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12:15 PM - Lunch - Charles Walker
Sans Souci

file

Thursday, May 8, 1975

[1974]

STUDY OUTLINE

ANALYSIS OF MINORITY ECONOMIC DEVELOPMENT

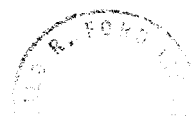
Phase 1. Inventory of Progress

A. The State of Minority Business

1. Qualitative Character of Minority Enterprise
 - Historical Inequities
 - Limited Wealth Accumulation
 - Narrow Character of Business Entry
 - Marginal Economies of Restricted Markets
 - Barriers to New Market Entry
 - Limitations on Development of Entrepreneurial Capacity
 - Restricted Access to Capital
2. Quantitative State of Minority Enterprise
 - Industry Distribution
 - Size and Scale
 - Revenues, Receipts and Profitability
 - Success and Failure Rates
 -
3. Progress, Growth and Change 1969-1974
 - Comparison of Analogous Data From the 1969 Census of Minority-Owned Businesses and the 1974 Census.
4. Comparison With Majority Business
 - Assessment of Analogous Data for the Majority Business Sector.
5. Comparative Position Relative to Growth and Change of Majority Business
 - Comparison of Analogous Data for the 1969-74 Period.

Resource To Be Employed

This task will require highly specialized skills in statistical analysis combined with a unique comprehension of the qualitative aspects of minority enterprise. A "team approach" using outstanding minority economists in combination with other specialists will be utilized. Supporting input from administration sources familiar with the state of the art since 1969 will also be required.



B. The State of the Minority Economy

1. Qualitative Character of the Minority Economy
2. Present Quantitative Status
 - Population and Demographics
 - Employment Characteristics
 - Income Levels
 - Economic Base, Money Flows, Capital Investments and/or Deficiencies
 - Institutional Capacity
 - Infrastructure, Facilities and Amenities
 - Other Socio-Economic Data
3. Progress, Growth and Change 1969-1974 (or a longer base period)
 - Comparison of Analogous Data for the Period
 - Identification of Trends
4. Comparison With Majority Economy
 - Analysis of Analogous Data for the Majority Economy
5. Comparative Position Relative to Growth and Change of the Majority Economy
 - Comparison of Analogous Data for the Period

Resource To Be Employed

Though broader in scope, this task will also require specialized statistical skills in combination with an understanding of the qualitative aspects of minority communities and their economies. A similar team consulting approach, assuring minority perspective, will be employed here.

Phase 2. Characterization of Policies and Programs

A. Federal Policies and Objectives

1. Underlying Assumptions
2. Legislative Authority
3. Changes Over the 1969-1974 Period and Rationale for Same
4. Current Policies, Goals and Objectives

Resource To Be Employed

This information will be aggregated by the Council staff. Since the subject area includes policies affecting several elements of the Executive Branch and could be sensitive in nature, input will be required from senior levels, i.e., Domestic Council in the White House and Cabinet offices in several agencies.

B. Finance and Investment Activities - Government and Private Sectors

1. Equity and Venture Capital
 - MESBICs and SBICs
 - Investment Banking Industry
 - Venture Capital Industry
 - Other
2. Debt Financing
 - Business Loans
 - Commercial Real Estate Finance
 - Construction Lending
 - Trade Credit
3. Minority Financial Institutions
 - Commercial Banks
 - Insurance Companies
 - Savings and Loans
 - Mortgage Bankers
 - Other
4. Other Finance and Investment Areas

Resource To Be Employed

The equity, venture and debt capital portion of this task will require an independent consultant or consulting firm in the finance and investment field with specialized expertise in credit programs of the Federal Government.

The minority financial institutions segment will require the employment of a consultant with specialized expertise in each of the types of institutions being analyzed.

C. Management Development Activities - Government and Private Sectors

1. Management and Technical Assistance

- BDOs, BRCs, MESBICs and Others
- Consulting Contracts
- Volunteer Consultants
- Other

2. Education and Training

- Management Institutes and Seminars
- Business Schools
- Colleges
- Secondary Education

Resource To Be Employed

This task is comprised of two distinct elements which will be handled separately.

The management and technical assistance segment will be handled by a management consulting firm with experience related to minority enterprise.

The education and training component can be conducted by either a specialized educational consulting firm or a team of outstanding business school educators including faculty of the minority colleges.

D. Market Opportunities Programs

1. Pre-Entry Market Assistance
 - Industry/Market/Location Analysis
2. Variable Approaches to Market Entry
 - Procurement
 - Spin-offs
 - Mergers
 - Acquisitions
 - New Starts
3. New Market Options
 - Technological Developments
4. Other

Resource To Be Employed

Consultant with specialized expertise in market analysis and market entry systems and techniques.

