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# MISSISSIPPI ECONOMIC GROWTH PROGRAMS

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON ECONOMIC GROWTH  
OF THE  
JOINT ECONOMIC COMMITTEE  
CONGRESS OF THE UNITED STATES  
NINETY-FOURTH CONGRESS  
FIRST SESSION

—————  
JANUARY 7, 1976  
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# MISSISSIPPI ECONOMIC GROWTH PROGRAMS

WEDNESDAY, JANUARY 7, 1976

CONGRESS OF THE UNITED STATES,  
SUBCOMMITTEE ON ECONOMIC GROWTH  
OF THE JOINT ECONOMIC COMMITTEE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:30 a.m., in the Old Supreme Court Chambers, New Capitol Building, Jackson, Miss., Hon. Lloyd M. Bentsen, Jr. (chairman of the subcommittee), presiding.

Present: Senator Bentsen.

Also present: William R. Buechner, professional staff member.

## OPENING STATEMENT OF CHAIRMAN BENTSEN

Chairman BENTSEN. The hearing will come to order.

This is the first of the hearings in this Bicentennial year by the Subcommittee on Economic Growth. We brought these hearings to Mississippi to see some of the innovative and creative programs we understand are underway in this State to spur economic development, to help take people off of unemployment rolls and put them on payrolls. I think it's interesting that we bring these hearings to Mississippi because often congressional hearings, in the past, have come to Mississippi to talk about problems of Mississippi. This time we have the problems in Washington and we're coming here to talk about some of those things that we think will be of benefit to the entire Nation—some of the new ideas that have been put to work in the State of Mississippi.

Today in the United States we have 8 million people out of work; we have a Federal deficit of some \$75 billion dollars facing us, but in the midst of that kind of economic disaster, Mississippi has kept its economy on an even keel. We've seen personal income in Mississippi increasing 15 percent faster than it has in the rest of the Nation. The unemployment rate in Mississippi is three points below the national average, and while the Nation's output has fallen, the productivity of Mississippi has continued a strong upward pace. In fact, Mississippi is in the heartland of the fastest growing part of the United States, the Southeast and the Southwest.

Now this economic growth by Mississippi is no accident. When I was deciding to hold the kickoff hearing, I was looking around at some of the States, and Mississippi was among the most innovative and the most creative in what it's done. For example, Mississippi was the first State to bring about a statewide computer job bank to match workers with job openings. Mississippi was the first State

to prepare a statewide economic development blueprint. Mississippi was the first State to have a State office for minority business enterprise, and Mississippi's Economic Development Corporation is a unique venture that combines State and private funds to finance new businesses. Washington, clearly, has a lot to learn from what is being done right here in Mississippi.

The subcommittee wants to go into those programs in detail so that we can get ideas of what can be done at the national level to stimulate the growth of our economy in this Bicentennial year. Governor Waller, who is our leadoff witness this morning, is one of the architects of Mississippi's excellent economic performance and I welcome him here and would like to turn to Governor Waller now for an outline of these programs. Good morning, Governor. We're pleased to have you.

### **STATEMENT OF HON. WILLIAM WALLER, GOVERNOR, STATE OF MISSISSIPPI**

GOVERNOR WALLER. Senator, we would begin by saying welcome to Mississippi, the friendly, united State, where the people are working hard for change. We appreciate the compliments which you paid our State which are, in effect, a compliment to the citizens of Mississippi.

I truly believe that Mississippi has shown, in the recent past, a spirit of camaraderie among the people that has led to the establishment of many new programs. We're concerned, Senator, not only about the capital needs of Mississippi, but we're concerned about the human needs. One of the things that we know about our State is that our people are willing to work, our people are industrious, energetic, and loyal to the job that they acquire. We're over that and beyond that, concerned about whether or not they're receiving enough training as a ninth grader or as a person who is participating in an on-the job training program.

Now doubtlessly, Mississippi has benefited from huge amounts of Federal funds. We think that in the range of developing our human resources, compared with and related to the development of our natural resources, that we have established new criteria and new performance levels that we would like to develop with you. Later on, in my behalf and in behalf of State government generally, we would like for you to hear from our chief economic development officer, the director of the A. & I. Board, Mr. Robinson. We have a special office center of education and training which directs the vast programs of the Department of Labor, the emergency employment training funds, the special funds that have come to us through manpower management. In other areas, we hope that we have some ongoing projects and programs for training people. We would like for you to hear from the director of our Division of Education and Training, Mr. Milton Baxter.

We have 22 counties in Mississippi, Senator, that participate in the Appalachian Regional Commission. The flexibility of the funding of this Commission—the President has just signed off a new program grant—allows us to work on access roads and industrial parks and to create the tools of industry and employment in our communities.

William Headrick, Director of Federal/State programs, who is also the director of the Appalachian Regional Commission projects, we would like for you to hear him briefly.

Mississippi presents itself today as a State of change, of good attitude. When we sought to develop the Mississippi Economic Development Corporation, private businessmen came with the idea, Senator, and it was an input from the free enterprise system using the umbrella of State government to aid.

I believe that a man personally should be able to become skilled, and while training and while working in his skill, he should hold the hope that he could own 10 percent of a medium-sized business or he could own 100 percent of a small business. So our small business division of our economic development agency guarantees loans up to \$33,000 for the very beginner in the free enterprise system and then we go over to a MEDC-sponsored corporation called INVESAT where the loans are much larger and they participate in the Federal system of small business investment corporations. We are one of the few States, if not the only State, Senator, that has a State coordinated and supported small business investment corporation under the Federal system with the leverage of capital funds, as you know, that rises as high as 14 to 1 and even higher in certain cases.

The minority business enterprise reaches that individual, be he a black or a Choctaw Indian or some other ethnic group that feels that they need a little more help or maybe that they need a little more response, a little faster response, a little more sensitive response to a particular problem. We have received accolades from the Department of Commerce for the operation of this agency. Again, it's under our economic development agency which we short phrase as the "A. & I. Board."

Chairman BENTSEN. Governor, I understand that that particular operation has been used as a model across the Nation, as probably being the best operating one in the Nation is that correct?

Governor WALLER. Yes, sir. Well, taking not what we say but what the Department of Commerce says, that's their statement to us. I have a letter on my desk of recent origin in which there are some additional awards coming for our participation in the minority business enterprise; 37 percent of our population is black and I've been very much concerned in my own personal activities that the free enterprise system be equal to all people—women, maybe some of the early retirees, the 60-year-olds that find that they do not have a daily activity and they want to own a floral shop or they want to go into the beef cattle business—and that we have a responsive system in the State government.

I would like to hasten to add that I'm not here today to say that we've done enough. I am here to say that Governor Finch, I think who will take office in 2 weeks, has looked at many of these programs and if you could look back at Mississippi in the months ahead, I believe you can say that not only have we made these new programs work but they're going to be expanded. And it's some discussion here that he might not be here today and if he's not, then I'd like to say that I'm optimistic about the future. I'm optimistic to the extent that I believe that we will be able to improve what we're doing at

the moment in developing the economic structure of our State. We're behind and we need extraordinary methods to catch up and the State officials that you will hear from share with me the conviction that mediocrity won't do the job in Mississippi. We have to have a superior plan; we have to exhort ourselves on a daily basis to reach beyond the medium of ordinary effort.

I think, as you mentioned, in the Southeast and the Southwest, the viability of the free enterprise system and the expansion of the economic base is an exciting thing, and I think the Nation will see economic leadership, will see the advent of people who are self-made businessmen and women who can come from, shall we say, a blue-collar job to the ownership of a business in a decade. And unless this Nation—and this is maybe not exactly what I should say but I feel this in my heart and I'm going to say it—unless this Nation stimulates individuals to get involved with and become a part of the free enterprise system, then we're going to have more and more problems like some of the cities in this Nation have already had and, in a sense, the Federal Government's \$70 billion annual deficit could be \$170 billion paying for social problems that arise when people lose hope, when people lose faith.

My whole philosophy, and I believe that of the legislature and the executive branch of the Government, is let's do as little as we can for the people. Let's offer them the tools for them to help themselves and for them to move ahead economically. Before you can do anything, you have to have the hope and the knowledge that, "out here" your lot will be better. You'll be advanced by your personal efforts and you'll have a chance to work full time and own a small business part time or whatever. And I think that's what Mississippi offers today, is a good environment; there's a good feeling that tomorrow's going to be a better day for me, a better day for my family and we want to keep all of this going.

