to the provision of municipal services. A lower court has held that the city could not so limit its growth because the effect would be to deny individuals their rights to choose where to live. This decision has been stayed pending review by an appeals court. Fairfax County, Virginia recently adopted a land bank approach. To relieve development pressures the county approved \$2 million for a land-bank fund to buy up open space for eventual resale to developers who would be required to develop the land in accordance with a county plan.

Many localities are concerned with the high cost of services produced by increased population growth. For example, in counties around Washington, D.C., authorities are curtailing development until adequate sewage and water facilities can be provided, at which time growth can continue.

Most of these local policies to curtail growth are experimental. They are immediate responses to changing pressures, rather than tools for implementing long range policies of community development. It is too early to conclude whether the experiments will prove to be precursors of a major trend toward growth limiting actions. But it is not too early to reach the judgment that there is a vigorous stirring at the local level to develop new public techniques to strike local balances between such goals as economic growth and a quality environment.

Metropolitan Reforms. The traditional prescription for metropolitan reform is to promote the conformity of political boundaries with areawide social and economic problems. Annexation and consolidation, especially city-county consolidation, are often proposed as the means of implementation.

In recent years, some important questions have been raised about the efficacy of such prescriptions. A number of such proposals have failed to win voter approval at the polls. This would seem to indicate that metropolitan constituencies do not necessarily perceive the inadequacies of metropolitan life in terms of the lack of political and administrative "neatness." Of course, certainly a number of such negative votes can be traced to considerations of the income and/or racial mix of a particular metropolitan area. And questions have also been raised about monopoly control of public services which might flow from a theoretical approach to the regionalization of metropolitan government under which

most metropolitan services would be the responsibility of a single government. At present, there is considerable interest in "two-tier approaches" to consolidation, in the hope that a degree of pluralism might be preserved in terms of the range and quality of public services offered locally while still accommodating the regionalization of services which are efficiently provided by a larger unit of government.

Two-Tiers in Twin Cities. One of the most interesting innovations in metropolitan government adopted in the last six years has been the Twin Cities Metropolitan Council established by the State of Minnesota. The Council's major responsibilities are the preparation of a Metropolitan Development Guide covering sewers, parks and open spaces, transportation, housing, and other major regional activities which establish long-range policies, the conduct of ongoing planning programs, and the provision of standards for measurement of other agency actions.

The plans of boards, commissions, and agencies having metropolitan impact must be reviewed by the Council and be approved within the context of the Council's Metropolitan Government Guide. For example, included among these functional agencies are the Metropolitan Sewer Board, the Metropolitan Airport Council and the Transit Commission.

Association of Bay Area Governments Project Review Criteria for Growth. Another technique to manage growth has been developed by the Association of Bay Area Governments in the nine-county San Francisco Bay Region. The Association has established criteria for use in the review and comment of local applications for Federal assistance and for environmental impact statements. The criteria cover three major aspects of growth: overall patterns, social and economic considerations, and physical-environmental factors. The Association will specifically assess how proposals relate to (1) areas already committed to development; (2) alternative means of travel, particularly public transit, in lieu of reliance on automobiles; (3) fulfillment of housing needs; (4) expansion of jobs, income, and personal mobility for disadvantaged groups; (5) accessibility to recreational and natural areas for low income, young and elderly population groups; and (6) seismic sensitivity, air and water quality, soil and terrain characteristics and flood and fire hazards.

San Jose Development Policy. The Urban Development Policy program in the San Jose-Santa Clara County area of California is another effort at the metropolitan level, this one intended to insure that San Jose's future growth will

proceed in an orderly manner and that balance is achieved between industrial, commercial, residential and public uses. A key element in the Urban Development Policy is agreement between the city and Santa Clara County that urban-type developments requiring municipal services should not be allowed in the unincorporated area of the County. The objective of the Urban Development Policy is to guide growth by staging incorporation and the development of urban services. In order to accomplish this objective, it considers (1) the amount of land which will be needed annually to accommodate new growth (2) the areas of the city which currently have adequate utilities and facilities and (3) the amount of land which must be available to avoid artificial inflation of land values. Areas designated for immediate urban growth are those areas which are now serviced or are proposed to be serviced within five years.