Phase 3. Analysis and New Perspectives

A. The Economic Development Process

1. Fundamental Elements
2. Constraints, Limitations and Inefficiencies

B. Synthesis of New Perspectives

1. Economic Factors
2. Socio-Economic Trends
3. Areas of Opportunity

C. Validity Analysis

1. Current Policies and Objectives
2. Current Strategies and Priorities
3. Legislative Capabilities

D. Effectiveness Evaluation

1. Current Programs
2. Current Tactics and Procedures
3. Current Tools and Techniques

E. Identification of Critical Gaps

Phase 4. Policy Development

A. Identify Range of Opportunities for Action

B. Set Agenda of Policy and Program Priorities

C. Evaluate Options

1. Redesign Fundamental Policies, Priorities and Goals
2. New or Modified Action Strategies
3. New Program Initiatives
4. Organizational Changes
5. Delivery Systems
6. New Legislation
7. Funding Levels
8. Other

Phase 5. Recommendations

- A. Prioritize Objectives
- B. Select Priority Options
- C. Design and Synthesize Recommendations
- D. Submit to the President

[1974]

POTENTIAL CANDIDATES FOR MEMBERSHIP

ON A

PRESIDENTIAL TASK FORCE

ON

MINORITY BUSINESS AND ECONOMIC DEVELOPMENT

I. BUSINESS AND INDUSTRIAL

Robinson F. Barker
Chairman
P. P. G. Industries
Pittsburgh, Pennsylvania

S. D. Bechtel, Jr.
Chairman and Director
Bechtel Corporation
San Francisco, California

Thornton F. Bradshaw
President
Atlantic Richfield
Los Angeles, California

* Daniel T. Carroll
Executive Vice President
Gould, Inc.
Chicago, Illinois

John T. Conner
Chairman
Allied Chemical Corporation
Morristown, New Jersey

Donald C. Cook
Chairman
American Electric Power Company
New York, New York

John D. Debutts
Chairman
American Telephone and Telegraph
New York, New York

John B. Fery
President
Boise-Cascade Corporation
Boise, Idaho

xo Julian Garcia
President
New Mexico Automobile Dealers Association
Albuquerque, New Mexico

Katherine Graham
Chairman
The Washington Post
Washington, D. C.

* Earl G. Graves
President
Earl G. Graves, LTD.
New York, New York

Alan Hardin
President
Hardin Construction Company
Atlanta, Georgia

John D. Harper
Chairman
Aluminum Company of America
Pittsburgh, Pennsylvania

Harry Heltzer
Chairman
Minnesota Mining and Manufacturing
Minneapolis, Minnesota

x Dr. David B. Hertz
Director
McKinsey and Company, Inc.
New York, New York

* George E. Johnson
Chairman
Johnson Products
Chicago, Illinois

* Clarence Jones
Publisher
Amsterdam News
New York, New York

Horace Jones
Chairman
Burlington Industries, Inc.
New York, New York

Reginald Jones
Chairman
General Electric Company
New York, New York

Stephen F. Keating
President
Honeywell, Inc.
Rochester, New York

x* Brady Keys, Jr.
President
All-Pro Enterprises, Inc.
Pittsburgh, Pennsylvania

George W. Koch
President
Grocery Manufacturers of America, Inc.
Washington, D. C.

* J. Bruce Llewellyn
President
Fedco Food Corporation
New York, New York

G. William Miller
President
Textron, Inc.
Providence, Rhode Island

Thomas G. Murphy
Chairman-elect
General Motors
Detroit, Michigan

* Henry G. Parks
Chairman
H. G. Parks, Inc.
Baltimore, Maryland

James W. Rouse
James W. Rouse and Company, Inc.
Columbia, Maryland

William Scranton
Scranton, Pennsylvania

Arthur B. Taylor
President
Columbia Broadcasting System, Inc.
New York, New York

* Kendrick R. Wilson, Jr.
Vice Chairman
AVCO Corporation
Greenwich, Connecticut

* Arthur Wood
Chairman
Sears, Roebuck and Company
Chicago, Illinois

Richard D. Wood
Chairman
Eli Lilly and Company
Indianapolis, Indiana

II. FINANCE

H. B. Baldwin
President
Morgan Stanley and Company, Inc.
New York, New York

o Papi Carrion
Chairman
Banco Popular
San Juan, Puerto Rico

Thomas Clauson
President
Bank of America
San Francisco, California

x+ Barney Old Coyote
President
American Indian National Bank
Washington, D. C.

x* David B. Harper
President
First Independence National Bank
Detroit, Michigan

Luther Hodges
Chairman
N. C. National Bank
Charlotte, North Carolina

* W. J. Kennedy III
President
N. C. Mutual Life Insurance Company
Durham, North Carolina

* Donald S. McNaughton
Chairman
Prudential Life Insurance Company
Newark, New Jersey

Peter G. Peterson
Chairman
Lehman Bros.
New York, New York

Harrison Steans
Chairman
LaSalle National Bank
Chicago, Illinois

* Charls E. Walker
President
Charls E. Walker Associates, Inc.
Washington, D. C.

