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RESTORATION OF EFFECTIVE SOVEREIGNTY  
TO SOLVE SOCIAL PROBLEMS

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REPORT

OF THE

SUBCOMMITTEE ON URBAN AFFAIRS

OF THE

JOINT ECONOMIC COMMITTEE  
CONGRESS OF THE UNITED STATES

TOGETHER WITH

MINORITY VIEWS



DECEMBER 6, 1971

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## LETTERS OF TRANSMITTAL

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NOVEMBER 30, 1971.

*To the Members of the Joint Economic Committee:*

Transmitted herewith for your consideration and use and for the use of other Members of Congress, the Executive Branch of the Government, and the general public is a report of the Subcommittee on Urban Affairs entitled "Restoration of Effective Sovereignty To Solve Social Problems."

Sincerely,

WILLIAM PROXMIRE,  
*Chairman, Joint Economic Committee.*

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NOVEMBER 24, 1971.

HON. WILLIAM PROXMIRE,  
*Chairman, Joint Economic Committee,  
U.S. Congress, Washington, D.C.*

DEAR MR. CHAIRMAN: Transmitted herewith is a report by the Subcommittee on Urban Affairs entitled "Restoration of Effective Sovereignty To Solve Social Problems."

This report is based, in part, on the extensive studies and hearings of the Subcommittee over the past four years, as well as on the many studies, hearings, and reports by the full Committee and its other Subcommittees over the past twenty-five years. It attempts to outline some pressing problems facing our government and to suggest partial solutions through changes in the institutional structure of government. It is hoped that the publication of this report will produce a public dialog that will lead eventually to the solution of the problems outlined either along the lines suggested in the report or along other lines developed during future discussion.

I wish to express the appreciation of the Subcommittee, to the various public officials, and to those private experts who appeared as witnesses or contributed papers during the Subcommittee's work of the last four years.

Sincerely,

RICHARD BOLLING,  
*Chairman, Subcommittee on Urban Affairs.*

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# RESTORATION OF EFFECTIVE SOVEREIGNTY TO SOLVE SOCIAL PROBLEMS

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## INTRODUCTION

Increasingly over recent years investigations by the Subcommittee on Urban Affairs have suggested that, in the long run, solutions to the many problems pressing in on government and private officials can only be found if the institutional structure of government is drastically improved. This became particularly obvious in the hearings held by the subcommittee in October 1970 and in May 1971. In order to promote a productive dialog concerning these longer term reforms which would make possible the effective exercise of political power to solve our social problems, a draft report was formulated and circulated to the subcommittee members on September 13, 1971. Four Democrats, including the chairman, agreed to support the report with minor perfecting alterations. By October two additional Democrats decided they could not participate in view of other obligations, and a fifth disagreed with a vital section of the report. A meeting of the subcommittee was called on October 27, but a quorum could not be mustered. A subsequent poll of the subcommittee by mail produced additional footnotes and supplementary views and the report enclosed herewith includes them. The publication, it is hoped, will produce the public dialog that will lead eventually to the solution of problems either along the line suggested within the various statements or along other lines as further debate may dictate.

## THE PROBLEM<sup>1</sup>

The United States is a nation dedicated to peace, full employment, stable prices, decent housing for all, equal opportunity, civil rights, speedy and just legal proceedings—in a word, to what is generally called the good society. Now after almost 200 years the public descriptions of this society include the stark specter of war, high unemployment, rapid inflation, civil disturbance and disunity, housing shortages (not merely for the poor but also for the middle classes), balance-of-payments crisis, a lack of educational opportunities despite the most expensive educational system in human history, hunger, discrimination, one of the world's highest crime rates, cities decaying, ineffectiveness of the legal system, and an increasingly urban environment in which the quality of public services does not match the promise of the richest country the world has ever known.

Why is it, when for the first time a nation has achieved sufficient wealth and current income to solve age-old problems caused by scarcity, that failure seems to characterize our every social endeavor? Part of the answer, of course, is that we have not failed as badly as the daily prophets of doom would have us believe. This country has brought a higher level of material well being and greater opportunity in every direction to more people than any other society in history. It has provided for the world's most widely diverse and heterogeneous population on a scale unparalleled for both quality and quantity. After investigation, we believe much of the answer to this paradox is to be found in the fact that the political processes and institutions have not changed as rapidly as problems and conditions. The result is that sovereign power invested in government by the people is no longer exercised effectively. The people gave such power to government to solve those problems which are beyond the power of individuals in their private capacities. What has gone wrong is that power, knowledge, and responsibility are no longer in appropriate hands.

The top policymaking level in Washington has become so bogged down in administrative detail and responsibility so disorganized that for decades policies have been neither consistent nor coordinated. Execution of policies by the administrative apparatus has been adversely affected because the administration has been concentrated in Washington far from where the people, their problems and their aspirations can be known and dealt with rationally. Information has simply not filtered up from the bottom to Washington, nor orders flowed back to local communities with the necessary speed, efficiency, and effectiveness. The organization of government has not kept pace in

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<sup>1</sup> Due to the pressure of other duties Senators Proxmire and Ribicoff were unable to participate in the hearings and deliberations pertaining to this report; and therefore, they reserve judgment on its conclusions and recommendations.

many other ways. The same programs turn up in many different bureaus and departments. The requirement at the grassroots is for coordination between water supplies, sanitation, roads, highways, housing, education, and other services of government, but from locality to Washington these are divided between a morass of bureaus and agencies to which the individual or the local group must appeal in an endless series of paper shuffling processes. Local government officials face the same senseless complexity. The result is a despairing search for political messiahs and magic nostrums like revenue sharing.