EVOLUTION OF SUBSTATE DISTRICTS

Substate general purpose districts, such as councils of governments and regional planning agencies, also perform important functions in

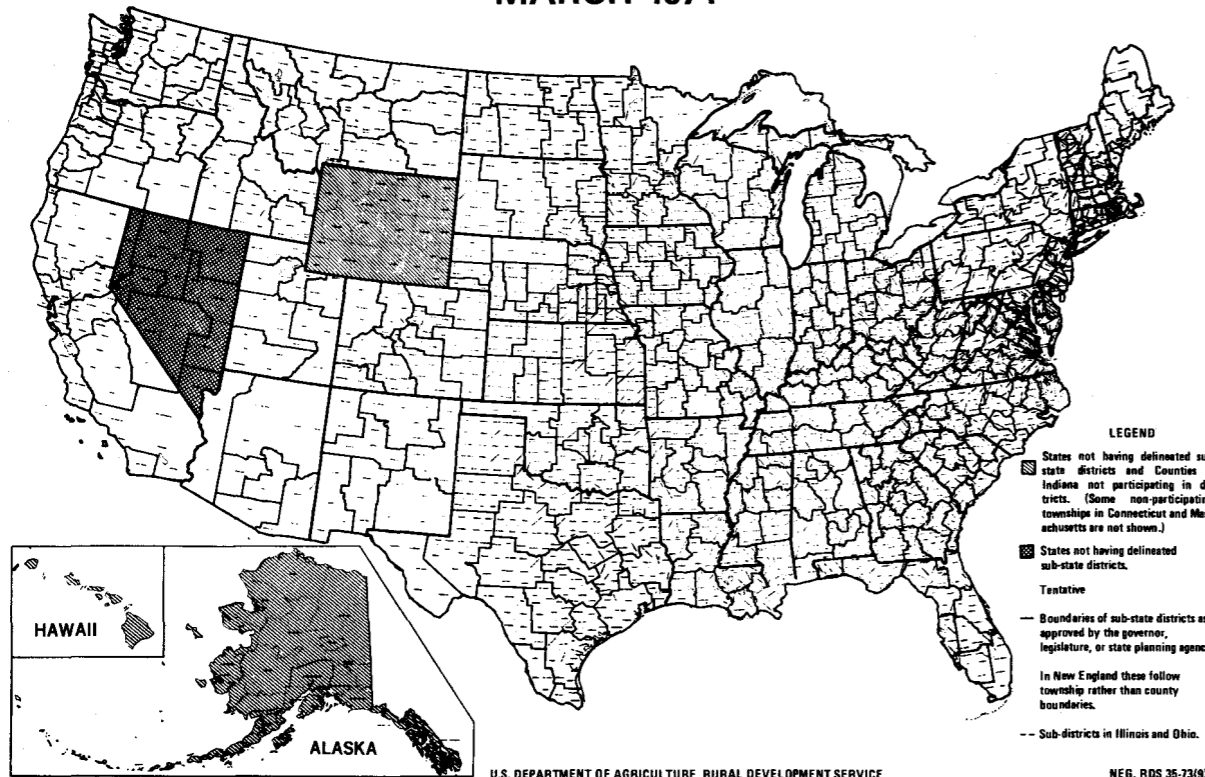
implementing growth policies. Their intended function is to strengthen the capacity of local governments to cooperate in solving growth problems that transcend the boundaries of any one jurisdiction.

The Expansion of Districting

There has been a relatively quiet but dramatic revolution on this front since the early 1960's. Ten years ago, there were about 25 councils of government, a handful of transportation agencies, and large numbers of special districts and authorities established to carry out functional programs. Only a few States had substate general purpose districting systems. But, by the end of 1973, there were over 600 councils of government, Forty-four States had delineated substate districting systems, with a total of 488 districts. See Map 3. The creation of general purpose districts and their incorporation into statewide systems are in part an attempt to bring some order to the chaotic proliferation of single purpose functional agencies at the substate level.