In closing, I would say that your interest in Mississippi, we appreciate it. The fact that you have met in the various communities around Mississippi with the leadership and the fact that you are a man who knows that Mississippi does exist and that it's a positive State and an aggressive State and it's a State with a bright future. We appreciate that and we are here today to respond to anything that your committee would care to go into and all the nice things you've said about Mississippi, Senator, if you ever make it to the Big House in Washington, we'll be up to remind you what you said. [An attached article to Governor Waller's statement follows:]

#### ECONOMIC DEVELOPMENT WITH A SOCIAL CONSCIENCE

##### *Mississippi Combines Public and Private Equity Capital To Stimulate Business Opportunity for the Poor*

Source: *Innovations in State Government*; Copyright, June 1974; The National Governors' Conference, Washington, D.C.

For centuries, Mississippi has been associated with cotton specifically and agriculture in general. But against the backdrop of "King Cotton and magnolias," we have begun to plow new ground.

Our economy has become balanced and diversified; new and varied crop production, industrial development, manufacturing, and forestry are all major contributions to the changing face of Mississippi.

## THE STATE OF CHANGE

The patterns of progress are everywhere evident. In 1973, over \$1 billion was invested in new or expanded industries creating over 20,000 new jobs, agricultural production reached record levels, and per capita income rose by 16.1 percent. But Mississippi, the State of Change, is not content to rest on its laurels of progress.

Our growth is a natural by-product of a prevailing attitude of affirmative action—an attitude deeply rooted in the people's spirit of optimism, unity and cooperation and manifest in a feeling that the only true measure of our progress is the standard of living attained by all our people.

Within this framework of perception, we have established the Mississippi Economic Development Corporation (MEDC), an innovative and comprehensive venture to improve social and economic conditions of the poor through maximum resource utilization.

## THE MEDC CONCEPT

MEDC evolved from discussions with progressive state leaders in which it became evident that before Mississippi could conquer its historical curse of possessing the lowest per capita income in the nation, positive action had to be taken to create and enhance opportunities for the underprivileged—both black and white—opportunity that would elevate them socially and economically by making available to them the tools of our economic system, i.e., capital (in a largely capital-deficient region), training, and management assistance.

By an act of the Mississippi Legislature, MEDC was created as a non-profit public corporation to provide for the "maximum development of the state's human, social, economic and physical resources by encouraging the establishment of new business enterprises to offer greater opportunities for entrepreneurship and employment for the citizens of the state of all races."

Mississippi thus became the first state to pursue an approach of combining state resources with private investment capital to generate capital for new minority, bi-racial and white business enterprises. We feel that MEDC is the first regional, multi-purpose organization possessing sufficient power, respect, credibility and authority with federal, state and local government agencies, financial institutions and the business community to meet the critical needs for social and economic improvement and development in poverty areas—whether they be urban or rural.

## THE MEDC STRUCTURE

MEDC was created within and under the authority and responsibility of the Mississippi Agricultural and Industrial Board, our state economic development agency. The corporation is administered by a board of directors consisting of the State Treasurer, the Director of the A&I Board, the Chairman of the Banks and Banking Committee of the House of Representatives, the Chairman of the Banks Committee of the State Senate, and nine members appointed by the Governor. Its general charter is "to improve and stimulate the state's economy in general, and the small business segment in particular, by establishing a program to stimulate and supplement the flow of private equity capital and long-term loan funds. . . ." MEDC is collecting monies from private foundations and federal government sources along with matching funds from the Mississippi Legislature.

The board of directors is authorized to make equity investments with non-state-appropriated money into the quasi-public Small Business Investment Corporation, INVESAT. It is also empowered to lend money to a variety of economic development organizations—from INVESAT to local development corporations and private small business investment companies.

Ownership of INVESAT is vested between MEDC, the financial community, the corporate community, and the public. Operating essentially as a small business investment company (SBIC), it provides a vehicle for combining public and private equity capital.

## THE FUNDING SYSTEM

Implementation of this venture requires financial support from foundations structured to assist in improving socio-economic conditions of the poor. This year, \$1 million was committed by the Mississippi Legislature to support of MEDC's program, provided that it be matched by \$1 million from non-public



sources. This \$1 million of MEDC capital from non-public sources has been funneled into the investment company, INVESAT. The legislative appropriation is being used for staff support of MEDC and INVESAT, loan guarantees, debt investments and training and related operation costs.

An additional \$1 million of equity investment in INVESAT is being secured from private placement with financial institutions and utilities and from a general public offering of INVESAT capital stock. This capitalization, combined with multiple leveraging by the Small Business Administration, banks and insurance companies, makes available to INVESAT investing resources of \$10.5 million, a minimum capital capability for effective impact of the program on the poor.

Through the ability of INVESAT management to "package" financing programs incorporating community investors, local development corporations, lease/purchase, short-term borrowing, etc., an additional \$50 million in investment, in new enterprises, new jobs and new opportunity can be generated by INVESAT, thus creating a \$60 million program of socio-economic assistance to Mississippi's underprivileged.

There are two reasons for the necessity of the \$1 million from non-public sources: First, the entire concept requires active involvement of MEDC (a state agency) in the operation and policy implementation of a profit-oriented investment company. As a major stockholder, MEDC provides assurance that the program's social objectives are actively embodied in the investment company's policy and operation—the social conscience factor—and it activates with priority the technical resources of the state when required to support and complement operation of the investment company—the credibility factor.

However, Mississippi's Constitution prohibits direct investment of state-appropriated funds in the capital stock of corporations. Hence, we had to look to foundations for the grant monies by which MEDC secured its equity position in INVESAT.

Secondly, through use of the investment company approach, we established the possibility of securing maximum leverage of INVESAT's capitalization by SBA (3:1 ratio). However, SBA will not lever any investment company capital from state or federal funds. Loss of leverage would have defeated one of our prime purposes of the organizational structure, i.e., maximum impact of capitalized funds.

Thus the flow of funds to job creation can be summarized as follows: monies from (1) the federal government, (2) private foundations, and (3) the State of Mississippi are funneled through MEDC to (a) private SBIC's, (b) INVESAT, a quasi-public SBIC, and (c) local development corporations for the establishment of new business enterprises providing jobs for the unemployed and underemployed.

#### POLICIES AND GOALS

MEDC is intended to funnel government and non-profit capital into an investment company and loan guarantees fund to make both debt and equity investments in local companies. MEDC is a major stockholder in the investment company and exercises a social conscience within the investment company's policies—policies which apply not only to economic development, but also to social, physical and environmental development of individuals and communities. Utilization of the investment company approach allows maximum leverage of available funds to be obtained.

The investment program concentrates on (1) development of entrepreneurship among the underprivileged of Mississippi and (2) socio-economic stimulation in the underdeveloped pockets of the state. We are actively working, for example, on establishment of financial institutions within the black community. Toward this goal we recently sponsored a Conference on Entrepreneurship in order to make the knowledge and tools of feasible business enterprise available to potential entrepreneurs. We have received outstanding support from the black community in this effort.

Under the MEDC programs, social and economic improvement of the poor is the major goal. By providing financial and technical assistance of the quality and quantity required for feasible, promising business operations—either new or existing—such improvements can be reinforced and stimulated. MEDC-supported enterprises are creating jobs and income for the poor, offering training and long-term opportunity for individual as well as community advancement and improvement, and improving the physical environment. The jobs and income improve human performance, motivation and productivity; produce a new awareness of hope and ambition; provide a capability for better housing, health, education and general

standard of living and working; and create a base from which, at their own option and under better circumstances, the poor can be socially and economically mobile in today's society.

The programs are not the "crash" type, but rather long-term, comprehensive, interrelated ones of social, physical, environmental and economic development. Effective use is made of capital and other resources and of innovative problem-solving mechanisms to create opportunities for the underprivileged and resurrect entrepreneurial opportunities for Mississippi's citizens.

#### PRIORITIES AND TRAINING

Priorities are placed on areas of the state where the socio-economic conditions are the most depressed and economic development the least advanced.

Investments are primarily oriented to labor-intensive enterprises, mostly in manufacturing and service categories. Feasibility studies by state agencies assist in identifying products which can be manufactured and exported to maximize local economic benefit and impact.

Intensive entrepreneurial and management training is being provided to managers of new enterprises as well as job training to employees. These services are being provided by MEDC staff, professors and staff of the state's institutions of higher learning, State Department of Education, Division of Vocational and Technical Education, State Division of Economic Opportunity, Division of Manpower and others.

Additional support from numerous public and private organizations in varied social service areas further strengthens the effectiveness of MEDC's program. Such services, when required, might range from providing worker transportation to operating a day care center at a rural manufacturing plant for children of female workers.

With the investment company taking an equity position in the new enterprises during the term of its investment, an assurance of non-financial assistance in solving growth/profit problems and of continuous scrutiny of performance of the enterprises is guaranteed, since MEDC has the power of persuasion and directive to command this dedication and involvement.

Policy and direction as outlined above greatly enhance the program's success and provide a strong, cooperative bond between the state, business community, financial institutions and the public—a bond that is profit-oriented and socially conscious.