These difficulties are best illustrated by the morass of different programs and administrative channels through which the people must find their way up the Federal bureaucracy if they are to make any progress in solving local problems. At the present time, 70,000 or more State and local governments can find financial and technical aid through at least 400 programs operated by the Federal Government on almost every subject of public interest. Even the simplest effort of local agencies and officials to work out a coordinated program to solve a local problem means running the gauntlet of numerous Federal bureaucracies all the way to some cabinet official who can render a final decision on one program while they must find their way to a decision for necessary related programs in other agencies or departments. It is no wonder that the process brings dissatisfaction and demands for reform.

What is wrong is that the processes of government have not been kept consistent with our fundamental aspirations and political principles. Decentralization has been swept aside in favor of centralization but the whole process has become so cumbersome and time consuming that decisions are late when they come at all, and then they are likely to be uncoordinated and inconsistent. What is necessary is a restoration of effective decentralized government that is administered as close to the people served as possible but in accord with broad national decisions as to priorities between alternative social programs.

**How can we now restore effectiveness to the exercise of sovereign power to solve the problems of an increasingly urban and extremely heterogeneous population? It is that question that this report attempts to answer.**

Our confidence that we can offer some helpful recommendations grows out of 25 years of studies, hearings, and reports by the Joint Economic Committee and its subcommittees concerning almost every conceivable aspect of economic activity and policymaking—public and private. We draw particularly on the studies and hearings of this Subcommittee on Urban Affairs over the past 4 years as follows:

“A Directory of Urban Research Study Centers.” Materials prepared by the staff for the Subcommittee on Urban Affairs, August 1967.

“Urban America: Goals and Problems.” Materials compiled and prepared for the Subcommittee on Urban Affairs, August 1967.

“Urban America: Goals and Problems.” Hearings before the Subcommittee on Urban Affairs, September 27, 28; October 2, 3, and 4, 1967.

“Industrialized Housing.” Compendium prepared for the Subcommittee on Urban Affairs, April 16, 1969.

"Industrialized Housing." Hearings before the Subcommittee on Urban Affairs.

Part 1. July 9, 1969.

Part 2. July 23 and 24, 1969.

"Housing Development and Urban Planning: The Policies and Programs of Four Countries." Report of the Subcommittee on Urban Affairs, March 24, 1970.

"Regional Planning Issues." Hearings before the Subcommittee on Urban Affairs.

Part 1. October 31, 14, and 15, 1970.

Part 2. Invited comments.

Part 3. May 11, 12, 13, and 18, 1971.

Part 4. May 19, 20, 25, 26.

### **The Employment Act and Political Power Failure**

For over a quarter of a century the Federal Government has been committed by section 2 of the Employment Act of 1946 to:

\* \* \* the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power (15 U.S.C. 1021).

In present-day parlance this declaration commits the Government to create an economic climate in which, by cooperation with other levels of government and the private sector, there should be maintained full employment without inflation in a free, dynamic, and growing economy. It implies effective coordination of public and private policies. It places responsibility on both the public and private sectors for achieving the stated objectives. Contrast these high aspirations with the economic record of this last quarter of a century. The Nation has continued to experience both recurring recessions and inflation, until in recent years we have suffered from simultaneous inflation, high unemployment, and serious balance-of-payments deficits. We have experienced all of the old pre-1946 ills with about the same frequency and in recent years achieved the worst of all possible combinations.

The first and foremost source of political power failure, indicated earlier in this report, has been the concentration of decisionmaking in Washington divorced in time and space from the people and their State and local governments which are affected by Washington's decisions. There are four additional sources of policy failure which have to be recognized.



The first is that public policies have generally assumed that the "melting pot" really works; indeed, it works so effectively that the population has become uniform in tastes, culture, religious values, political outlook, social norms, and so forth. In fact, however, even modest-size metropolitan areas in this country have a population more diverse, more heterogeneous than the continent of Europe. Families in any individual community will come from almost every cultural background and race imaginable. They have many common aspirations for personal freedom and advancement, but it is beyond controversy that they have important differences of view on many of the details of their social, economic, and political lives. Nor can their religious differences be ignored. But in fact we ignore all differences. Policy and administration assume for example that if we have a national highway building program then the same program is desirable in every community in the Nation. What nonsense!

We assume that since better housing and improved community facilities are desirable then these are desirable everywhere in the same pattern. Architects and urban planners fail to take local divergencies sufficiently into consideration when applying national programs to individual localities. Testimony before this committee, as well as others, have vividly portrayed the consequences, if riots and other distressing social events have not.

Where urban renewal and a highway program combine to cut into pieces and destroy an existing community, the effects of the improved transportation, better housing and new community facilities fail to compensate for the destruction of community institutions that previously were an important part of the lives of the inhabitants. How many people have their lives blighted, their mental health impaired, their economic status reduced in the name of urban renewal or transportation improvement? Do we really have to pay this price to carry out national social policies?

If we would but drop the assumption that everyone has the same identical values, identical needs, identical religious convictions and design and coordinate policies so as to help people lead the kinds of lives they want to lead, we would approach the ideal of Government that our forefathers tried to create.

A second prominent source of the breakdown in our increasingly urbanized society and of the failure of sovereign authority to solve social problems is the maldistribution of population that results in high population density in urban areas using only a small fraction of the Nation's land area. A rapid inflow of rural population into the cities has required people to make adjustments—not only in economic activities, but in their entire way of life. Thus the sharp shift from less dense rural and smalltown areas to the highly dense urban metropolitan regions has had profound effects upon the mental and physical health of the Nation. Such a rise in density requires changes in social structure and organization, in political institutions, raises great issues of both public and private administration and creates new constraints on design of physical facilities.