Map 3

SUB-STATE PLANNING AND DEVELOPMENT DISTRICTS, MARCH 1974



U.S. DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT SERVICE

NEG. RDS 35-73(9)

Federal Influence on Substate Districts

Federal actions have contributed to the proliferation of these substate agencies. Twenty-four major Federal grant programs provide assistance specifically for planning. Ten of these either support or require planning on a multijurisdictional basis: for example, comprehensive health planning, law enforcement assistance, water pollution control and transportation planning. Federal planning assistance and requirements are heavily supportive of district functional and project planning. In FY 1973, \$100 million was available for comprehensive planning and management grants through the Department of Housing and Urban Development's "701" program. About \$250 million in addition was available for functional planning from numerous other Federal grant programs. A large share of these funds were utilized by substate districts.

A major impetus to the formation of general purpose substate districts has been Circular A-95, issued in 1969 by the Office of Management and Budget, pursuant to the Demonstration Cities and Metropolitan Development Act of 1966, the Intergovernmental Cooperation Act of 1968, and the National Environmental Policy Act of 1969. The circular requires the States to designate clearinghouse agencies to review and comment on project applications for certain types of Federal assistance within the geographic area over which the substate agency has jurisdiction. It encourages States and localities to establish a single areawide organization responsible for all Federally required planning and project reviews.

State Policies

State policies regarding substate districts are not uniform. In a few cases such as Georgia and Kentucky, State initiatives predated the major Federal programs that have in the past decade provided the principal impetus for interjurisdictional multicounty planning and programming. At the other end of the scale a number of States remain without an official policy or program to encourage interjurisdictional cooperation.

Urban-Rural Variations

Certain critical issues are emerging with regard to the formation and responsibilities of general purpose substate districts as a practical link in the chain of the Federal system. The first of these is a difference in the setting, role, and priorities of urban as contrasted with rural substate districts. Urban districts typically operate from an established local base with knowledgeable admini-

strators and elected officials. Urban districts draw on substantial economic and fiscal resources as well as private leadership. Urban substate districts do, however, suffer from fragmentation among central city, suburban and exurban governments. Often they overlap State lines, which presents serious administrative and legal problems impeding cooperation. Rural substate districts on the other hand must often cope with a lack of sufficient fiscal and economic base to support an adequate program. Public and private leadership for these programs is only now emerging. The physical difficulty in rural substate districts of conducting public business across a sizeable geographic area also is a serious impediment.

Pressures For a Larger Role

Another problem is the range of responsibilities of substate districts. For the most part these districts were established initially to meet Federal program planning requirements. However, there is increasing pressure for substate districts to undertake not only to plan for but to implement public programs and provide needed public services. The eventual role of substate districts within the Federal system and as partners with State and local governments in the process of implementing growth policies will turn on the question of whether substate districts remain principally as agencies to plan and coordinate programs of various levels of government and to provide technical assistance to local governments and private organizations or they assume responsibility for the conduct of public programs and services that cross jurisdictional lines.

In June of 1973, the Advisory Council on Intergovernmental Relations adopted these recommendations to improve substate districting mechanisms, procedures, and planning:

- States with few exceptions are encouraged to adopt a system of substate districts. These districts would serve as "umbrella multijurisdictional organizations."
- The role of the States in substate regional development is now "pivotal." They should enact consistent statewide policies to provide a common framework and a clear set of State and local purposes for existing and future substate district undertakings.
- States and counties should strengthen district programs including membership on governing boards, financial assistance, use of regional plans and encouragement of special district consolidation.

There should be Federal-state delineation of boundaries and creation of umbrella agencies for over 35 interstate metropolitan areas and Federal-state compacts defining their legal status.

Public Interest Group Concerns

In December 1972, public interest groups representing State and local government issued recommendations on substate multijurisdictional planning and policy development organizations. These groups included the National League of Cities-U.S. Conference of Mayors, the National Association of Counties, and the National Governors Conference. The recommendations were similar to those of the Advisory Commission on Intergovernmental Relations, particularly with respect to conformance of Federally sponsored substate districts to the boundaries of State designated districts; enactment of State legislation for multijurisdictional planning and policy development; use by State agencies of official substate regions for planning and delivery of State services; and increased support for multijurisdictional organizations on the part of local governments.