Through MEDC, we have set forth as the public policy of our state improving the standard of living for our people.

Mississippi, the State of Change, has hereby dedicated itself to the maximum utilization of its resources—both natural and human—in providing a quality of life for all Mississippians which will be second to none.

Chairman BENTSEN. Let me say, Governor, that I certainly endorse the idea that we've got to keep alive in this country of ours, the chance for people to take a step up, to improve their lot in life, to start the small business if that's what they want, and to have a chance for improved housing and education. That's been the history of this country of ours. That kind of optimism must be restored to our country and we're seeing a lot of it developing down here in Mississippi.

Now tell me about your computerized job bank because I note that you're three points under the national average on unemployment and that's really most encouraging. Today we're spending \$20 billion a year on unemployment compensation and we have a \$75 billion deficit facing us. One of the ways to take care of that deficit is by matching people up who are looking for jobs with the availability of those jobs and I'd like to know how good that is being done here?

Governor WALLER. That is a combination effort between the Employment Security Commission, the Educational Television Service and, to some extent, the Governor's office through the Division of Educational Training.

We are geographically at some disadvantage. We have a little trade area for Mobile within Mississippi; we have a fairly large trade area for New Orleans within Mississippi. We have some media trade regions for Baton Rouge in a few counties in Mississippi and then a large segment of north Mississippi relates to the street problems and crime problems in Memphis because of the media relationship to the geographic boundary in Mississippi. So early on in my administration, I said that a Mississippian has a difficult time finding out what is available for him in Mississippi. So we resorted to the services of Educational Television, a State authority, that has eight active broadcast stations within the geographical limits of Mississippi and hence they reach, Senator, probably more and a higher percentage of our total population than any other medium; newspaper, radio or, commercial television. So the program was refined by and through the Employment Security Commission with Educational Television and I believe—I would probably be corrected on this statement later on, but I believe at 10 p.m. every weekday, Monday through Friday, there is a live or a current broadcast of job opportunities called the Job Bank and there is some discussion in that program of who should apply. Not just that a job exists. It's a little bit more of a—well, I wouldn't say counseling but it's a more of an introduction to the job than you might see in a circular in the classified section of the daily newspaper.

Chairman BENTSEN. Governor, I'm sponsoring that on a national basis—a computerized job bank, to try to tie in all the State systems and local systems so we really know where the jobs are and where they're located. With this, we could save a substantial amount of that unemployment compensation, plus help those men and women who are looking for job opportunities to find them.

Governor WALLER. I think our national image has worked on the employment rate and served to keep the unemployment rate down. I'm going to say this with some personal knowledge. We have suddenly acquired fairly substantial numbers of blue-chip industries that pay good wages and have high numbers of employees. I'm speaking now of the multinational companies that everyone knows the name of as being familiar. We are getting substantial industries.

I think that the basic family ethic in Mississippi is to stay at home and find a job here, because the average Mississippian has 40 acres of land that's been in the family for three generations and there's a lot of material support to the standard of living, Senator, that's not translated into dollars. If I may take an example, in a major city in a metropolitan area in the nation, a person could make \$200 a week and that would be registered by the Department of Labor as a per capita income factor. However, in—Mississippi, that man may make only \$150 a week, but he has personal endeavors, support from agricultural endeavors, food-raising endeavors and family support endeavors that is income in goods and services to be translatable into cash at \$250 a week. So we hope that the two factors you will keep before you are the employment rate is going up and the unemployment rate is going down in calendar 1976, and personal income is going up considerably, too.

Due to the fact that we are now becoming one of the furniture manufacturing centers, I think in 5 years we'll make more fine pieces of furniture than North Carolina. The automobile industry is coming in rapidly and the parts and accessories and components for the

automobile industry and we just have a great outlook right now. I'd like for Mr. Robinson, later on, to tell you—and this relates to what will be happening in Congress late in the year—what the economic outlook is for expansion.

Chairman BENTSEN. Well, Governor, I know that you've been a leader in developing the export of products for Mississippi—finished products—and not the export of jobs. Now how has that been going?

Governor WALLER. Well, we have a group of businessmen in Tehran this morning trying to consummate some long-term contracts on food. Mississippi has been, as East Texas has been, Senator, a raw materials area. For every dollar at harvest, we're probably losing an additional \$3 because we're not refining to a finished product, a log or a bale of cotton or a bushel of soybeans or a ton of chickens or whatever.

So our international trade is a bright spot; it's complex but I'd like to summarize it by saying that—according to some figures we see coming from the Department of Commerce—we rank 13th in the Nation now in international trade and we'll probably be in the range of 7th or 8th in the not-too-distant future because we're growing that fast, exporting everything that is common in the food trade. You know, two-thirds of the world is either underfed or starving to death and if we can find the markets, then Mississippi can help fill that void.

I will say that we have received substantial cooperation from the Department of Commerce and State Department. But Congress needs to look seriously at why we are not better staffed in our embassies and in our commercial offices around the world. We arrived in Tehran and the Japanese have 250 people helping their businessmen and they're No. 1 in some markets; France is No. 2 and we're even behind Spain in certain markets because we're just too concerned about protocol and a few receptions and cocktail parties, and they're doing business.

Chairman BENTSEN. Governor, I couldn't agree with you more. If you go into one of those embassies and you say you want to talk to the commercial attaché who's supposed to help us export products from this country and supposed to be representing us there, too often you find a fellow that has no experience at all, who's just been transferred into a position from something else. And yet you go to the German Embassy or the Australian or the French Embassy and you'd find that they put trade as one of their most important posts and that person ranks high up on the totem pole because they're emphasizing that they want to export products and keep the high-paying jobs at home. And we find too often that we have fellows in our embassies that think the way to be successful is to be garlanded with flowers in that particular country and to be popular there when really all that they should be striving for is respect as they represent our country.

Now I look too often in our State Department, and I hear them talking about having an African desk and having a European desk and having a Japanese desk. What we really need is an American desk where they're pushing hard for benefits for this country.

Governor, I'm very pleased that you would take the time to appear before this subcommittee. I know this is a very busy time for you with the transition period for you and Governor Finch and taking the time to come here, it shows again your deep concern for the

economic development of Mississippi and again, the Nation. Thank you.

Our next witnesses will be the Honorable W. J. Measels, supervisor of Scott County and president of the Mississippi Association of Supervisors; the Honorable Russell Davis, mayor of Jackson, president of the Mississippi State Municipal Association, and the Honorable Charles Evers. Now would you gentlemen come forward, please.

We're very pleased to have you gentlemen here before us to discuss some of these economic concerns of the Nation, the growth of the Nation, and particularly how you're doing it in Mississippi.

**STATEMENT OF HON. RUSSELL C. DAVIS, MAYOR, CITY OF JACKSON, MISS., AND PRESIDENT OF THE MISSISSIPPI STATE MUNICIPAL ASSOCIATION**

Mayor DAVIS. Senator, we're very happy to have you in our State, particularly in our city. We apologize for the weather. I understand you made two passes at the runway this morning. My only comment would be that I'm advised that this weather came in from Texas last night.

Chairman BENTSEN. Well, I'd hope you needed rain.

Mayor DAVIS. Yes; well, we really didn't need it that much.

Chairman BENTSEN. No, you didn't.

Mayor DAVIS. We're glad to have you anyhow.

I was very impressed with the fact that you chose Mississippi for the first of these hearings. I think I join all other Mississippians in being enthusiastic about our future. If I could, I would like to make a brief comment on some of the things that are pluses and some that I consider to be problems in the municipal area, primarily since that is my sphere of activity.

I was asked to comment on general revenue sharing. I think general revenue sharing represents the most progressive, productive, beneficial effort that the National Government has ever made relative to at tempting to help various branches of local government throughout the United States. I know that it's difficult and this is one of the main difficulties for Congress, to agree to designate money that they did not control after it was once released. I compliment you all on climbing that hurdle.

Here in Jackson we have used our revenue sharing to the best of our ability and in keeping with our best judgment. The response of the electorate to how we have spent this money will be determined at the next election and that's the way that things are supposed to work in this country. There will be some who, for example, will criticize the use of revenue sharing for the construction of swimming pools or the addition of parks. I consider these things to be very important to the quality of life in this city and in all cities. I know that the reenactment of revenue sharing is somewhat in a cloudy area at this time. I hope that it will be reenacted at the earliest possible date so that cities and counties and States will be able to include it in their budget process.

I would urge you to consider that it is just as important—when various people begin to toy with the formula—that it's just as important to maintain a good quality of life in Mississippi and in Jackson as it is, perhaps, to put money where it may not do any good at all. So don't tamper with the formula, sir, if you please.