Our failure to recognize problems created by the rapid shift of population, particularly in such a heterogeneous nation as ours, has

been disastrous. Similar tendencies around the world have been described by one of our witnesses as follows:

The implosion of the world population into cities everywhere is creating a series of destructive behavioral sinks more lethal than the hydrogen bomb. Man is faced with a chain reaction and practically no knowledge of the structure of the cultural atoms producing it.

Third, through every phase of hearings by this subcommittee and other studies of the Joint Economic Committee there has been repeated evidence that a prime cause of financial and administrative breakdowns at all levels of government is the damage to financial planning caused by inflation on the one hand, and by recession and unemployment on the other. For example, changes in the cost of providing government services have gone up over the last 40 or 50 years  $1\frac{1}{2}$  to 2 percent for each 1 percent rise in the general price level (as measured by the GNP deflator). There have been periods also when the costs of government lagged behind the general price level and caught up later with a rush. On the revenue side of government budgets at the State and local level, receipts barely keep pace with the rise in the general price level, except where tax rates have been steadily raised or new taxes introduced. In some cases, for example the property tax, receipts not only rise less rapidly, but with a considerable lag. In consequence, inflation increases the cost of government faster than revenue, unless State and local governments regularly raise tax rates or add new taxes. The same effect wipes out the so-called fiscal dividend at the Federal level whenever inflation is more than nominal.

The consequence of inflation and recessions are financial difficulties for State and local governments on such a scale that Federal grants have increased from only about \$1 billion per year in 1946 to between \$25 to \$30 billion in recent quarters, even without general revenue sharing. The trend is toward an ever increasing share of State and local spending being funded out of Federal taxes. Yet the sums are still inadequate in the face of mounting pressures from continued inflation and recession. No solution can be offered for this problem which does not reduce the freedom of elected State and local government officials to set their own priorities unless we achieve a better national record for controlling inflation and unemployment.

The Employment Act objectives must be achieved, not merely recited as a political litany. The breadth and complexity of the task was widely recognized 25 years ago, when in one of the first reports it issued, the Joint Economic Committee unanimously characterized its task as follows:

The basic problem which this committee has to consider is the method of preventing depressions so that substantially full employment may be continuously maintained. No problem before the American people is more vital to our welfare, to the very existence of our way of life, and to the peace of the world. It is the most complex and difficult of all the long-range domestic problems we have to face. It involves a study of price levels and wage levels and their relation to

each other, a study of methods of preventing monopoly control in industry and labor from distorting prices and wages, a study of spending for consumption and for capital investment, a study of individual and corporate savings, and a study of many other economic forces bearing on a stable economy.

Fourth, the economics of public spending are such that experts repeatedly stress the need for increased long-range planning of Government programs, particularly at the local level. It must be obvious that if plans are to be made for public facilities and programs that stretch over a number of years, and if these programs are to involve Federal funding in part, then they cannot succeed as long as the Federal Government programs do not make possible multiyear commitments of funds for a variety of programs that make up a single plan from the standpoint of the local area.

In summary, if the failures of political power are to be remedied and effective popular government sustained over the long run then:

**Measures must be taken to insure consistency between national and local priorities as determined by elected representatives at each level of government and; to this end we must improve the flow of information to and from the policymaking center in Washington, while at the same time pushing administrative authority out of Washington into the various regions of the country closer to the people served.**

**If this decentralization is to work better in the future than it has in the past, national policies must be better coordinated in order to end both recessions and inflation; long-range planning must be promoted along with the long-range commitments under Federal programs that will enable State and local governments to function efficiently in adapting national policies to local differences in values, preferences and priorities.**

### **An Action Program**

As a nation, we need an action program to restore full effectiveness to the exercise by government of the sovereign powers entrusted to it by the people. This is necessary to insure both that the power is used effectively and that the people are protected against arbitrary or improper use of that power for purposes other than to provide the services to our diverse population which that population cannot provide for itself as individuals or private groups. This action program should be designed to achieve the following objectives:

1. The creation and coordination of national policy must be centralized at the highest level, in the President, the Cabinet and the Congress to insure that it is under effective control of elected officials, but at the same time administration must be decentralized so that decisions within the policy guidelines are made close to the people where administrators can know how to adapt national programs to local needs.

2. Cabinet responsibility for all operations of the departments must be restored.

3. Flexibility in the funding of programs must be provided so that the fundamental policy objectives stated by the Congress in basic legislation and in presidentially approved regulations under such law can be carried out at the local level, with enough flexibility to adjust programs sensitively to local requirements and priorities, locally determined by locally elected officials.

4. The organization of Congress and of the executive branch must be brought into agreement so that in each House the committee structure agrees with the organization of the executive branch, so that each executive agency can be truly held responsible for following congressional policy guidelines.

5. The departments of Government must be made more nearly to coincide with the functions that are to be performed rather than organized as in the past along the lines of economic or social interest groups or sectors.

6. The organizational structure, powers, and relative ranks of officials in each department at each level of administrative responsibility must be brought into agreement so that cooperation laterally between agencies and departments is facilitated.

7. Modern government in our dense, urban society requires creation of an intervenor or troubleshooter for each 5,000 to 10,000 people to replace functionally the old-time local party officials who provided an outlet for popular grievances by intervening laterally into the political mechanisms to redress grievances caused by inevitable administrative error.