A policy position on substate district development adopted at the National Governors Conference in June 1973 described substate districting as an issue of growing concern to State and local elected officials and recommended:

- "Multijurisdictional planning and policy development organizations" should be public bodies with governing bodies composed at a minimum of a majority of elected officials.
- Federal and State policies should recognize a single umbrella multijurisdictional organization.
- Federal and State programs administered on an areawide basis should move toward integration with the umbrella organization.
- Boundaries of the umbrella organization should be set by the States but be acceptable to local general purpose governments.

Major policy statements on substate districts point to general conformity of views and opinions on this basic need: the importance of establishing state-designated general purpose substate districts that are under the control of local elected officials, and that have a major role in regional planning and coordination of publicly supported projects and programs.

CONCLUSIONS

Introduction

Although Title VII of the 1970 HUD Act providing for these biennial reports refers to a "national urban growth policy," the statute itself contains ample evidence that Congress is also aware that growth policy is in reality an aggregation of policies. For example, in the same title, reference is made to "policies, plans and programs designed to carry out such policy" and to "recommendations for program policies for carrying out such policy." And following the phrase "the Congress further declares that the national urban growth policy should—"are numerous objectives which themselves represent policy determinations.

In its findings and declaration of policy, Congress also declares that "existing and future programs must be interrelated and coordinated within a system of orderly development and established priorities..." There appears to be a growing consensus that although there must be constant assessment of the continuing validity of existing broad goals, policies or objectives, the most urgent need today is to develop better methods of assessing the relative priority to be afforded such goals, policies or objectives and to achieve the interrelationship and coordination of existing and future programs called for by Title VII.

This is much easier said than done, for we live in a world where, as Danial Moynihan explained it in the 1970 National Goals Study Committee Report, everything is related to everything else. Nonetheless, there is a need for prompt action on two fronts: first, improving the mechanisms for bringing the necessary range of different policy and program viewpoints to bear on a particular issue and, second, more carefully defining the matters each participant in such a process should take into account in arriving at an important policy or programmatic decision. Many of the recommendations set forth below are aimed specifically toward accomplishment of these objectives.

FOR THE NATIONAL LEVEL

Improving Mechanisms for Policy and Program Coordination. The authorities and responsibilities of the various departments and agencies of the Federal Government have changed appreciably over the years. With these changes, certain reorganizations within the Executive Branch become desirable. The Administration will continue to assess the desirability of and where

appropriate propose further organizational changes. However, no matter what the organization, the cross-cutting nature of most if not all important initiatives put forth by any single department or agency requires consultation and coordination with other departments and agencies. This is particularly true for consideration of the impacts of such initiatives on our Nation's growth.

Community development is an excellent example. There are numerous statutes impacting on community development which, for proper implementation, require close coordination among various departments and agencies, such as HUD, DOT, EDA, and USDA. Some programs are coordinated from time to time, but there is room for much improvement. For example, State and local officials now have to make sense out of rural development assistance from at least three sources: USDA, EDA and HUD. They must also tread a line between EPA air quality regulations, which may tend to retard rural industrial growth, and Department of Agriculture loans and grant incentives for just such growth. And businessmen are seeking consistent Federal guidance on what balance to strike between environmental conservation and economic growth trade-offs.

Even if we were to have a single domestic department of the Federal Government, a Department of Domestic Affairs—which would be obviously unmanageable—there would be a need to coordinate with other departments and agencies. For example, export and import policies can have an important bearing on the economy and jobs of particular communities.

Creation of the Domestic Council, which brought departments and agencies together in committees, each dealing with broad policy areas (and subcommittees dealing with more specific matters) was a substantial step toward better coordination of Federal policies and programs. The Council is continuing to assess ways in which the Executive Branch can improve policy and program coordination. From a national growth perspective, such assessment should include consideration of better ways to undertake these activities:

- monitoring national trends in the economy, population, social change, and the use of land and other natural resources.
- monitoring current Federal programs that affect urban and rural development so as to assess how HUD, USDA, DOT, EDA, HEW, EPA and other agency programs cumulatively impact on specific population groups and geographic areas.