We are active in Jackson in a two county area with our own manpower consort. This is made up by agreement with the electorate of all the various political subdivisions in these two counties with membership from all of the agencies dealing in this area. We have received large amounts of money. This is somewhat like revenue sharing. We have had a good bit of control over how this money was handled and we have accepted that responsibility. I think that it has contributed to the fact that you have earlier mentioned that we have a relatively low unemployment rate in the State and in this area. I'm encouraged by the fact that under certain of these programs we have been able to move people from temporary employment in the public sector to permanent employment in the private sector. I consider one of the major disabilities of the United States at this time to be the lack of emphasis that we place at all levels of government on productivity and on the work effort and on the responsibility of delivering a day's work for a day's pay and on the value of a job.

I think that we need to eliminate programs that promote idleness. I'm advised that in some sections of the country we have fourth generation welfare recipients. I think that the work ethic needs to be stressed beginning in the school. I'm concerned because school people tell me that youngsters now have an attitude—many of them—that could be analyzed, perhaps, as “well, who cares;” a lack of incentive, a lack of appreciation for opportunities. I think there needs to be a great stress on this through our educational system and through all levels of government.

And finally, I think that probably the basic underlying problem that relates to the economic development, to the strength of the country, to the balancing of the budget is the fact that we operate a number of levels of government, Federal, State, county, municipal and there is no rationale at this time in this country in our State or in any State, in our city or in any city, relating the revenues that are collected at these various levels of government and the requirement for the delivery of services. What I'm attempting to say is this: a homeowner or a family man who holds a job pays taxes to the Federal Government; he pays taxes to the State government; he pays taxes to Jackson, Miss. and he pays taxes to Hinds County. This accumulates a certain amount of total taxation during the period of a year. He expects to be provided with, first of all, national security, the delivery of his mail, the collection of his garbage, the putting out of his fires and police protection, the education of his family. There is no rationale at this time relative to the amounts of money that are collected at the various levels of government and the requirement for the delivery of services by these various levels of government and this is a problem that needs, somehow, to be approached.

And again let me say welcome to Jackson, Miss. We appreciate your coming.

Chairman BENTSEN. Thank you, Mayor Davis, for a very fine statement. One of the things I learned in business, Mr. Mayor—I spent 16 years at it before I went back into public life—was that you can expect what you inspect. We ought to be doing more of that, of inspecting the delivery of services and seeing that the taxpayers are really getting their dollars worth, whether their tax dollars are sent to the city government of Jackson or the Federal Government in Washington. Too often we see the Congress pass one page of law and then

we see some government department issue 50 pages of regulations that totally violate the original intent of the law. That's another thing we ought to be checking, inspecting, to see that government agencies carry out the original intent of the law.

I appreciate very much your statement and I certainly agree with you that productivity is one of the keystones of trying to stop inflation, trying to make it possible for people to make ends meet again on their budgets.

Mayor Evers, we're very pleased to have you here this morning. Would you give us your comments and thoughts on these questions concerning economic growth and opportunity.

**STATEMENT OF HON. CHARLES EVERS, MAYOR, CITY OF  
FAYETTE, MISS.**

Mayor EVERS. Thank you, Mr. Senator, and again, welcome to Mississippi. I guess you've heard that the third time this morning and I'm sure you'll hear it many more times.

First of all, I agree with Mayor Russell Davis partially and as always, partially I don't. Where I don't agree with him that waste is not necessary in Mississippi and particularly the country. I think the Federal Government is responsible for the waste of money that we call giveaway programs. What we need to do in this country is to provide training, to provide opportunities for folks. Not black folks but all folks who've been left out. And the way to do that is cut all the redtape and all the bureaucracies you go through in Washington, whether you are trying to get \$100,000 to build a vocational training school, or \$100,000 to put in a decent sewer or water system.

I think it's our job to elect officials that present our needs to our representatives in Washington. I would like to recommend that the people in Washington and Atlanta take the recommendations of those persons who have been elected by the local people and who know what our needs are in our towns, and cut all the redtape and help us provide these services to get people off welfare. It's a pet issue of mine and I have a problem with it because I hate welfare. It has somehow or another made my people—and particularly my people, blacks and poor whites—look bad in the sights of those of us who are a little less humble, and that is that we're handing out what they are receiving. But we don't go back and say we didn't prepare anything for those people. We don't have a program in this country that says "make it a workfare instead of a welfare." I can't believe that there's anyone in this country except maybe a couple of families, that really want to be on the welfare receiving \$30 a month or \$80 a month and who can sit at home and be happy.

On the other hand, had our Government provided jobs in order to qualify for welfare—we'll provide you a job, if no more than keeping the Capitol clean, keeping the bushes cut on the road between here and Raymond or keeping the streets clean and we'll come and draw a payday on Friday—the same welfare program could be a workfare. But you can't blame those who sit; I would sit there too if they'd give me \$6,000 a year to do nothing, maybe. But it's our Government's job to outline a program that those who are able to work can be put to work and we can utilize them and get a return of over threefold.

On the other hand, I'm here speaking as a small-time mayor, small town or village mayor. I would like to see, in this new administration, a program to make all cities with population under 25,000 outright grants. There is no way possible for a small town in this country to raise the matching funds for most Federal programs. I need \$400,000 for a water system in Fayette. I'm qualified with EPA for 80 percent. Now where am I going to get the 20 percent from? Where am I going to get \$80,000 to put with \$320,000? There's no way. So what I'm asking is that you or your committee would point out, that throughout this country, the small rural communities are being denied help they need. Where they spend millions of dollars in Chicago and New York and other places, we can't spend \$100 on a poor community in Mississippi. I think it's unfair and I think this is what needs to be done.

We need to be able to have programs that are going to retain our folk who live in the South. We don't want to come North; we don't want to go East but we have no choice. The reason why many go East and North is because they have those programs that you have to do nothing for but go there and qualify and stay there 30 days, and you'll receive this \$800 or \$900 per month and have no problems.

So I think that we should get into providing services and utilizing the money we already have. We should cut the redtape for getting things for the need of people. Many of us are elected today on millions of promises and as soon as we get in office, we're the first to create enough redtape to string from here to Washington and never get anything done. I think that all that should be eliminated and should go directly to the people and we, who are elected, should be made to serve and the Federal Government should be along with us.

The next thing I think we need to do is to make sure that the Federal Government knows what's going on in the communities by listening to the local people. I don't think it's fair for our country to pass laws and create hardships on those with incentives and they've done that. I think the people in this country should have some say so on how our money's spent.

And as Mayor Davis said of all those taxes—my god, you figure out in Mississippi how much we pay out of our dollar for taxes—you'd find we had about 38 cents left out of our whole dollar. Now, we get very little in return. So I think if we're going to make this country grow, we're going to have to understand that those of us who are participating, who have to build, must be able to share it once it's built and that's not being done.

I think that we waste millions and millions of dollars in countries that are irrelevant to us. I think we should—the Congress and the people who are in top positions from the President on down—should look at what's best for America first. Now I could never agree that we need to send billions of dollars to any other country while in our own country, we've got towns that can't get a water supply, can't get sewers, folks can't get jobs. And we're going to send billions of dollars to somebody in some other country, Southeast Asia, the Middle East or anywhere. I think we should think of our home first, then we should worry about them. This is a big problem.



Our next problem is that we must include all of our people. The most resources we have in this country are those untapped, and that's the poor, the Indian, the Mexican, the black, the white, poor whites and all, and these are the people who've been left out and we're the ones to suffer. And I think until our Government can become concerned about our own folk and make sure that all of our people get the school books and the utilities they should have, our country is still going to have problems. In Mississippi, we're trying and I'm proud to say here that as a black man, that we've come a long way in 12 years but we have a long way to go.

I think it's men like our Governor who have helped bring about change. The rest of the whites and blacks in this State are tired of being looked down on, and we want to make sure that we can start being a part of this State and a part of this country. And we expect and want the same share as anyone else. Not because we're Mississippi and because 12 years ago we were hiding behind sheets and ducking behind houses but because we're now elected officials, we're now mayors, we're now Senators and we're now Congressmen and we represent our people, we expect the same kind of inclusion and that we haven't had.

One of the great, should I say, damages in this country is racism. I think the most expensive waste in our economy is racism. Once we can end the racism in this country and begin to keep people at peace, we're going to find that our country's going to flourish, it's going to build. We're all people and we're all God's children; everyone of us will have the same rights in life.

When a town can get revenue sharing of \$1 million and all the money goes to one section of that town, whether it's black or white, it's wrong. I think the Government ought to be more informed of its own laws. I think as President—if you become President—if you will become President, that you have, in your heart—or whoever's going to be President—to issue Executive orders that no community or individual in this country be denied the full rights in any department under your supervision and that all of us be included. Now unless we can get these kinds of feelings and everybody feels that kind of security and that safety, our country isn't going anywhere.