From colonial times there has been a continuous struggle between the advocates of ever greater centralization of government power over policies, programs, and administration on the one hand and the equally vigorous advocates of maximum decentralization of political power to lower levels, principally to States and localities. This has been healthy, for the contest between States rights and federalism has forced compromises that maintained a viable balance between central power exercised to achieve great national purposes and decentralized power that adapts policies and programs to local and even individual needs and preferences. Only such compromises could have preserved and strengthened individual rights and freedom in a nation so heterogeneous and yet provided national uniformities so necessary to rapid economic development.

Yet, the struggle has also produced unfortunate results as well, particularly at the national level. To limit Presidential power, Congress has specifically lodged authority in subordinate officials below Cabinet rank and split authority over related programs between numerous departments, agencies, and bureaus. At the same time, the need to enable the President to exercise responsible authority over the departments has led to creation of an ever-expanding Presidential or Executive Office, of which the Office of Management and Budget is perhaps the best illustration of centralist tendencies. The result of these conflicting tendencies seems like an almost impenetrable maze from the viewpoint of States, localities, and individuals.

To bring order out of this administrative and policymaking chaos, numerous commissions and experts have recommended reforms.

Studies by the JEC, particularly by this subcommittee, cause us to recommend the following changes to promote the objectives outlined above and to improve economic policymaking and execution:

**1. Congress should undertake an immediate review of Federal statutes and enact appropriate legislation to strip subordinate officials of statutory authority and place these powers uniformly either in the President or in Cabinet officers, as deemed most desirable. In this way the Congress can effectively hold the President and the Cabinet responsible for efficient, effective, and economical execution of the policies established by the Congress.**

**2. Congress should require by law that all departments dealing with domestic programs and functions be organized on a common pattern of centralized policymaking and decentralized administration. This will necessitate:**

**a. Establishing common administrative regions for administration of programs along the lines of the present 10 administrative regions established by Executive order in 1969.**

**b. Providing the same rank and powers to the regional administrator in each region for each department or agency so as to facilitate cooperation and coordination between the officials of different agencies in each region.**

**3. Congress should enact legislation revising the structural organization of the departments of the executive branch of the Government so that departmental jurisdiction coincides with related functions to be performed and subjects to be dealt with. The subcommittee takes no position as to whether the recent proposals by the President satisfies this requirement.**

It is clear that many of the ills brought to the attention of the subcommittee and other committees of Congress in recent years, in part, have had their origins in the fact that functions have been divided between different agencies and departments, resulting in inconsistency of policy and administration. For example, income maintenance programs have been divided up among almost every department and agency in government with the unintended result of providing incentives for uneconomic shifts between industries, occupations, and regions. How many of our present urban problems may be due to unintended combinations of policies that have pushed and pulled rural populations into cities for which they were not equipped, and where jobs and satisfactory housing were not available.

### **A National Planning System**

One of the most important sources of influence by Government on the structure and economic development of the Nation is through the investments which it makes in the development of human and physical resources. Such investments require the formulation and execution of long-term plans which in our heterogeneous and necessarily decentralized society involve cooperation between Federal, State, and local governments as well as consistency of government plans with those for private investment. To facilitate this long-term planning process and

insure that policy remains the prerogative of elected officials at all levels of government, the subcommittee recommends:

1. The creation of a National Resources Planning Commission to be appointed by the President with the advice and consent of the Senate having representatives from business, labor, agriculture, consumers, and the general public, along with the Chairman of the Council of Economic Advisers and the Director of the Office of Management and Budget. It shall be the duty of this Commission to prepare plans for the development of physical and human resources for a 10-year period, setting priorities between various categories of investment for the Nation as a whole and preparing criteria by which the national totals are to serve as guides to allocation between regions and localities. The Commission shall report annually to the Congress, and its plans, when approved or revised by Congress, shall become a binding guide to Federal agencies over investment programs coming under the Commission's planning jurisdiction.

2. The Council of Economic Advisers shall prepare a long-term, 10-year full employment projection of the economy and shall update this annually. These projections will form the basis for the National Resources Planning Commission's development plan. The Council's determination of the total of government investment spending that is consistent with full employment without inflation shall be binding on the Planning Commission. The CEA projections and investment recommendations should be submitted to the Congress at the same time as the Planning Commission submits its report to Congress annually.

3. Congress should provide by general statute that in the funding of all programs involving Federal grants-in-aid to State and local governments or subsidy to private interests to encourage a particular development, a fixed percentage of each category of funds shall be transferable within any one region with the consent of the President if, and only if, such flexible transfer of funds shall be essential to enable a State, a local government or a group of such entities to carry out a local plan involving more than one type of assistance from the Federal Government: Provided that such plan has been developed with the approval of the elected officials of the appropriate local government bodies and there has been provision for due notice and hearing for interested citizens.

4. Congress should provide for the establishment in each administrative region of an agent of the President, reporting to the President through an official of the Office of Management and Budget. It shall be the duty of each regional representative of the President to assist regional administrators of agencies in coordinating their efforts of assistance to State and local governments; to decide on behalf of the President when shifting of funds between programs is essential to the execution of congressional intent and substantive law; to report regularly through the Office of Management and Budget to the National Resources Planning Commission the long-range plans being formulated in each region for resource development over the coming decade; and to report through the Office of Management and Budget to

the President those instances of unintended inconsistency which develop between programs and policies in the course of local execution of national policies.

5. Congress should provide that decisions of regional officials on specific grants or combination of grants shall be final unless appealed to the President or an appropriate Cabinet-level official, as the case may be, by one third or more of the elected officials of the State and local government units affected by the decision in that region.

6. Congress should provide for the establishment of regional councils of elected officials of State and local governments, including the Governors plus proportionate numbers of elected officials of local units. These regional councils shall provide a vehicle for the interchange of views and information between the Federal regional administrators and State and local officials. It shall also be a means for the appeals to the President provided for under item 5 above.