- analyzing important new legislative and administrative proposals so as to anticipate the likely effects of such proposals on the economy, the environment, natural resources, population movements, and other aspects of growth.
- analyzing specific policy issues that arise from time to time among Federal agencies and recommending means for their solution.
- analyzing and recommending broad policies for the consistent management of grant-in-aid, subsidy, and loan programs, with respect to their impact on urban and rural development and economic growth.
- preparing the biennial Reports on National Growth, pursuant to Section 703 of the 1970 Housing Act, drawing upon findings of other major periodic assessments such as for energy, the economy, transportation, housing, the environment, natural resources and social well-being.

Determinations requiring interdepartmental and agency coordination also should take account of the views of State and local government and various segments of the private sector that do not traditionally communicate with the initiating or "lead" department or agency. But what are the best mechanisms to assure such communication and advice? Should there be standing advisory groups that include representation of all sectors? Or do differences among the kinds of issues call for greater flexibility? How useful would national or regional Executive Branch hearings be? On what kinds of issues? These are vital areas also requiring assessment and decision.

Of course, a substantial part of any coordination effort by the Executive Branch, present and future, focuses on Federal legislation both old and new and both Administration-initiated and Congressionally initiated. There appears to be growing awareness both in Congress and elsewhere that just as there is a need for better coordination of legislation by the Executive Branch, Congress should continue its efforts toward developing mechanisms affording a more coordinated approach to consideration of legislation which involves assessing relative priorities of policies and the interrelationships of programs, especially in view of their potential impact on patterns of growth.

Most national growth issues—land use, the environment, energy needs, population change, economic development—involve interests and expertise beyond the province of single committees in the House and Senate. Growth issues tend to cut across a number of committees as

they cut across numerous departments and agencies in the Executive Branch.

Of course, the committee structure is absolutely necessary. Just as a Department of Domestic Affairs would be unmanageable in the Executive Branch, an authorizing Committee on Domestic Affairs would be equally unmanageable. Floor debate and amendment bring about a measure of coordination, but the floor does not permit the necessary, fully measured consideration of the priority of various policies or the interrelation of programs and their expected impacts. Various procedures for consideration of authorizing legislation by more than one committee are also helpful, but rarely is such legislation referred to a committee that does not have jurisdiction over some explicit feature of the bill at hand, and whose consideration would be useful from the standpoint of program coordination and determining impacts on various elements of growth.

Recent budget reform legislation will allow Congress to view the overall budgetary effects of individual appropriation actions. Congress also has the opportunity to develop a counterpart ability, by whatever suitable means it judges, for assessing the collective impacts on growth of separate legislative acts.

Improved Delivery of Federal Planning Assistance. The current system of Federal planning assistance programs and requirements is fragmented and inefficiently serves local and State elected officials. It is recommended that the Executive Branch and the Congress both work toward administrative and legislative revision of these programs to accomplish the following objectives:

- simplify and harmonize the basic requirements among as many programs as possible;
- provide flexible and adequate planning assistance to State and local governments to allow them greater discretion in planning to meet locally determined needs and objectives;
- modify or terminate programs whose original purposes have been satisfied;
- achieve better coordination in the delivery and use of Federal planning assistance.

There are 37 major planning assistance authorities funded in the aggregate at an annual level of about \$450 million. These programs are intended to help State and local governments and other recipients to plan the best use of billions of Federal dollars to develop highways, construct community facilities, conserve natural resources, educate children, clean the air, purify water and

carry out a number of other categorical objectives.

But by creating vertical ties between Federal bureaucracies and State or local functional agencies, these planning programs often result in too little coordination with overall State or local development policies. They also shift influence to technical specialists and away from elected State and local officials who should have the final responsibility in deciding how these planning funds are spent. The multiplicity of Federal planning programs and the inconsistency of substantive and procedure requirements causes delay and confusion among State and local governments and hinders the formulation of unified growth policies.

The search should be for logical consolidations and for a system that assures coordination of functional plans with overall growth development policies. In short, planning must itself be planned.

Management Assistance. In addition to reforming Federal planning assistance, complementary measures are needed to help public officials manage development programs after the planning is done. Too often, planning has been an activity undertaken for its own sake, rather than as a first step toward action. Too often voluminous plans have remained only "on the shelf." But never before has the challenge of action—of management—been greater. Managing a modern American city is at least as complex as running a huge corporation. Revenue sharing and block grant programs are giving State and local officials more flexibility to decide how to use their resources. And accountability to their own constituents increases as citizens continue to expect more involvement in local policy-making and program implementation activities impacting their community or neighborhood.