One more thing and I'm through. Our laws have become so liberal and so inefficient that nobody is safe anymore. I can shoot you down right now and I'll be 20 years going to jail. I think we've gone to the extreme on that. I think we should get our laws so that when people break the law, they should pay. Our people should be protected.

Now these are some of the things that should apply not just to black folks or white folks, but to anyone who breaks the law. But we've gone too far in allowing people to do things to harm others, and we make excuses for them. Thank you.

Chairman BENTSEN. Mayor Evers, you have spoken very well about, not just the problems of the small city, but about the problems of the Nation and some of the things I think certainly have to be done. I don't believe everybody has to go to college in this country. Only one out of five jobs calls for that, but we need a lot more skill training. We need more vocational education. I think a lot of people amongst the underemployed and amongst the unemployed are capable of doing a better job and holding a better job, doing more for their families, with proper skill training. I went to one vocational education school

in an area of high unemployment, and the students told me they were getting an average of six job offers apiece. The problem was keeping those young people in that school until they graduated because employers were reaching in to hire them, and 93 percent of those young people had come from families that had been receiving welfare. What a wonderful investment of the taxpayer's money. Here you give a person a chance to really lead a productive life and have a skill and to get off welfare. And I've supported a workfare provision to try to encourage people to get off welfare, to give them incentives to get off welfare.

Now, Mayor Evers, you talked a little bit about our taking care of our problems here and giving that the first priority. You know we had a foreign aid bill for 1976 that called for spending \$500 million more than was spent this year. I know we have countries around the world that need our assistance but when we have a \$75 billion deficit facing us in this country, I don't think it makes sense to increase our foreign aid program and I voted against it.

You've got the problems of paperwork and you're talking about the redtape and the regulations to cut through. I helped set up the Paperwork Commission to try to cut out the duplicate Government forms and try to simplify some of those Government forms. Today people are spending \$18 billion a year filling out Government forms in this country and trying to understand all that Government gobbledygook. The smallest of mom and pop stores has to fill out 52 government forms a year. No wonder they get turned off to Government. It's part of our job to try to make Government work more effective and more efficient and cut through some of this redtape.

And you say, "Come listen to the local officials," that's why we're here, to see what you who have the responsibility, and who are on the firing line, what your recommendations are for us to be carrying out in Washington to try to help.

I appreciate your comments on criminal law. I was on an airplane the other day and talking to Pearl Bailey and she said, "You know, it ought to be where a little old lady could walk down the street swinging a purse again," and I think she expressed it rather well. Today if you're an adult burglar in this country and you commit a burglary, you have 1 chance in 412 of serving time in prison, and that's ridiculous. Now you just have to make justice faster than that and you have to make it more sure than that. And that's the way you'll make some real headway, I think, in cutting down on the crime rate in this country and making our streets safer again.

We also have with us Mr. W. J. Measels, Jr., supervisor of Scott County and we're pleased to have you and if you would, please give us your testimony.

**STATEMENT OF W. J. MEASELS, JR., SUPERVISOR, SCOTT COUNTY, MISS., AND PRESIDENT, MISSISSIPPI ASSOCIATION OF SUPERVISORS**

Mr. MEASELS. Thank you, Senator. We welcome you here this morning on behalf of the Mississippi Supervisors Association.

It is difficult to enumerate the benefits the counties get from the Federal Government because of the many programs that we deal with. Let me point out that we, at the county level, are called upon to put into effect practically all of the programs that affect our people.

Many times these programs are made available without funds, or the matching funds are prohibitive. One of the big problems at the local level is getting the matching funds for the Federal programs we have. Many worthwhile programs are now having to be bypassed because our matching started at zero and in kind, and has now gone to as high as 50 percent. We are having to set priorities because we simply don't have the tax base: we have raised our taxes by 175 percent over the last 10 years.

Another problem is the rules and regulations that accompany these programs. It takes more for administration than we get help for our people.

We could list numerous programs that have been very helpful to us such as Civil Defense, CETA manpower program, title 2 and title 6, Planning and Development District, the Rural Development Act, revenue sharing, and many others, but the one program that has helped all of our people the most is revenue sharing.

We have all taken our revenue sharing and used it to do things that we never could have done with local funds. Most of these Federal programs have been passed to alleviate poverty. Poverty was born in rural America and a part of it moved to town. But a big part of it still is in our rural areas. We have used this revenue-sharing money for paved roads into our poor communities, et cetera. Permit me to conclude by saying that we are doing more for all the people with revenue sharing than with any other Federal program we have.

Our association wants to urge you to renew this program without too many restrictions. We would prefer it just as it is presently constituted.

The Rural Development Act is another program needed by people that can help themselves and people that can't help themselves. It seems that the administration has done everything possible to keep from funding this program, but it makes loans available, and we hope it will be possible to keep funding this program.

So far, we have only been able to take advantage of about 12 percent of the Rural Development Act. If these loans were made available to the people within the rural areas, for our banks to be able to loan money for rural development, I think it would be one of the greatest things that could happen to rural Mississippi. We would urge more programs of this type instead of giveaway programs at the local level. We, at the local level, know our needs and our priorities, and we appreciate you taking this time to come here and find out firsthand what our problems are.

The Rural Development Act, fully funded and revenue sharing, as we have it now, will do more for our people than any program I can think of.

And again, on behalf of the Mississippi Association of Supervisors, I thank you for this time to present some of our ideas and problems to this committee.

Chairman BENTSEN. Let me say, Mr. Measels, I was born and reared on a farm down in south Texas so I know something about rural problems. That's one of the reasons I've taken an interest in things like the Rural Doctor Act, helping on that, and rural electrification. It is one of the reasons why, on the highway bill this time, I had hearings on highways in rural areas because they've generally been neglected across the Nation. I'm trying to see that attention once

more is given to bringing those roads up to standard and getting rural bridges to where they can carry the loads that have to be carried to get crops from farms to the market. So I understand the contribution made by the rural area to the general economy of the Nation.

I appreciate very much the comments that you have made this morning, the contributions that you've made.

Let me say to each of you because you've each talked about revenue sharing, that I strongly support revenue sharing, and I'm confident that we're going to see revenue sharing passed in this session of Congress. It's going to be renewed, and I well understand that it's important that we do it relatively early in the session. I'll be pushing to try to get it done because you gentlemen are working on your budgets, too, and you have to know what's forthcoming so that you can set up your budgets for the coming fiscal year. I'm going to do what I can to assist in an early passage of that legislation and to see particularly that the smaller cities are protected, because I know it's tougher for them to have the staff they need to cut through redtape and get the assistance necessary for the smaller cities.

Mayor EVERS. Senator, could I ask you one more question?

Chairman BENTSEN. Yes.

Mayor EVERS. We keep hearing reference to giveaway programs, and I think we all have referred to it. What's your solution to giveaway programs? Most of the time we're talking about the poor. My question here is, what do you have in your program that would help to replace the so-called giveaway programs when the poor have been denied their rights to become qualified and not to take giveaway programs? You see, they always criticize these programs, but they don't go on to telling you that because of lack of education, because of lack of skills, because of lack of training, these people are on so-called giveaway programs, and they don't go on to tell you that because of the fact that certain elected officials denied the majority or a minority of peoples in these communities their rights, they're on giveaway programs. My question to you is, how do you eliminate that so we can stop this giveaway program; when we're giving away millions of dollars to other places and in America, we call it a giveaway program now? What's your program for that?

Chairman BENTSEN. Well, I don't think anybody wants a giveaway program and we shouldn't have giveaway programs as such. So we ought to be doing again, is teaching skills and training and vocational education and affording jobs to people so they get off welfare and off unemployment rolls and back on payrolls and we ought to put work incentives in there to encourage people to get off welfare. Now those are the things that I want to see and those are some of the things that I've supported in the Senate Finance Committee. We've had a workfare program that we put in on the Senate side and that's been knocked out on the House side. Hopefully we can get it in and keep it so people will find that it's more profitable for them to be working and off welfare than more profitable to be on welfare not working, as it is in some parts of the country.

Mayor DAVIS. Senator, something that I think would be interesting to you while you're here on this trip would be to see what is going on in the Jackson area relative to skill development. Hinds Junior College has done a tremendous job in this area. They operate an extension in this city and they have had an experience in connection

with new industry. Before the industry got here, before they were ready to turn the power on and get cranked up, they—the industry brought their foreman, their instructors down here and then we drew from the people in this area, took them through a training program through Hinds Junior's extension out here and had them ready to go to work with a skill when they were ready to push the first button.

Something else that I think would be of interest to you, we have, under construction at this time, in West Jackson what we call a career development center, a \$5 million facility. It was made possible by the cooperation of Federal money, State money, and local money and it will provide the opportunity for the youngsters coming up through our school systems to make a decision rather early as to which way they want to direct their lives and will provide them the opportunity for graduating from high school with a salable skill.