### A People's Intervenor <sup>2</sup>

In an earlier day when mistakes of government administration were made—for example, the garbage didn't get collected—the individual appealed to the local ward leader or precinct captain who knew how to cut through the administrative redtape to reach someone who could straighten out the difficulty and who was subject to dismissal if the difficulty wasn't straightened out. This method, of what has been called lateral intervention, performed an important function in making government tolerable and effective. Unfortunately it also led to corruption which in turn resulted in the destruction of the apparatus.

While no one can blame the reformers for their zeal in destroying a source of corruption, we all must remember that the survival of a political and social system depends, in part, on success in providing an effective grievance machinery like the old precinct organization. Experience indicates that few people can perform this function for more than 5,000 or 10,000 of their neighbors. Experience also indicates that this Intervenor must be someone enjoying the confidence and support of those whose complaints he seeks to settle amiably and speedily. The lack of such machinery was suggested in this subcommittee's deliberation as a major source of present-day difficulty, particularly in the impersonal environment of urban life. It contributes to a feeling of private citizens that the Government is too impersonal and too separated from their lives; indeed, that nobody cares about their individual problems. For this reason the subcommittee recommends:

1. Provision should be made now for the modern professional equivalent of the old-time local political leader in the form of a paid Intervenor, elected by popular vote in a general election every 2 years.

2. Such Intervenor should be federally supported for both pay and office expenses.

<sup>2</sup> Representative Griffiths: "I totally disagree with this section on the Intervenor Concept. I regard this as wholly impractical."

3. The Intervenor should have defined patterns of access to the processes of government from local to national levels so that he can act effectively as a spokesman for the complaints or suggestions, as the case may be, of his constituency.

4. Provision should be made for a national office in Washington to provide those services needed to enable the local Intervenor to reach the appropriate Washington officials in individual cases and to act as a conduit of communication between members of the two Houses of Congress and these local Intervenors, where necessary.

#### A Summary Comment

Some observers may find the package of reforms proposed in this report to be too sweeping in their impact on the Federal structure and in reemphasizing decentralization. To these, the subcommittee reemphasizes an old truth: Stable and good government springs from effective exercise of sovereign power granted by the people governed. Whenever and wherever government functions become too divorced from popular support, as at present, restoration of effective sovereignty requires returning power exercise to closer integration with the popular will. In an extremely heterogeneous nation like the United States, this means combining national policymaking and resource development planning with localized, flexible adaptation to local and even individual preferences.

We, as a nation, cannot expect to solve problems of local government merely by revenue sharing, or by changing boundaries of metropolitan regions, or by other superficial tinkering. In the end, political power must be reorganized so reasonable men can function effectively in the public service. In a closely related context, one of our recent witnesses before the subcommittee, Robert Wood, former Under Secretary of Housing and Urban Development and now president of the University of Massachusetts, summed this point as follows:

One can debate the appropriate boundary lines of a metropolitan region or interstate region with a fixation approaching debates over angels on pinheads and one can opt for community control or shared power or expert dominance in the consultative pattern. But until planning decisions can alter resource allocation or management decisions, questions of size and participation are not very important.



## MINORITY VIEWS

The criticisms of American government contained in the Majority Report remind us of the famous quote about democracy attributed to the late Winston Churchill:

Indeed it has been said that democracy is the worst form of government except all those other forms that have been tried from time to time (speech in the House of Commons on the Parliament Bill, November 11, 1947).

Our system has resulted in many inequities, inefficiencies and outright failures. This has disillusioned many people about "the system." Unlike some who would criticize without seeking an alternative, this Subcommittee has explored some innovative ideas well worth consideration in an effort to make government more responsive and effective by decentralizing its planning, policy-making, administration and tax resources. **Unfortunately, the Majority Report does not discuss the most viable current recommendations in this area: revenue sharing, federal Executive Branch reorganization and the Ash Council's suggestions for regulatory reform. These Presidential initiatives are more likely to bring real results than this interesting but academic and limited study.**

The predicates of the Report are the same as those on which revenue sharing has been based. While we are a melting pot nation and to some extent share common problems, we are still diverse and are likely to remain so—and should be permitted to. Our mobility and changing life-styles have produced inequities of resource distribution, including population, which make flawless planning from the top down impossible. The matter of federal fiscal mismanagement in recent years could be a whole study in itself; such mismanagement requires that we rethink our tax structure. At present it is clear that Congress finds it easier to distribute federal taxes (and debt) than it does to impose the taxes necessary to meet planned (let alone emergency) obligations. We also have the problem of balancing resources at the federal and the state-local levels. Revenue sharing attempts to address the problem of evening out the long-range flow of federal assistance and restoring maximum local flexibility both in the establishment of local priorities and arriving at unencumbered local decisions as to how such funds should be spent. Revenue sharing provides the cushion between federal and local priorities which detailed categorical grant-in-aid programs never can offer.

The heart of the Report is the section entitled "An Action Program." This section lists a number of objectives, and recommendations in furtherance of those objectives, which are designed to "restore full effectiveness to the exercise by government of the sovereign powers entrusted to it by the people." We agree with a number of these objectives and recommendations and disagree with others.