Walter Wriston
Chairman
First National City Bank
New York, New York

III. EDUCATION AND FOUNDATION

Dr. William Baughn
Dean
School of Business
University of Colorado
Boulder, Colorado

* Dr. Andrew Brimmer
Harvard University
Cambridge, Massachusetts

x Bobby Brown Lyle
Executive Dean
School of Business Administration
Southern Methodist University
Dallas, Texas

Dr. Arjay Miller
Dean
Graduate School of Business
Stanford University
Stanford, California

x Mitchell Sviridoff
Vice President
Division of National Affairs
The Ford Foundation
New York, New York

x* Dr. Harding Young
Director
Southeastern Institute of Entrepreneurship and
Management
Atlanta, Georgia

IV. LABOR

I. W. Abel
President
United Steelworkers of America
Pittsburgh, Pennsylvania

Lane Kirkland
Secretary-Treasurer
American Federation of Labor and Congress of
Industrial Organizations
Washington, D. C.

Sol Stetin
President
Textile Workers Union of America
New York, New York

Leonard Woodcock
President
International Union
United Automobile, Aerospace and Agricultural
Implement Workers of America
Detroit, Michigan

V. SPECIAL INTEREST GROUPS

* Vernon Jordan
National Urban League
New York, New York

+ Peter McDonald
Navajo Indian Tribe
Window Rock, Arizona

CODE

- x Member, President's Advisory Council on Minority Business Enterprise
- * Black
- o Spanish-Speaking
- + Indian

[1974]

PROPOSAL FOR A

PRESIDENTIAL TASK FORCE

ON

MINORITY BUSINESS AND ECONOMIC DEVELOPMENT

TASK FORCE MANDATE

It is recommended that a special Presidential Task Force on Minority Business and Economic Development be formed. This Task Force would be charged with undertaking a comprehensive study of minority economic development. It would evaluate the efforts of the Federal Government, state and local governments, and of the private sector to further minority business enterprise; its findings and recommendations should be framed within the broad context of overall minority economic development requirements.

The Task Force would be a temporary entity, established for a specific purpose and to be dissolved upon completion of assignment. Its recommendations should be completed in ample time for them to be included as part of the President's State of the Union message in 1976.

RATIONALE

Over the past five years the Federal government's Minority Business Enterprise program and related economic development efforts have evolved as a new domestic initiative. During this period there has been a rapid growth in both the magnitude and variety of activities aimed at opening the doors of

economic opportunities to minority groups in America. And, despite recognized difficulties, visible progress has been made and selected results achieved. These results have been due in large measure to the combined efforts of the federal government, the majority business community, and especially to the minority communities and the minority businessmen themselves. In short, what might be described as the "first phase" of a minority economic development program has been launched.

Yet there has been only a limited attempt to evaluate the actual effectiveness of these numerous activities and the economic impact they have had on the country's minority communities. Even less effort has been made to evaluate basic assumptions, concepts and programs in light of the lessons learned and progress made over these five years.

With the advent of a new Administration, it is a propitious time to review our national effort in minority economic development with a view to assessing present programs and formulating new policies for the remainder of this decade.

PRESIDENTIAL ADVANTAGES

Aside from the intrinsic programmatic value of the proposed study, there are numerous Presidential advantages to conducting the study in the framework of a specially appointed Task Force.

It gives the President a chance to approach minority needs in a fresh way and to shape his own minority development programs and policies. It would be a specific response to the Black Caucus and show immediate Administration

response in this area. In the context of "stagflation," the study provides an opportunity to address one of the highly visible structural flaws in the national economy, i.e. the severely depressed minority sector of the economy which contains a substantial underdeveloped productive capacity. It would be a chance to design new programs within a free-enterprise philosophy and in partnership with the private sector. It would permit fresh recommendations to be made to the President by a public group free of any connections to or attitudes of past administrations. Finally, it would provide the President with the opportunity of shaping a completely new domestic initiative.

TASK FORCE COMPOSITION

The Task Force would be composed of 15-25 highly qualified representatives from the business, financial, academic and minority communities. The attached list suggests potential candidates.

TASK FORCE ADMINISTRATION

The Administrative requirements of such a Task Force would include staff, budget, housing, and supportive relationships.

1. Staff. The Task Force staff would be held to a minimum, with the bulk of Task Force work contracted out to independent consultants.

The table of organization would consist of one executive director,

3 program assistants, 2 staff or research assistants, and 4 secretaries. All staff personnel, except for consultants, would be Civil Service employees.