Thus, it is time for Federal assistance programs to give increased attention to supporting the basic capacity of local officials to develop community programs and implement and evaluate them. An important Federal policy must be to improve and expand public sector skills in budgeting and finance, personnel management, information systems and public administration, at the operating level of State and local governments.

Effective guidance of community growth and development also requires a skilled public administration cadre and the ability to measure the economic growth potential of each community. At the educational centers where future public officials are trained, there is need for improved

graduate and undergraduate curricula in public administration.

There is also a need to expand the capacity of State and local governments to create investment strategies that will take into account private sector development and the potential for local economic growth. Local governments can utilize analytic techniques that lead to a better understanding of a community's economic base, its growth or loss potential, and opportunities for future private investment. Such techniques can help communities make sound public investment decisions consistent with private sector growth or conceivable contraction.

FOR THE MULTISTATE LEVEL

Strengthen the Federal Regional Councils for Program Coordination. The regional councils are an established means of contact and information sharing between States and their communities and the various Federal agencies which operate domestic programs.

From time to time, proposals are made for the creation of multistate planning and coordination agencies. Typically, such proposals call for these multistate agencies to articulate regional needs and issues, formulate interstate growth strategies, oversee their implementation, and coordinate broad policies governing private and public investments within the region.

Several kinds of multistate agencies already exist. As noted in this report, most are public, like the Title V Regional Action Commissions. A few are voluntary, such as the Southern Growth Policy Board.

In order to avoid the uncoordinated proliferation of such multistate organizations, serious consideration should be given to the alternative of expanding the role of the FRC's and establishing mechanisms to work with the States within each Federal region. The Executive Branch will take action to assess the potential further roles that Federal Regional Councils can play in support of State initiatives for multistate planning and coordination. For example, the FRC's can assist, and already are to a limited extent assisting, the States in their conduct of the following activities:

- establishing interstate goals and policies related to interstate aspects of land use, resource development, regional transportation, and similar growth topics.
- developing broad interstate strategies for growth and economic development, which can serve as general guides for private investments as well as the distribution of Federal aid within each region.

- formulating regional positions on interstate aspects of such growth issues as power plant siting, mining, and coastal management.
- proposing recommendations for the types and levels of future Federal assistance that should be available to the region.

Also, the FRC assessment can consider alternative ways for FRC's to utilize discretionary funding from a variety of Federal block grant and revenue sharing programs, for the delivery of multiple Federal resources to meet the unique development needs of each region as defined by the States. These needs vary from region to region. In one, revitalization of declining downtowns may be the top priority need; in another region, support for "instant" communities resulting from development of energy resources may be the paramount concern.

FOR THE STATE AND LOCAL LEVELS

Modernization. State legislatures and executive branches are encouraged to complete the drive toward modernization and reform. This can be accomplished in many ways depending on each State's unique combination of political history, constitutional authorities and social-economic setting. Examples of governmental modernization include: restructuring legislative committees in line with contemporary policy issues; adequate professional staffing for committees; executive branch reorganization to streamline functions and programs; and increasing chief executive capacity to coordinate large numbers of programs.

Goal Setting. State legislatures and executive branches can expand their efforts to establish goals for the future. Such goals, based on assessments of each State's prospects for economic growth and population change and the relative priorities accorded to various growth related policies, provide consistency of purpose across the board for legislative and administrative actions.

Development Strategies. States and localities can continue to define strategies and growth policies regarding the location and timing of future development in their jurisdictions. Such strategies may take into account realistic assessments of demand for private and public uses of land, probable changes in the economic base of the jurisdiction, and consequent effects on population and the labor force.

Implementation. States and local governments can work toward implementation of growth strategies, through specific actions tailored to their own needs, powers, and strengths. Such strategies can be partially implemented, for example, by

orchestrating the investment of Federal funds available for air and water quality improvement, economic adjustment, rural and urban community development, transportation and other purposes. Coordination techniques which can be used include Chief Executive Review and Comment, integrated grant administration, and A-95 procedures. Taxation (including land assessment policies), business development incentives, land use and development regulations are other illustrative means for achievement of State or locally determined growth goals. Most importantly, however, each of these governments must also develop better mechanisms for coordinated consideration of their relevant, often competing policies, both in the executive and legislative branches, much as is proposed above for the Federal government.