Chairman BENTSEN. Well that, I think, is a great idea.

I've introduced legislation to do something similar—to try to get some youth counseling service. Now Mayor Evers, this goes along the point of what you're talking about, too, saying what do I have to offer in the way of something new.

You take the young people between 16 and 19 years of age in this country, you have an unemployment rate of 22 percent. That's the national average. If you're talking about between 20 and 24 years of age, you've got a 13 percent unemployment rate.

Now what I'm talking about is a youth counseling service in the U.S. Employment Service to teach young people which jobs will be available, to try to forecast the trends so that in high school or in vocational school they will train for jobs that are going to be in existence when they get out instead of training for jobs that aren't going to be there, where we already have a surplus. I believe that we can really see some help there in using our time productively.

You've got an example today; you've got a great surplus of teachers. Now that should have been foreseen and young people should have been advised of that. And yet we have shortages in other lines where people haven't been taught the skills. So again, we must tell them ahead of time in their counseling, so they can choose careers that are going to be meaningful careers.

Do you have any other statements you'd like to make?

Mayor EVERS. I have one more more statement.

Chairman BENTSEN. All right.

Mayor EVERS. I'm still not really satisfied about what you would do, particularly on compulsory school attendance? Many of our youngsters drop out of school, particularly poor whites; not just blacks but basically blacks drop out of school because of the economic conditions. What would you do—what do you have in your program to help to somehow get a national compulsory school attendance law, and to get the types of programs we're going to have to have to entice youngsters to go to school and get prepared to become successful once they're 21 or 25? See, if we don't, we're going to keep going over and over again, you know. You don't have to go to school if you don't want to, particularly in Mississippi. We have no compulsory school attendance law—it was abolished a few years ago. We won't go into that either but everybody knows why. But now, they're growing up, on the streets, not going to school, drinking wine, smoking

pot, and no one offering them anything. My question is, What are we going to have from the Presidency on down that's going to offer this country and a little town like mine something to look for? We need to get our leader from Washington to say this is the way we're going about it, and make sure our little kids are going to grow up and be somebody and be a productive citizen rather than a dope addict or a wino or do nothing?

Chairman BENTSEN. Well, I think we're discussing the same problem and I have been discussing some of the things I think we can do in the way of skill training and what we can do in the way of youth counseling and I'm talking about starting with them when they're going into high school so they can be anticipating the job that they want to go into. Because I believe that if you've got these young people out roaming the streets looking for action, a lot of them are going to find it and they're going to find action they shouldn't be finding. In addition to that, they're going to develop a way of life and it's pretty tough to get them back into productive roles when they haven't been participating in society for 3 or 4 years and say, "Come back in 3 or 4 years and we'll find a job for you." I think those are the things we ought to be putting our attention to now.

One of the ways you do it is by getting this economy moving again so jobs are being created, so they can be brought into the private enterprise system. One of the things you can do is by trying to get the Federal Reserve to moderate interest rates so that small businesses can afford to borrow the money to expand and to compete with big business and create the jobs that are necessary, to put people productively to work. And I think those are the kinds of things, all of these put together, that will see that we have employment available and see that we have a country that's on the move again.

Gentlemen, thank you very much for your testimony and your attendance. If you'd like to amplify any part of your statement for the written record, we'll be pleased to have it.

Ladies and gentlemen, we have with us the personal representatives from the offices of two of our Mississippi congressmen. We have Bill Stacy from Congressman David Bowen's office and we have Jeanette Noe from Congressman "Sonny" Montgomery's office. We're very pleased to have them here.

Our next panel will be Mr. Milton Baxter, director of the Governor's Office of Education and Training and Director Buddy Headrick, of the Office of Federal and State Programs and Mr. Robert Robinson, the executive director of the Mississippi Agricultural and Industrial Board. Would you gentlemen come forward.

Gentlemen, we're very pleased to have you this morning and we'll let shosoever desires lead off as a witness with his statement.

#### **STATEMENT OF ROBERT ROBINSON, EXECUTIVE DIRECTOR, MISSISSIPPI AGRICULTURAL AND INDUSTRIAL BOARD**

Mr. ROBINSON. Mr. Chairman, I'm Bob Robinson, the director of the Agricultural and Industrial Board, which is an economic development agency for the State of Mississippi. Let me welcome you again to our State.

I think that one of the greatest contributions that can be made from the Federal level, and this point has been made and I'd like to

reemphasize it, is a revitalization of interest in the free enterprise system. Now "profits" has become a dirty word in this country and we need to change this connotation. We've had too many regulations on the private sector. Now, some of this was necessary. In other words, perhaps we did need some small bridling effect on the free enterprise system at one time. We have gone too far. I think the time is ideal and the time is correct for the pendulum to swing back the other direction and we need, very badly, a shot of B-12 in the private sector. I think that this shot should come from minorities and young people.

Now we need to get our young people interested in the profit motive again. We need to get our minorities interested in the profit motive again and I think one of the ways that we can do this is through programs that will enable them to get into the free enterprise system. As I'm sure you're aware, it is very difficult for a young man or a young woman to get an idea like going into business and to get into business. There is a substantial amount of red tape, but the biggest problem tends to be financing. It's tough to borrow money if you do not already have a great deal of collateral or a great deal of money already.

Chairman BENTSEN. It's tough to borrow it unless you can prove you don't need it; is that it?

Mr. ROBINSON. That's correct. Now we noticed in the State of Mississippi that this was, in fact, a tremendous void in our state, the ability of young people to get into the free enterprise system, and we have tried to put together some programs which would make this easier for these people.

Now there's nothing wrong with doing this, in my opinion; in fact, I think it's a very positive thing to have a large number of small businesses and a large number of medium-size businesses in this country. Now, I'm not anti-big business. We need the big businesses also, but we need, at this point in time, an infusion of new people and new ideas and new small businesses into our economic system. Some of them will remain small and some of them will develop, of course, into intermediate size businesses and some of them will develop into very large businesses. But I think the Congress of this country should be concerned, I think the executive branch should be concerned with means of making this particular thing happen.

This country was built on the profit motive; it was built on the free enterprise system. It became the greatest Nation in the world on this basis and we, very badly, need to swing the pendulum back in the other direction of interest and means and mechanisms for getting interest and activity in the free enterprise system.

Let me just briefly outline for you our economic development plan which we have been pursuing in the State of Mississippi.

Chairman BENTSEN. Well, let me say this, Mr. Robinson. I agree we have to do that. Now do you have some suggestions as to how we can do it?

Mr. ROBINSON. Well, I do have some suggestions and I will go into them.

Chairman BENTSEN. All right, I'm down here looking for some answers.

Mr. ROBINSON. All right. Here are some of the things that we are trying to do in Mississippi and I think that perhaps some of these ideas are applicable to the national level.

In the small business area, we noted that there was a shortage of people able to go into business and we developed the Mississippi Economic Development Corp., whose function is to assist in making capital available, giving support services, advice or screening ideas and, if it's a bad idea, tell them so; we don't think this thing's going to work for them. But good ideas that come along, help them put it together financially and otherwise, and help them down the road until they go ahead and stand on their own feet. Then, get out of their way and leave them alone.

Now, of course, under MEDC, there are a lot of things that can be done. This works primarily under the umbrella of the Small Business Administration. From this we can put together local development corporations which can take advantage of the 4 to 1 matching ratio or the 9 to 1 matching ratio under SBA depending upon the size of the community and so forth.

We've also put together a small business investment corporation called INVESAT. The funds for this are raised primarily from the private sector and this is a profit-oriented corporation for the purpose of packaging deals, financial deals. INVESAT invests a small amount, encourage the banks to get in and private individuals to invest in deals that appear to be worthwhile as far as the business sector is concerned.

We've also put together, as the Governor indicated, a small loan program which guarantees loans up to \$33,000 and we've been tremendously successful with this program. A lot of people have come around with viable ideas. They just simply cannot get the money to go in business. Now our failure rate, up to this point, has been minimal.

Chairman BENTSEN. How long has this program been underway?

Mr. ROBINSON. It's been active about 2½ years.

Chairman BENTSEN. Loans have been made for as long as 2½ years?

Mr. ROBINSON. Yes, sir.

Chairman BENTSEN. And you have a minimal failure rate?

Mr. ROBINSON. A very minimal failure rate. The key to this minimal failure rate is to analyze and advise up front and don't just let people go off on wild tangents, but to try to channel them into viable projects; and there are plenty of small, viable projects around that people can get into.

We've also put together, under this umbrella, OMBE, the Office of Modern Business Enterprises. They do basically the same thing toward the minority sector of the economy. They give advice put financial packages together, have training programs for persons thinking about going into business and for those that get into business and have some problems, they try to see if they can help them and get them back on their feet on a sound basis.