2. The Budget is estimated to be approximately \$600,000.

3. Administrative support relationships (payroll, personnel contract office, etc) that provide maximum flexibility and independence are essential. Such supportive relationships would be established directly with the White House.

4. The Task Force Chairman will have direct access to the President or his designated representative. And, on a day-to-day working basis, the Task Force staff would have a direct line of communication to the appropriate White House staff liaison person.

DRAFT AS OF OCTOBER 4, 1974

DESIGN FOR A

PRESIDENTIAL TASK FORCE STUDY

OF

MINORITY ECONOMIC DEVELOPMENT

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DESIGN FOR A STUDY OF MINORITY ECONOMIC DEVELOPMENT

OBJECTIVE

To undertake a comprehensive analysis of the Minority Economic Development process and, based on that analysis, to make recommendations to the President concerning appropriate objectives, policies, strategies and programs which might be employed by both the public and private sectors for the remainder of the decade and beyond.

RATIONALE

Over the past five years a combination of public and private sector efforts to stimulate minority business enterprise has evolved as a major domestic initiative. During this period there has been a rapid growth in both the magnitude and variety of activities aimed at opening the doors of business opportunities to minority groups in America. And, despite recognized difficulties, visible progress has been made and selected results achieved. In short, what might be described as the "first phase" of a national minority economic development program has been launched.

Yet, at this point in our history, there has been only a limited attempt to evaluate the actual effectiveness of these numerous activities and the economic impact they have had on the country's minority communities. As a result, a series of policy and programmatic issues require serious examination:

- Whether clear policy objectives exist and are uniformly understood and applied?
- Whether resources have been systematically deployed to achieve maximum effectiveness?
- Whether resources being employed are of sufficient scale to achieve an appreciable impact?
- Whether missions of agencies involved are mutually reinforcing or competing and contradictory?
- Whether interrelated program elements are effectively coordinated or fragmented?
- Whether maximum leverage on the economic development process is being achieved?
- Whether the most effective strategies for minority economic development are being employed?

Clearly, both the private sector and government have a direct stake in the process of stabilizing, revitalizing and developing the economic base of America's minority communities. A strengthened economic base in these communities would produce positive yields of productively employed residents; reductions in public dependence; a renewed sense of individual opportunity, pride and dignity; and a generally enriched quality of life.

Achieving maximum impact from minority business development efforts could be a keystone to the success of this economic revitalization process.

Consequently, a major opportunity for leadership is available to the Administration through a systematic appraisal of the subject.

In undertaking this effort - an attempt to unlock the complex opportunities of minority economic development - the Administration is afforded the challenge and the chance to discover new frontiers for growth and productivity in a critical sector of the nation's free enterprise system.

INTENDED PRODUCT OF THE STUDY

The final report (s) for the study will identify the specific objectives of government and private sector activities in the field of minority enterprise. The study will measure the extent to which progress has been made, and will assess how well current efforts in minority enterprise development are meeting their objectives. The report (s) will explore and recommend alternatives for improving the effectiveness of these programs.

The study will examine these policies and their underlying assumptions within the context of the economic development needs of minority communities and will measure the impact of minority enterprise activities on these needs. The report (s) will explore and recommend alternative policies and strategies to enhance the environment for economic growth of these communities. Recommendations will deal, for example, with the proper federal role, the private sector's role, legislative proposals and new program initiatives.

METHODOLOGY OF THE STUDY

Conceptually, the study will be comprised of the following major steps: (Specific elements of the study are more fully detailed in the attached study outline.)

Phase 1 - Inventory of Progress

An objective, factual inventory of the progress in minority business development over the five year period of 1969-1974 would be undertaken; and the economic development needs of minority communities compiled and characterized. The information gained from this inventory process would thereby provide a factual basis for policy and performance analysis.

Phase 2 - Characterization of Policies and Programs

The Administration's minority economic development objectives, policies and strategies would be clearly identified; and the multiplicity of related private and federal, state and local government programs and their results cataloged.

During this process efforts would also be made to selectively identify a limited number of positive success stories with quality results. These would be selected on the basis of key denominators to success, types of private sector participation, factors of innovation and magnitude of economic impact.

Phase 3 - Analysis and New Perspectives

Once the facts have been assembled a comprehensive effort would be undertaken to examine and analyze: fundamental elements of the minority economic development process; the effectiveness of programs, tactics and development tools currently employed; the types of constraints or limitations on the system; the nature of critical gaps which exist; the validity of goals, policies and strategies currently employed in light of any new perspectives; and areas of opportunity for positive action by government and/or the private sector. Performance criteria for effectiveness measurements will be derived from the Phase 1 inventory.

The results of the analysis process then provide the basis for decisions by the Council on matters of policy, strategy and programs.