State-Local Relations. States can continue to strengthen local general purpose governments to guide growth and development by such actions as deemed appropriate to each State. These could include, for example: provision of planning assistance and services to communities; State revenue sharing or block grant programs; delineation of substate growth goals; enabling of community planning and development powers appropriate to the size of the community and the geographic scale of growth problems; and modernization of zoning, subdivision controls, and other regulatory powers.

FOR THE SUBSTATE LEVEL

States and localities are encouraged to work toward strengthening multijurisdictional "umbrella" agencies, giving them the ability to bring under control a proliferation of specialized planning and services districts.

Special emphasis should be placed on the need to tie implementation more closely to planning. To do this, substate districting for various purposes should itself be coordinated. Consequently special purpose substate districts—whether for transportation, health services, resource conservation, law enforcement or other functions—should be consistent with general purpose "umbrella" districts. Consistency may be achieved through several means, such as: making all districts conform to one set of coterminous boundaries; requiring district functional plans and investment programs to support general purpose district goals and policies; use of common data bases; and uses of a single umbrella policy board for many special purpose districts.

Also, particular legislative, administrative, or financing actions can be taken, as appropriate, by those State governments whose boundaries con-

tain one or more of the 35 interstate metropolitan agencies so as to assure the utility of their interstate planning role.

TOWARD GUIDELINES FOR FEDERAL DECISION-MAKING

Whatever the mechanisms for bringing people together to achieve coordination in policy and program development and implementation, the likelihood that sound policies and programs will result would be considerably enhanced if each participant were to approach the issue, or bundle of issues, with at least similar perceptions about how such issue or issues should be analyzed—and about the technique of determining what constitutes the "public interest."

But the government decision-maker rarely pays systematic attention to the effects of his actions except as they relate to his own mission. This myopic tendency is not easily cured.

Existing laws and regulations do not require and may not permit the consideration of Federal actions on the attainment of goals outside of individual mission areas. Further, the effects of Federal actions are often difficult to ascertain; and they are doubly difficult to predict in advance. The data necessary to measure impacts are often unavailable. The methodologies for analysis of that data often do not exist. The effects may be remote or may occur sometime in the future.

Yet it is increasingly necessary to take into account multiple impacts of a single Federal action on national goals. Consider the large number and variety of national goals. Most are well defined and long established; some have been more recently emphasized and raised in priority. All relate to "national growth policy." To name only a few:

- maintenance of national security and defense of the country,
- preservation and enhancement of a private-enterprise (investment, risk, profit) society,
- economic freedom and efficiency through competition,
- full employment without harmful inflation,
- equal opportunity,
- for regulated industries, quality services at reasonable rates,
- safe and liveable communities, in both urban and rural areas,
- preservation of important natural resources, and clean air and water,
- secure and reasonably priced energy sources,
- decent, safe and sanitary housing, preferably owner-occupied, and

health, education, and public safety services adequate for individual self-fulfillment.

Thus the policy-makers' task is to understand, as well as possible, how and whether present and proposed actions affect these goals. This requires:

- Systematic review in the course of decision-making of the possible effects, not just on the mission goal of each decision-maker, but on other national goals as well.
- Improved evaluation of existing activities with emphasis on both attainment of the mission goal and effects on other goals.

Much easier said than done. A very useful step in this direction would be efforts toward developing, refining and using an agreed upon set of guidelines for the Federal decision-making process. Such guidelines might well be in the form of sets of questions that should be answered, insofar as feasible, in assessing, on a one time or periodic basis, existing policies and programs and in considering new proposals. Such an effort toward a "decision-maker's checklist" will require extensive participation and indeed debate among many parties. For purposes of illustration, the following list is offered:

- (1) What is the public problem being addressed?
 - (a) Is the problem real or apparent, or merely a symptom of a larger problem?
 - (b) Can the problem be quantified? How large is it?
 - (c) Are other forces at work that are either solving the problem or making it worse?
 - (d) Does the public perceive a problem?
 - (e) Are those who perceive the problem among the intended beneficiaries?
- (2) Are the means proposed to solve the problem well suited to attain the desired ends?
 - (a) Are other means available that are less expensive either to taxpayers, to consumers, or to the economy generally?
 - (b) Are there other means that would be more efficient?
- (3) Does the problem, the approach selected to solve it, or the effect intersect with other public programs or goals?
 - (a) Should other agencies be consulted?
- (4) What methods of evaluation can be designed at the outset to determine at a later time the direct consequences and the effectiveness of the proposed action?
- (5) What are possible inadvertent and second order effects of the proposed solution? Do

the potential adverse effects outweigh the desirability of taking action on the immediate problem?

- (6) What institution is best equipped to resolve the problem?
- (a) Can the private sector resolve the problem effectively?
 - (b) If not, what public sector response is suitable and feasible?
 - (c) Is a Federal response appropriate, and if so, should it be uniformly applicable or flexible?

Such guidelines reflect the creed of modern management, that good policy-making results from the discipline of well-thought out approaches to each major policy decision. Procedurally, such discipline, self-imposed, most surely leads to increased demand for better methods of collecting and analyzing data and stronger interest in obtaining the viewpoints of others with different mission goals. Substantively, such discipline also helps to ensure that public policy-making—whether by executives or legislators—will lead to programs that are consistent with long term national goals and the values we hold important in our democracy, including goals and values relating to national growth.

ACKNOWLEDGEMENTS

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OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON

January 2, 1975

Dear Phil:

Attached is a copy of my letter to Senator Humphrey in response to his remarks concerning the need to include telecommunications in the draft National Growth Report. Unfortunately, I understand we were too late in amending the Domestic Council's final effort.

Best personal regards.

JH
John Eger

Attachment

OFFICE OF TELECOMMUNICATIONS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20504

DEPUTY DIRECTOR

December 30, 1974

Honorable Hubert H. Humphrey
United States Senate
Washington, D.C. 20510

Dear Senator Humphrey:

I read with interest your recent comments in the Congressional Record concerning the contribution that telecommunications has made to our society and its importance to a national growth and development policy for the United States.

Few technological changes have had so profound an affect on the human condition as the development of telecommunications, and it is certain that its influence on the quality of our national life will be even more important in the future. Accordingly, I share your concern that "it is not too soon to make telecommunications policy a major component of national growth policy."

As you know, in 1970 our Office was created within the Executive Office of the President to serve as the President's principal advisor on telecommunications policy and to formulate policies and coordinate the Federal Government's own vast communications systems. In this capacity, the Office formulates policies affecting a wide range of domestic and international communications issues including development of plans and programs to assure that cable and other broadband communications are available to residents of rural areas and to the poor.

OTP is now drafting legislation which would implement certain recommendations contained in the Cabinet Committee Report to the President on Cable Communications to which you referred. As you may know, at



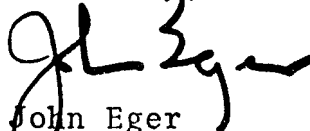
the heart of the Committee's recommendations is the proposed policy that would separate control of the cable medium from control of the messages on it with the "goal of assuring the development of cable as a communications medium open to all." It is hoped that this legislation will be submitted to the 94th Congress early in 1975.

We are also presently evaluating several studies to determine the feasibility of bringing expanded television service to the over one million households in the United States who now receive no television service at all and the nearly six million households receiving only one or two channels. These studies address the possible use of an alternative mix of technologies, e.g., microwave, cable, and translators, that might be economically employed, and examine the institutional and regulatory constraints to the development of television service in rural areas.

Additionally, we are encouraging the formation of a satellite consortium of public service users whose purpose would be to design and fund a satellite system available to all potential users on a dependable, economical and nationwide basis. It is believed that such an arrangement will facilitate access to telecommunications services as a delivery mechanism for health, educational and other social services.

I shall be happy to provide you any additional information on these or any other of our activities. I appreciate your interest in telecommunications and look forward to working with you, your staff and the other members of Congress as we endeavor to formulate and implement communications policy for the benefit of all Americans.

Sincerely,



John Eger
Acting Director