Chairman BENTSEN. What are you doing about cooperative effort of your business colleges to work with some of these small businesses just starting out where they don't have the background or the experience, and letting students be caseworkers to assist in that? Are you doing any of that?

Mr. ROBINSON. We are. We've had training programs using our local college and university faculty in the area of business to train new businessmen in the basics of balancing of a bank statement or basic, simple accounting systems and so forth and ways of going out and borrowing money. Just general basic business practices. Our



R. & D. Center, Research and Development Center, has also been involved in this with us and they've been most helpful in this area.

So these are the things that we have been doing in the small business development program. I have a prepared statement which I would like to submit for the record where I explain it in more detail.

To get back into our total economic development program so that you can have a macroview of what's going on as well as a microview, we are trying to benefit from the mistakes that have been made by some other sections of the country by having too intensive a concentration of industry. This brings about intensive concentrations of people which, in many cases, brings on socioeconomic problems which you don't want, and air and water pollution problems which you don't want. So, in an informal way, we have tried to concentrate on selecting the type industries that we need in the State and to have some influence on them being distributed around the State in some manner rather than all being accumulated in one area, so that we can walk around many of the problems which, regrettably, some other sections of our Nation have had.

We realize our base comes from the agricultural base, as the Governor said. Feeding the populations of the world commonly is a difficult problem. It is going to, according to most projections, be even a more difficult problem in the future and so we are encouraging our people to keep their good lands in agriculture. But, of course, as you know, an individual farmer operates at a sales price over which he has no control, which is set by aggregate supply and demand. He, as an individual farmer, has no control over it and conditionally, what he does is he goes back to the production drawing board and tries to produce more efficiently to make a profit within a price over which he has no control. This is good for him. He should do this and we looked around and said, "What else can we do? How can we help?" The answer that popped out of the box was we need new and additional markets. So we have aggressively pursued world trade in an effort to develop these markets and I would like to second, again, what the Governor said in this area, that it's kind of discouraging to travel around the world and see the Japanese, the West Germans, the British, the Scandinavians literally beating us to the punch in the world markets. And what happened to us, I think, Senator, is that for so long we were so far ahead in technology that all we did was sat back and filled our orders. Well, to a great degree, we're still sitting on our laurels and waiting for the people to come around and fill out the orders. Well, they aren't coming around as much as they were because many of the nations have moved up in their competitiveness as far as technology. But the biggest thing is that we still have some areas in which we can very strongly compete. The biggest problem is simply we have not been selling; we have not been knocking on doors. We have not been aggressively selling the U.S. manufactured products. As has been pointed out, we need to manufacture these as finished products as far as we possibly can before we put them on the world market.

So we have been trying to keep our good lands in agriculture and we've been trying to help our people. You know the farmers, the row crop farmers and the cattle farmers have had substantial problems in the last 3 or 4 years and we hope our efforts in world trade will help, to some degree, to eliminate these problems.

Of course, we think that Mississippi has a future in tourism. There's not been a great deal done to develop the tourist industry in this State. We have the basics; we have a lot of clean air, clean water. We have nature; we have history, some of the things that maybe the tourists are looking for but we need private sector and public sector investment in the tourist and tourist-related activities in order for us to develop a viable tourist industry.

In summary, Senator, we are trying to take a balanced approach to economic development. We are trying to develop small businesses, make programs available. We're trying to select and discreetly place our industry. We are trying to keep our good lands in agriculture and help the farmer and those who manufacture farm machinery and implements and those who have technology to sell. We've tried to encourage them to stay in agriculture and help them by getting world trade and we are trying to develop a viable tourist industry.

[The prepared statement of Mr. Robinson follows:]

#### PREPARED STATEMENT OF ROBERT ROBINSON

The Mississippi Agricultural and Industrial Board has statewide responsibilities for administering a diverse range of economic development programs. Included among these programs are industrial development, marketing, small business development, and travel and tourism.

This statement will attempt to highlight each of these areas with special emphasis being given to those where innovative programs are currently being implemented.

Some of the most innovative programs undertaken by the Agricultural and Industrial Board lie in the area of small business development. These programs were initiated in 1972 with the creation of the Small Business Assistance Department and the Mississippi Economic Development Corporation.

The A & I Board's Small Business Assistance Department maintains a Small Businessmen's Loan Fund which is used to provide 75% guarantees on loans made by commercial banks for the creation or expansion of small businesses in Mississippi. The guarantees are made on loans of up to \$33,000 for a period of up to 10 years at the current interest rate. In order to be eligible, a business loan must be rejected by two banks.

In three years of operation, the small business loan guaranty program has been an unqualified success. As of November 30th of last year, the program has guaranteed loans for 226 small businesses for amounts totaling almost 4.7 million dollars. In recent months the program has been guaranteeing an average of \$300,000 in loans each month and prospects indicate a continued growth in this program.

The creation of the Mississippi Economic Development Corporation represents one of the most innovative undertakings ever initiated by a state in the area of small business development. A non-profit, public corporation, MEDC is designed to encourage the establishment of new businesses by developing new sources of venture capital and delivering training and management and technical assistance to Mississippi businesses. MEDC was created by the Mississippi legislature and was organized under a Ford Foundation grant with matching state appropriations.

Under the MEDC umbrella, three new programs have been established: INVESAT, a private Small Business Investment Corporation/Minority Enterprise Small Business Investment Corporation, the Local Development Corporation Loan Fund, and the State of Mississippi Office of Minority Business Enterprise.

MEDC's first project, INVESAT, is designed to provide a versatile financing capability to job intensive home-grown business ventures. Because Mississippi's constitution prohibits direct loan of public funds to private concerns, INVESAT had to be capitalized entirely through private funds. INVESAT was initially capitalized through a public stock offering of 1.5 million dollars. NEDC obtained direct grant money from corporate foundations enabling the purchase of INVESAT stock. Thus in INVESAT, Mississippi has a private, profit-making small business investment corporation in which the primary stock is a public corporation (MEDC) assuring a commitment to broader social goals.

The importance of INVESAT lies in its ability to take an equity position or make a working capital loan in essence providing the higher risk end of a larger financial package. Since INVESAT began operation in September of 1974, it has assisted nine companies with investments of \$950,000. Additional participation from traditional lending sources brings the total capital assistance to these businesses to over 2.5 million dollars. This capital investment has resulted in the creation of over 200 new jobs and a four million dollar increase in sales for these nine companies.

Under its enabling legislation, MEDC has broad authority to solicit grant moneys either for direct investment in INVESAT or for special economic development programs. For every dollar of grant money awarded to MEDC, the state legislature matches one dollar in state funds. These state dollars are placed in the MEDC Local Development Corporation Loan Fund. This fund is used to provide LDC's in Mississippi with long term, low interest funds to cover up to one half of the equity portion of an SBA-approved Local Development Corporation project. This fund will enable LDC's to take advantage of 9 to 1 and 4 to 1 matching SBA/Commercial Bank capital in financing new and expanded businesses in Mississippi. To date one such loan of \$28,000 has been made, generating a \$750,000 package to start a small manufacturing concern in Prentiss, Mississippi. At the outset, this project will create 100 new jobs.

The third major MEDC project is the State of Mississippi Office of Minority Business Enterprise. Established in 1974 under a grant from the Department of Commerce, the Mississippi state OMBE has been recognized by the national OMBE director as having the best performance record of any state OMBE in the nation.

The Mississippi State OMBE works to stimulate the development of minority business in Mississippi through capital development, education and training, and developing additional minority participation in government and corporate procurement. In conjunction with OMBE-funded business development offices around the state, the Mississippi State OMBE has packaged loans totaling almost two million dollars for fifty-five minority businesses. The State OMBE has sponsored twenty-four seminars, workshops, and training courses attended by almost 2600 persons. In the area of procurement the State OMBE has assisted minority businesses in obtaining sixty contracts totaling 1.1 million dollars.

In the area of International Trade, we believe that the state has unlimited potential even to the extent of revolutionizing our present economy. In three short years—from 1972 to 1974—the export of goods from Mississippi's agricultural, forestry and manufacturing operations increased from \$481 million to almost \$800 million. Although the 1975 figure has not been released at this time, a substantial increase over 1974 is anticipated. International trade contributes to our state's employment by presently providing 19 out of every 100 jobs for Mississippi citizens.

A trade mission was conducted to the Near East in April 1975, by the Governor, members of the A & I Board, and Mississippi businessmen. This was the first mission of its type and laid groundwork for a new era of aggressive American commercial activity in the world's most lucrative marketplace. Contacts were made and many doors were opened in Iran, Iraq, Kuwait, and Saudi Arabia. Following the successful mission in April, a return trip was made in October to the countries of Iran, Iraq and Kuwait. Although many of the trade leads have not had sufficient time to materialize, we can conservatively project that our state will realize over \$200 million in trade from these two missions. Also, as a result of these missions, new venture capital has been invested in Mississippi banks at a critical time in our state.