Objectives 1, 2, 5 and 6 all deal with the need to reorganize the federal Executive Branch both centrally and locally and to rationalize both its policymaking and its relations with state and local government. We have no argument with the general propositions contained in these objectives. **However, as stated above, the Report fails to deal at all with the most important current proposal in this field, namely, President Nixon's comprehensive plan for reorganizing a major part of the federal Executive Branch. In our opinion President Nixon's plan could do a great deal to help us reach the goals included in the objectives listed above.**

Objective 3 in the Report aims at flexibility in federal funding of programs which are applied at the state and local level. Again, we have no argument with the Objective. **However, here too the Report fails to deal with the major proposal which would help us achieve the Objective, that is, the President's special and general revenue sharing program acting in combination with certain categorical grants.**

Objective 4, aimed at Congressional reorganization, is up to the Congress, which has had the same party leadership with only two brief interruptions for the past 40 years. We applaud the suggestion and support it, however. In fairness it must be observed that the failure to accomplish such Congressional reform is not willful any more than the Congress has been willful in its scattergun distribution of authority for duplicative programs through various departments and dissimilar administrative levels. Such patchwork is the result of legislative inadvertence rather than purposeful organizational judgment. Had more judgment been exercised or more oversight been given after legislative enactment, such errors might have been avoided. There is a clear need for Congressional reorganization to make the legislative function more nearly match up with administrative responsibility because both must necessarily be involved with policy.

**We disagree with Objective 7 of the report, which deals with creation of an Intervenor, or troubleshooter, for every five to ten thousand people. The Congress and the Executive Branch cannot abdicate their responsibility for proper administration or oversight to a formalized ombudsman without losing some of the "flavor" of both jobs. This middleman Intervenor would become exactly that, a middleman further removing government from the people.** The suggestion is that pride in efficient and effective governmental service is not in and of itself a sufficient spur to elected federal officials without focused outside pressure. The suggestion would institutionalize the complaint that "you can't fight city hall"—or at least the individual citizen can't. More than that, the ombudsman role itself is one which Members of Congress have been obliged to undertake as the Congress has enlarged the role of government in all our lives. Eschewing that role would cut a vital link in the chain of government. Whether it is at the federal, state or local level, legislators should know how their enactments impact on their constituents in actual administrative practice. How better are they informed and encouraged to correct the law or exercise their oversight of its execution?

**We support the Committee's Recommendations 1, 2a and b, and 3, which deal with Executive Branch reorganization, and are pleased that the majority has noted in Recommendation 3 that the President's reorganization recommendations might satisfy some of the Subcommittee's requirements. However, we have some doubts that the**

adoption of the Subcommittee's recommendations will result in the correction of conflicting policies and laws such as those which the Subcommittee cites. It is not within the province of the administrator to choose unilaterally the laws which he will execute and those he will ignore. The law itself is too often in conflict. It is only the Congress which can bring order out of conflicting or overlapping law.

We see no objection to the establishment of a National Resource Planning Commission (recommendation 1 under "A National Planning System") except that it strikes us as duplicative of the Domestic Council established by President Nixon and made up of his cabinet secretaries in the domestic fields. The suggestion may have some merit as long as its recommendations are optional guides and as long as those who bear the responsibility for implementation of programs have the good sense to apply the recommendations with the flexibility that changing circumstances always require. Also, planning and administration of plans cannot be effective if they are too far divorced from each other in responsibility. Finally, Congress cannot abdicate its discriminating study of plans; no Commission's plan should become binding—nor even become a "binding guideline"—without positive Congressional action.

Recommendation 2 under "A National Planning System" is, unfortunately, too utopian. Economic projections of any accuracy over a one or two-year period, much less a ten-year period, are difficult enough.

**In Recommendation 3 the Subcommittee shies away from endorsing revenue sharing, although it comes very close. It seeks the local flexibility which revenue sharing will provide. It should also seek the economy and efficiency of eliminating the unproductive paperwork burden of making application grants and having them corrected and approved in accordance with federal or regional views rather than local needs.**

Recommendation 4 proposes that Congress provide for the establishment in each administrative region of an agent of the President who would report to the President through an official of the Office of Management and Budget. The creation of these regional "czars" with the broad authority outlined in the recommendation would of course result in the governmental efficiencies which generally result from increased centralization of power. However, we believe that the disadvantages of having such regional Presidential representatives might well outweigh the supposed advantages. Certainly such officials would completely short circuit the normal chain of command in the various departments of the Executive Branch. Much greater power would accrue to the Office of Management and Budget. Prior to any such increased centralization of power, both in the regions and in Washington, careful studies would have to be made regarding the effects of such increased centralization. If the recommendation is to be implemented at all, it should be undertaken experimentally and evaluated with care before it is formalized.

We are opposed to the procedure outlined in Recommendation 5, which is concerned with appeals from decisions of regional officials on grants. The requirement of a "one-third of local elected officials" quorum for an appeal could be unnecessarily restrictive of the appellate process. In fact, the present grant appeal process works in many departments substantially as the Subcommittee has suggested, but

without the formality proposed. A better method would be to have fewer appeals of regional decisions reversed by department heads, but this may be accomplished more easily through better local decisions—or even more efficiently through revenue sharing, which would eliminate the regional review and, thereby, the necessity for appeals and other reviews. This would be real decentralization.

The regional councils proposed in Recommendation 6 could be useful for planning regional policy. However, if these councils are to have no specific powers of their own regarding such planning, they will only be governmental window dressing and their establishment as such will not be worth the effort. We oppose the use of such councils as a means of either appeals to or formal contacts with the federal government. The formalization of groups to make recommendations, appeals or any other contact between local and state officials and federal officials seems to us undesirable. Officials at all levels of government should seek freer and more informal contacts with each other to accomplish their mutual goals. Without that effort, additional formal organizations will not be of any help.