Phase 4 - Policy Development

Based on the above, an agenda of policy priorities would be established and the range of opportunities for new initiatives and program modifications fully explored. Policy options would be developed, including: any necessary redesign of fundamental goals and objectives, the development of new or modified strategies for action, and the identification of the required tactical tools for implementation (i.e. planning processes, programs and institutional arrangements).

Phase 5 - Recommendations and Implementation

Final policy, strategy and programmatic recommendations would be developed by the Task Force and submitted to the President for decision and action.

ORGANIZATIONAL STRUCTURE FOR THE STUDY

Fundamental to the integrity of the study are three major considerations which must be consistently reinforced throughout the life of the study, namely:

1. In order for the study to be credible and to attain the degree of widespread business and community support necessary to achieve its objectives, members of the Task Force must have a real (rather than illusory) input to the study content from the outset and effective participation in the process of policy formulation.

2. Staff must assume a relatively subordinate role, not imposing their pre-conceived biases or ideas on the study product, but rather acting primarily as orchestrators of input to the Task Force from government, consultants, outside resources and others.
3. Consultants must be effectively utilized to produce essential data and intelligence and to present policy options arising from that information base, but, here too, their own ideas cannot be imposed on the product of the study.

Consequently, to assure this integrity, the organizational structure of the Task Force for purposes of policy formulation and decision-making is designed in a manner which will maximize their input and participation.

(See Chart #1).

THE PRESIDENTIAL TASK FORCE - As the parent body, the Task Force will provide overall policy guidance and direction to the study from conception through final product. The Task Force will provide the overall policy framework for the study at its inception. The Task Force will also consider -- preliminarily and then in final form -- all policy, strategy and programmatic recommendations resulting from the study. And, as appropriate, the Task Force will be convened at any interim period during the study to consider special policy matters.

THE EXECUTIVE COMMITTEE - During the time of the study's execution this smaller group will be a key element in the policy formulation process, meeting rather frequently, reviewing reports of the various committees and consultants, and acting as the point of co-ordination for policy issues which may overlap from committee to committee.

WORKING COMMITTEES - Comprised of Task Force members having an expertise related to their subject area, these committees will be the key working elements in the process. They will deal on a one-to-one basis with consultants, staff and special interest groups, designing the work to be undertaken in their area of responsibility, reviewing the work product and making preliminary findings of fact and recommendations of policy.

ADVISORY PANELS - As an added dimension and resource for the Task Force and its Executive Committee and Working Committees, the structure for the study also provides for "Advisory Panels." These panels, while relatively small in size (e.g. 3-5 persons each), are designed to provide the highest quality of input available from objective outside resources. Drawn from academia, foundations and other "think tanks," they will act as a sounding board for ideas and concepts, a point of critique for the consultant's work product, and a source of, and point of access to additional information and resources.

These Advisory Panels will be two distinct types:

1. Advisory Panel on Policy and Strategy -- This particular panel (See Chart #1) will serve as a special resource to the Task Force and

Executive Committee during the course of the study.

It will serve as a sounding board for concepts and a generator of ideas at the broad policy and strategy level. It will provide new perspectives to the study within the context of near and long-term changes in the fundamental economic and social circumstances in the country. (i.e. the trends of today and the shape of tomorrow.)

2. Technical Advisory Panels -- These panels will be set up to coincide with each of the major subject areas of the study. As such, they will be more highly specialized but will serve the same essential function in this subject area.

SUPPORTING RESOURCES (See Chart #2)

CONSULTANTS - Considering the short-term nature of the study and related constraints, consultants will be utilized in lieu of assembling a large Task Force staff. A vast majority of the information and data gathering during the inventory phase will be contracted out to consultants. Consultants will be utilized in each of the specialized subject areas, in some areas of policy and strategy and for selected special studies.

STAFF - A modest professional staff is necessary to assure continuing day-to-day, co-ordination and oversight to the study. In addition to an

Executive Director, professional staff will be employed in each of the major subject areas, and appropriate administrative and support staff are provided.

SPECIAL INTEREST GROUPS - In addition, it will be important at certain key points during the study to seek the opinions and viewpoints of identifiable groups with a special interest in the subject under study. In many cases their views will be incorporated during the normal course of the study. The process will, however, provide distinct opportunities for their input, e.g. at the initial stages of the study and at the point of reviewing preliminary findings and recommendations. The expression of these viewpoints will not necessarily influence the direction or findings of the study (it may or may not). But, at a minimum, this procedure will assist in the identification and clarification of key issues. Such interest groups include, for example: specialized minority organizations, governors, mayors, developers, etc.