**The final recommendations in the report concern the Intervenor, discussed earlier in connection with Objective 7. As stated above, we oppose the establishment of such a governmental middle man. In addition to believing that citizens' Intervenors at the federal level should be Members of Congress, in our opinion the whole system of Intervenors as proposed in the Report is governmentally unworkable. If there were to be an Intervenor for every five to ten thousand Americans, as proposed, we would need approximately twenty to forty thousand Intervenors, all of whom would undoubtedly be accompanied by staff and other perquisites of office. All of these elected officials would be elected every two years. The financial and governmental costs of such a system would be staggering. Not only would we face the financial costs of paying all of these officials and their staffs, and providing for office expenses and election machinery, but we would be faced with at least twenty thousand additional officials intervening laterally at all levels of the federal government. Although the federal government is inefficient and cumbersome in many respects under our present system, it is difficult to believe that the addition of twenty to forty thousand more persons "intervening" in its workings would make a significant contribution to increased efficiency. Indeed, such Intervenors might have the undesirable effect of greatly increased politicization of the federal civil service. This final recommendation of the Report seems to epitomize the Report's general thrust, that is, that the solution to many of our governmental problems consists of more government and more governmental officials, accompanied by certain reorganizations. Although reorganization can make a large and highly constructive contribution to increasing our governmental efficiency, unfortunately the hard solutions to many of our problems do not lie merely along the simple path of more elected officials. We need instead to make our present officials more responsive and responsible to those who elect them—particularly when it comes to overseeing those who are not elected but who administer programs passed by the elected representatives.**

*Senators*

CHARLES H. PERCY

*Representatives*

WILLIAM B. WIDNALL  
CLARENCE J. BROWN

## Views of Representative Ben B. Blackburn

I object strongly to the distressing picture painted of American society and government. In two hundred years, the United States has achieved a standard of living higher than any other country in the world. Problems exist with regard to education, hunger, discrimination, crime, cities and housing, but it should be emphasized that in most instances, we have made substantial gains over the two hundred years in improving the lot of every American.

I readily admit that there is a serious problem in a "big government" such as ours in that the Federal bureaucracy is not responsive to the public and that it is often difficult for the individual citizen or local government to deal with the bureaucracy for services. Furthermore, I recognize that geographical differences make for different problems and different solutions. But I do not feel that the recommendations in this report will solve the problems discussed.

Administration has been centralized, as the report states, but the report implies that in the past the state and local governments handled the problems now handled by the central government. Isn't it true, however, that the Federal government, in some cases, rather than assuming functions of the states, has assumed authority in fields in which the states never acted? In other words, did the FHA take away a state function? Did the Department of Agriculture take away from the states the privilege of issuing food stamps? The answer is no. The Federal government has tackled problems which the states and units of local government had neither the expertise nor the finances to undertake.

It should be kept in mind that our governmental system as conceived is basically a partnership of two fundamental units: (1) A federal government with representatives of all of the states, and (2) all of the states individually. The problem is that in recent decades one unit has assumed additional authority and the balance has been disturbed; the Federal government has usurped some of the authority of the states. Of course, certain conditions have forced the Federal government to assume additional authority. Emergencies such as world wars and great economic crises coupled with the vast resources available to the Federal government to deal with the crises, have forced it into areas which were not envisioned when our system of government was formulated.

From the hearings, some have reached the conclusion that the Federal government should be decentralized by giving power to regional authorities. The report presented by the majority is attacking the problem of the growth of the Federal government; however, I feel that the attack is misdirected. It seems much more logical that we should take a hard look at giving power back to the states where it rightfully belongs. Reason dictates that if we wish to make government more responsive to the will of the people by keeping it close to

the people, we should work through the states and local units of government. Rather than decentralizing the Federal government, it seems obvious that the Federal government with its vast resources and expertise should assist the states and local communities to assume those functions which they can handle most effectively.

The problem has not gone unrecognized. In 1968, Richard Nixon said:

We are going to reverse the flow of power to the Federal Government in Washington, and channel more power back to the states and localities. Tax sharing; bloc grants; decentralization; local option; community participation; this is the direction I believe America is about to choose.

More attention should be devoted to the President's Special Revenue Sharing Plan and his suggestions for reorganization. Under the Special Revenue Sharing Plan, great emphasis is placed upon the need for modernizations of state and local governments. For the states and localities to participate they must bring their governments into the twentieth century. If properly constituted, state and local governments can work in an effective partnership with the Federal government to solve our social problems. I realize that this is a very expensive undertaking and should be encouraged by the Federal government. Further, I recognize that this might mean that several states may have to completely redraft constitutions and that the charters of various units of local governments must be changed. The President's plan assists and encourages the states in this endeavor.

The President's Special Revenue Sharing Plan for Community Development states the following:

\* \* \* the Federal aid system has not given sufficient recognition to the need to work through and to strengthen elected officials of State and local general-purpose governments and regional combinations thereof; \* \* \*

Moreover, states should be encouraged to re-examine their tax structures. We all agree that it would be more desirable for the states to be able to tax their own citizens in order to provide needed services instead of relying on the Federal government. However, new modes of taxation also require a complete reorganization of government. All of us would agree that the property tax and the sales tax should be re-examined. Furthermore, in the past few years, several suggestions have been made for the imposition of other forms of taxation which would produce greater revenue and at the same time remove the heavy burden of taxation from any particular segment of the population. The President in his Revenue Sharing proposal also endorses this concept and he states:

It is therefore the purpose of this title to strengthen general purpose units of government and regional combinations thereof at the State and local levels to enable them to use their own and shared revenues more effectively to cope with complex problems in a manner responsive to the economic and social needs and desires of all affected citizens. To pro-

note this purpose Federal assistance will be provided to States and localities undertaking planning and management programs which lead to more effective resource allocation.