TIME FRAME

The complete study would be phased over a one year time frame estimated as follows:

1. By November 1, 1974 - Presidential Task Force approach, Task Force membership and Study Design approved by the Administration and directive issued to proceed.
2. By December 1, 1974 - Design and procedures for the study approved by the full Task Force.
3. By December 31, 1974 - New staff and consultants assembled.
4. January 1, 1975 - April 30, 1975 - Completion of Inventory.
5. May 1975 - Committees' completion of analysis process.
6. June 1975 - Presentation of findings to the Task Force and preliminary development of policy.
7. July 1975 - Committees' review and refinement of policy.
8. August - September 1975 - Task Force reconsideration and development of final policy, strategy and program recommendations.
9. October 1975 - Submission of recommendations to the President.
10. After October 1975 - Implementation of Task Force initiatives within the private sector and government.

CHART #1 - STRUCTURE FOR POLICY FORMULATION

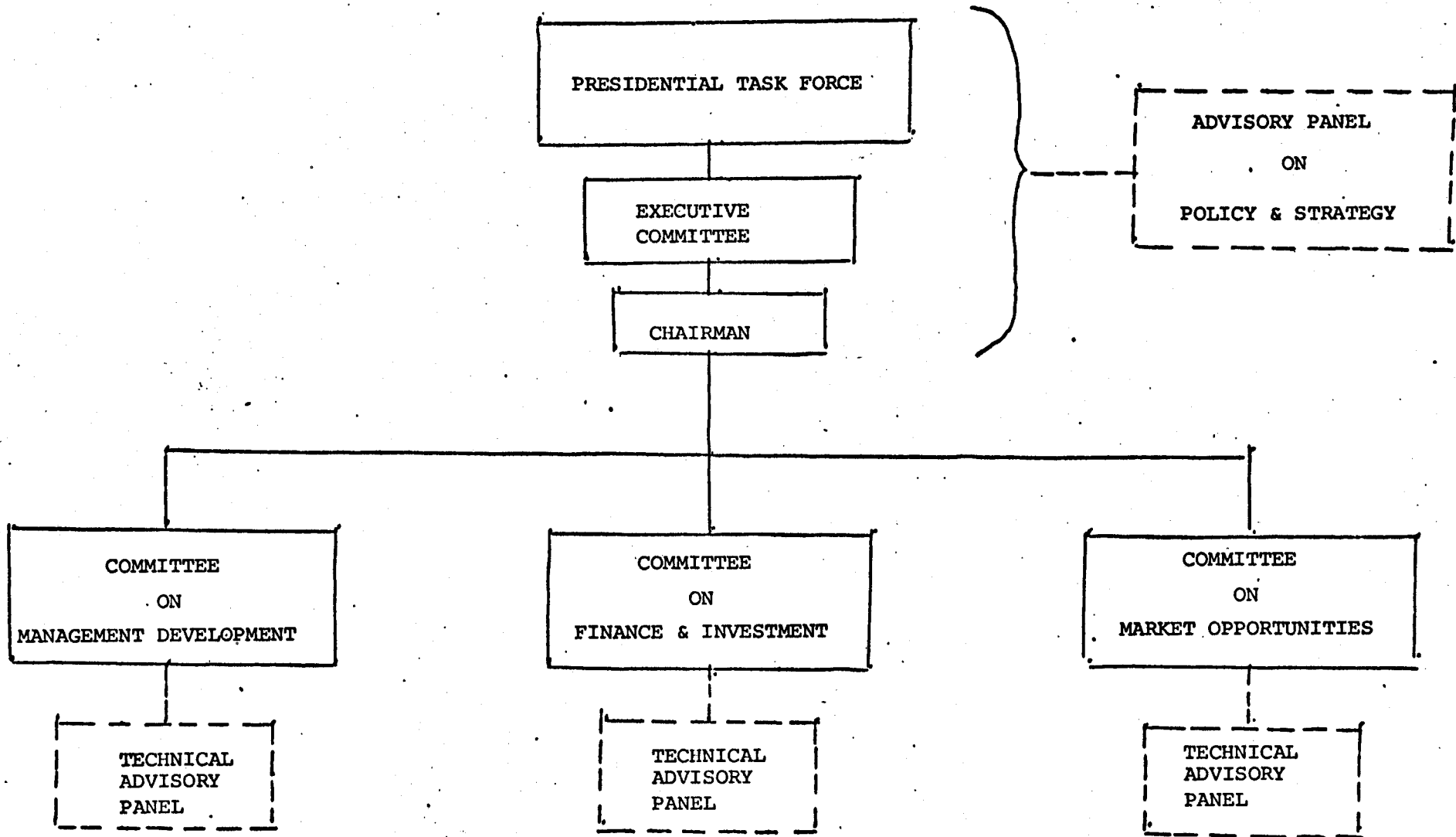
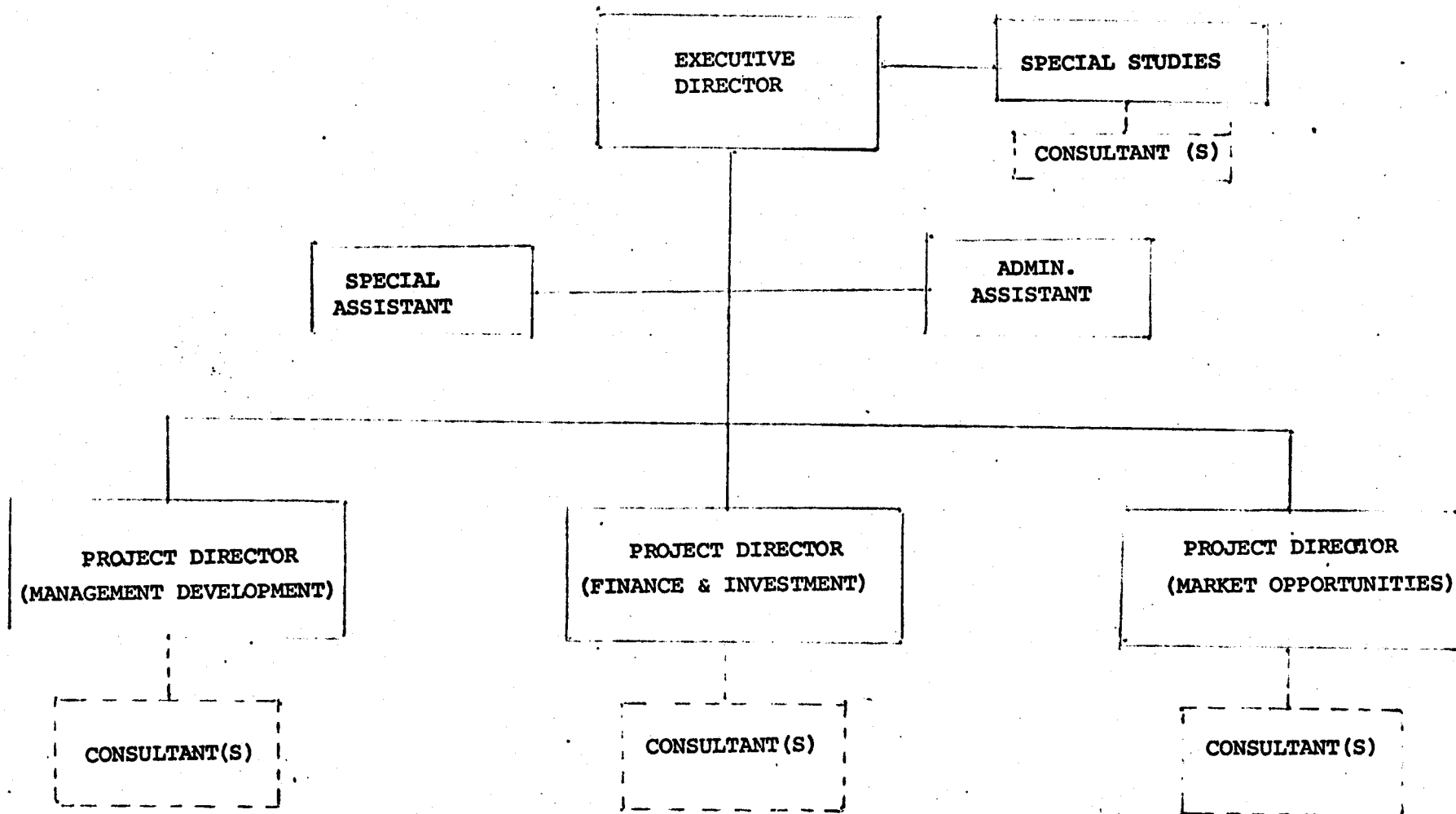


CHART #2 - STRUCTURE FOR SUPPORT RESOURCES



THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

October 23, 1974

Honorable Charls E. Walker
Chairman
President's Advisory Council
on Minority Business Enterprise
1625 Eye Street, N.W., Suite 428
Washington, D.C. 20006

Dear Charls:

I have reviewed the study plan of the proposed survey on minority economic development. After learning that you will be out of town until mid-November, I thought it more expeditious to give you my comments in writing rather than try to reach you by phone.

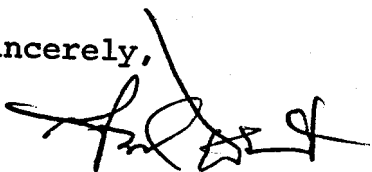
I understand the role of the Federal Advisory Council on Minority Business Enterprise to be one of developing better mechanisms for leveraging private sector participation in minority enterprise. This is a function of critical importance and one which I would like to see continued and intensified. The study which you propose, does not address itself to this specific area of need.

Your study proposes an overview of the effectiveness of the Federal minority business program in general. The Office of Minority Business Enterprise is under continuing scrutiny by OMB, the General Accounting Office and this Department all of which evaluate the costs of the program against its effectiveness in promoting minority business. Any additional activity would be duplicative. OMBE itself currently invests over a million dollars annually in research or evaluation activities in selected areas. The \$500,000 needed to finance this study would have to be drawn from our current budget. Since all of the Federal departments and agencies are operating under extremely tight budgetary constraints, such a large sum would be difficult to obtain in view of the current expenditures for research in OMBE.

An additional concern of mine is the study's heavy reliance on outside contractors. This is a problem which has plagued many Federal Advisory Councils who have been forced to lend their prestige to work which is largely the product of the outside contractor. It has been our experience that results of studies undertaken in this manner are to a great extent self-serving or of little practical use.

We would prefer that the Advisory Council concentrate on a few specifically defined areas of need to which its resources are best suited, such as identifying capital needs of minority businesses and analyzing long-term market opportunities and developing means by which major corporations can adapt their policies to assist the growth of minority businesses. For these purposes, I feel there is ample research from which the Council could draw without initiating extensive new efforts in these directions.

Sincerely,



Secretary of Commerce

PRESIDENT'S ADVISORY COUNCIL ON MINORITY BUSINESS ENTERPRISE
1625 EYE STREET, N. W., SUITE 428
WASHINGTON, D. C. 20006
(202) 967-2841

CHARLS E. WALKER
CHAIRMAN

October 29, 1974

W. V. WISHARD
EXECUTIVE DIRECTOR

MEMORANDUM

TO : Dr. Charls E. Walker
Chairman

FROM : Van Wishard *VW*

A couple of comments on your letter from Secretary Dent:

- I. Paragraph 2, first sentence: "I understand the role of the Federal Advisory Council on Minority Business Enterprise to be one of developing better mechanisms for leveraging private sector participation in minority enterprise."

Although the Advisory Council can certainly undertake such a function, no where is that stipulated in the Executive Order authorizing the Council as the Council's role.

For the record, Executive Order 11625 defines the role of the Advisory Council as:

- 1) Serve as a source of knowledge and information on developments in different fields and segments of our economic and social life which affect minority business enterprise.
- 2) Keep abreast of plans, programs, and activities in the public and private sectors which relate to minority business enterprise, and advise the Secretary on any measures to better achieve the objectives of this order.
- 3) Consider, and advise the Secretary, and such officials as he may designate, on problems and matters referred to the Council.

II. Paragraph 3, sentence 1: "Your study proposes an overview of the effectiveness of the Federal minority business program in general." This not only misstates the purpose of the proposed study, but indicates either a lack of understanding or simple opposition to the whole concept of the study and its implications for the future.

I hope we can discuss this at your earliest convenience.

1. The New Congress - With the political composition of the new Congress, it is hard to believe that minority progress in all its ramifications will not become a point of contention during 1975-76. Granted it is not an issue of the same dimension as the economy or energy. But nonetheless, it is hardly safe to assume that the newer, younger, hot-blooded liberal element will not attack the Administration on minority development policies unless the Administration takes significant action in this area.

The study we are proposing gives the Administration an implement of very high visibility at relatively low cost.

2. The Vice President - The designation of the Vice President as the Administration official responsible for the minority progress area would possibly do more than any other single act to convince the minority community of the Administration's seriousness in this area. It would re-establish minority progress as a national priority. It would provide a new emphasis without establishing new agencies or budgets. It would give a Federal focus and urgency which is now lacking.

3. The Minority Community - As Vice President, Ford gained credibility with various minority groups, and they had high hopes he would actively support their needs. When Ford became President, most responsible minority leaders were open-minded, and recognized the President's need for time to establish priorities and reconstitute the Administration.

It would be a shame if the President's credibility gained in this area, first as Vice President, and later when he met with the Black Caucus, were to be eroded or dissipated by failure to act -- at least in those areas where action is possible. I do not believe that substantial erosion of his relationship with the minority community has taken place yet. But when it happens, it will happen quickly. The proposed Task Force on Minority Economic Development is clearly one element to assist in preventing that from happening.

4. Timing - As in everything, timing is important. If any recommendations of the study are to be translated into policy by 1976, (hopefully to be announced in the President's 1976 State of the Union message) the study should be completed by October-November 1975. In order to accomplish this and maintain the integrity of the study, a decision to proceed would have to be made almost immediately.

It would seem natural that the President announce the undertaking of the study in his forthcoming State of the Union message, with the recommendations and resultant new policies to be announced the following year.

November 21, 1974