Secondly, in order for the shared revenue to be supplied to the states, the whole federal establishment should be reorganized. Since 1930 we have seen the Federal government grow in all directions. The addition of new programs has never been uniform or done in a manner to keep different agencies from overlapping. In 1930, the Federal government employed 600,000 people. Today it employs 3 million. The number of federal grant-in-aid programs which directly affect our urban areas has increased from two dozen to over 500. We find that the existing departments and agencies have been expanded in a piece-meal and haphazard way. Indiscriminate new and special purpose agencies were created to fill an occasional gap, but, unfortunately, this often resulted in competition with existing agencies. Within the past few years, the Congress has established programs in agencies with the main purpose of bypassing the existing political structure such as the state governor or the city mayor: the Community Action Program of the Office of Economic Opportunity is an excellent example. I would like to point out that local housing authorities and urban renewal agencies have been created by the Congress to bypass the local officials. Again, people who are not directly responsive to the electorate are receiving federal funds to carry out certain programs. I believe that in a representative government the people should have the right to control the programs which could affect their daily lives.

Let me cite one example of the fragmented domestic programs which the Congress has created over the years. There are now divided among seven different agencies four major federal programs of assistance for water and sewer facilities and eight smaller programs. The major programs are (1) The Department of Housing and Urban Development's basic water and sewer facility grant, (2) the Farmers Home Administration's rural water and waste disposal facilities grant, (3) the Economic Development Administration's Public Facilities Program, and (4) the Environmental Protection Agency's Waste Treatment and Collection Facilities Program. Other agencies which have jurisdiction in this area are the Departments of HEW, Interior and Defense. Many communities are eligible for grants-in-aid under two or more agencies with multiple applications for a single project. Definitely, our wisest course would be to try to eliminate this needless overlapping.

I believe that a single federal department should be created to administer the major federal programs of assistance for physical and institutional development of our communities. Such a Department is being proposed by the President as the Department of Community Development. According to HUD Secretary Romney, the work of the Department would be twofold:

First, the Department should strengthen the institutional capacity of State and local governments to work with private business enterprises and civic organizations in solving community problems and meeting community needs. Second, the Department would assist State and local

governments and the private sector in carrying out urban and rural development, transportation, and housing programs. Within the Department, different program activities would be grouped according to their general purpose.

If we combine the President's revenue sharing program which would provide for grants for the specific project areas such as housing, urban renewal, etc., and the provision for reorganization of the Executive, we have created an effective delivery system for federal assistance. However, the President's program allows the local communities and states to decide which way to administer a program and where the money is needed most. If these plans are adopted by the Congress, I believe that the power of the people to govern and decide what action should be taken in their own behalf will see a new and positive beginning.



## Views of Senator Jacob K. Javits

The Majority Report, and the Minority Views submitted by my Republican colleagues, point out all too well the complexities of dealing with so broad a subject as urban planning within the confines of an average Committee Report. The Majority Report, for example, points out correctly that governmental red tape can hinder the success of urban planning and affect the responsiveness of government to the wishes of its constituency. The Minority Report pinpoints some of the failings of the Majority Views, such as the very innovative and progressive steps being taken by the Nixon Administration in the fields of government reorganization.

Neither Report, however, more than goes once lightly over the major issues. For example, I believe it is essential that we confront in detail what has happened to the nation and the Federal Government in the past forty years. From 1930 to 1970, our population rose from 123 million to 205 million Americans. The gross national product rose from \$85 billion to \$977 billion. The federal budget for domestic programs rose from \$2.7 billion to \$116.3 billion. Federal grant-in-aid programs rose from 24 to 550, and the number of government civilian employees rose from 600,000 to 2.9 million.

In the face of this rapid growth, there is a deeply felt frustration among the American people that the pervasive institutions—governmental and corporate—which dominate their lives are unresponsive and unaccountable. This feeling reaches across all segments of the population—rich and poor, black and white, farmer and worker. As citizens, taxpayers and consumers, our people want realistic, disciplined and intelligent solutions to the governmental problems facing them every day in the localities in which they live.

The problems stem from the fragile nature of modern society, which has become so complex and interconnected. Sanitation, transportation, public safety, education, housing—even clean water, utility power supplies, and telephones appear to be failing. Industrial and municipal pollution is a ubiquitous problem. The liabilities of our cities, counties and metropolitan areas to provide services to their citizens on an unprecedented scale have combined with other factors to hinder attempts to reverse the process of deterioration of local urban areas.

The number of people receiving public assistance in New York City has reached over 1.1 million people. Economic factors, including the loss of industry and manufacturing jobs, and the relationship of the poor and the disadvantages to the economy are intrinsically complex. There are political, economic and moral dimensions to these problems which have defined the skill and good will of many committed and experienced students of the urban crisis.

If we accept the hypothesis that the Federal government will supply a large portion of the funds—through a general sharing of revenue—to solve the urban and metropolitan financial problem, we must consider also how that money should be spent and to what extent federal, state, local and county governments have the present capacity to govern so as to use their resources effectively.

Recent events in New York as well as elsewhere have shown me that the real issues are these. These are the problems that affect the daily lives of the Americans who must live and who must satisfy their livelihoods in our urban communities, be those communities planned or unplanned. I do not believe that either the report or the hearings, which were not cited except in general terms in the Majority Views, have addressed these issues, although they have tried hard to make the best of the limitations at hand. In short, these problems are ones which deserve a more thorough set of hearings, using, perhaps, some of the sociological findings developed in the compendium published by the Subcommittee.

I commend the Subcommittee Chairman for using the very capable resources of the Joint Economic Committee to discuss these important issues and I believe that the complexity of the subject compels a more thorough treatment, both in the way of hearings and in the way of an ultimate report.