In 1973, the legislature funded a 44,000 square foot trade mart to be located in Jackson. This Trade Mart, completed in 1974, has been significant in our international trade effort. Mississippi was the first state to attempt a reverse trade fair by sponsoring Agri-Fair '75—an agricultural machinery, equipment, and implement exhibition. This exhibition was attended by approximately 60 select importers, agents and distributors from eight Latin American countries. Other such events as Industrial Showcase '75 were conducted at the Trade Mart which allowed Mississippi's industries to display their products and stimulate new business.

In 1974, we opened a department of Agri-business. Mississippi loses millions of dollars every year because our agricultural products are processed by out-of-state firms. Our agri-business program is designed to correct this situation. We have met with a number of firms interested in establishing food processing and cotton spinning facilities. In the near future, we expect to be able to announce some major progress in establishing a visible processing industry.

The development of our state's ports and harbors can be a tremendous catalyst in our future economic development. With the completion of the Tennessee-Tombigbee Waterway, the state will be practically surrounded by navigable waters. Since this will lessen the cost of transportation significantly, we believe areas of industrialization will be spawned along these waterways. In November of 1975 we sponsored the first conference on inland ports which was designed to discuss the economic development potential of our ports and to examine ways to stimulate their development. As an outgrowth of this conference, a task force was appointed by the Governor which recommended legislation to financially stimulate the port development by rebating additional millage to the local ports.

Our industrial development efforts in recent years have shown fruitful results. The capital investments for new and expanded industries in 1972 totaled \$376.6 million, in 1973 \$1.1 billion, in 1974 \$600.4 million, and approximately \$500 million in 1975. Mississippi's industry has increased in quality as well as quantity. The state has been successful in attracting "blue chip" industries requiring higher skills and paying higher salaries. Among the many corporations to locate or announce facilities in Mississippi are Weyerhaeuser, DuPont, W. F. Hall, and General Motors. The industrial department of the A & I Board has increased its efforts in soliciting new industry for Mississippi. The Department has conducted hundreds of contact trips visiting over 1500 companies in every section of the nation. As a result, 550 industrial prospects came to Mississippi and toured 90 towns. To promote expansion of existing facilities, representatives of the Department visited 200 industries in the state.

The A & I Board and the R & D Center have initiated a work program to insure the full coordination of the efforts of both agencies in developing a cooperative economic development program for the state and to make the most efficient use of the tax dollars allocated to each agency. One such program of coordination is the site-screening program in which continuous data is computerized on potential industrial sites within the state. This saves a prospect valuable time by instantly zeroing in on the possible sites which meet his requirements.

Industrial advertising has increased and taken a more scientific approach. Our agencies are cross-selling tourism and industrial advertising, thereby stretching our advertising dollar farther than before. In the past each department was conducting separate programs which generated some overlap and little coordination. A five-screen multi-media presentation was developed to enhance promotion efforts which included tourism and industrial information.

Mississippi continues to offer tax advantages and finance programs for new industry. For a new establishment, manufacturer's property (except finished goods inventory), and highway vehicles, may be exempt from all county and municipal tax for ten years. If a company uses one of Mississippi's bond programs to finance a plant, the property is automatically exempt from state and local property taxes, since it is publicly owned and leased to the manufacturer. Mississippi offers two major financing plans for industries wishing to locate or expand in Mississippi: the BAWI bond program, which allows communities to sell bonds for the purpose of acquiring sites and constructing custom-built plants for lease to new or expanded industries, and the Industrial Revenue Bond Program, which is designed for well-financed companies interested in financing land, building, fixtures, equipment, and machinery.

By observing Mississippi's recent industrial development trends and keeping in mind our low per capita income level, It is apparent that we should continue to become more selective in our industrial recruitment, i.e. seeking out those industries which pay above average wages and require higher labor skills. Mississippi's labor force is highly productive and therefore very attractive to large industries. We believe the industries should be selected on the basis of their wage rates and skill levels, thereby producing not only more but better quality jobs for our people.

The CETA Title VI program allowed us to place twenty new employees in the industrial department under the emergency employment act. These employees were located throughout the state within the ten planning and development districts and permitted us to accomplish such tasks as updating of community profile data, reviewing area needs (industrial parks, etc.) and working with community officials and existing industry as liaison for our agency's services. This was a worthwhile project but was discontinued this month because of re-direction of CETA funds.

Our state does not attract a large number of tourists each year primarily because we do not have a destination tourist attraction. We have, however, utilized all available resources to stimulate tourist activity. Our tourist department uses

national advertising, brochures, exhibits, and responds to hundreds of thousands of inquiries on the historical, scenic, and recreational attractions found in Mississippi to attract more visitors to our state each year. Seven welcome centers (two of which are now operating) have been programmed to become operational along our interstate highway system to increase travelers' interest in our state. Our travel related sales tax revenues reflect a steady increase in tourist activity within the state.

For the past three years efforts have been made to find a major tourist attraction in Mississippi. Because of our geographic location and the surrounding population, we believe that we are ideally situated for a major destination attraction. While the legislature did not approve funding for such an attraction, administrative efforts resulted in a feasibility analysis and development plan for a proposed Mississippi recreational complex. This report analyzed the issues of market support, financial feasibility and economic impact. It concluded that the model park would be a feasible and viable project and would result in a very successful recreation resort.

In an effort to generate more local efforts to promote tourism, the state legislature created five area tourist councils in 1972. These area tourist councils have given individual areas of the state greater assistance in tourist programs than they could obtain on an individual basis.

Other innovative programs have included the employment of a package tour specialist to encourage travel agents and individual tourists to utilize Mississippi in their package tours.

Another example of innovative projects within the agency has been the creation of the Mississippi Film Commission established by executive orders in 1973. In its short history the Film Commission has secured 17 projects representing production values of over \$20 million. In addition to providing employment for hundreds of actors, technicians, and laborers of all types. The movie industry in Mississippi has generated over \$1 million in state sales tax revenue.

For the last three years the A & I Board has been successful in securing EDA grants in the amount of \$2,500 each year to sponsor a statewide Economic Development Conference. These conferences included officials of municipalities, counties, development organizations and interested citizens throughout Mississippi. The conferences served to familiarize the participants with the present economic development programs within the state, and to acquaint them with economic development tools available to them (i.e. information, programs, and technical assistance in the areas of labor supply, training industrial park development, financing and investment incentives). Many new ideas and much interest was generated by these conferences and they allowed us to have better communication with the public on economic development.

We are presently involved in the implementation of a 302 grant to create the Economic Development Commission which consists of the A & I Board, R & D Center, Office of Federal State Programs, Cooperative Extension Service, Planning and Development Districts, and Employment Security Commission. This commission will enable us to avoid duplication of economic development efforts, and coordinate activities toward the development of our state.

The future direction of our Agency can best be focused on the following areas: (1) Providing more and better quality jobs for our citizens (i.e. becoming more selective in choosing our industry). (2) Continue to develop "home grown" businesses by adding more financing programs. (3) Strive toward development of a destination tourist attraction within the state to realize full potential of vast numbers of tourists traveling through the state. (4) Develop new markets for Mississippi produced products throughout the world. (5) Continue seeking new programs and concepts that stimulate our state's economy.

Chairman BENTSEN. Thank you very much, Mr. Robinson. Let me say this on the agriculture problem. You know, back in 1955, we were spending 10 percent of the Agriculture Department budget on research and development, and we're the Nation that brought about the green revolution in the world. We're the ones that doubled the production of corn per acre in a period of a little over 10 years, increased production of dairy cows by 50 percent with the study of genetics in a period of some 15 years. But now we're only spending 2½ percent of the Agriculture budget on research and development and I think that's a mistake. I don't think we have to increase the

amount of money we're spending in the Agriculture Department budget, but we ought to take a larger percentage of that budget and spend it on research. I helped lead the fight in the Senate last time to add research funds to that, because that way, the farmer can produce the product cheaper and make a better profit and hopefully pass on the lower price to the consumer and that's one of the ways you help beat inflation in this country. It's also one of the ways we keep up our exports so we can keep our balance of payments and keep the dollar sound. Thank you very much.

Now who would like to be the second witness?

**STATEMENT OF WILLIAM HEADRICK, COORDINATOR OF FEDERAL-STATE PROGRAMS, OFFICE OF THE GOVERNOR, JACKSON, MISS.**

Mr. HEADRICK. I will take a quick—little short one, Senator. Let me welcome you to Mississippi. We appreciate you coming and your interest. You've reviewed a great many of our positive programs.

I'd like to talk a little shop with you maybe in a negative vein about the Federal programs which are my responsibility. We have approximately 11 Federal agencies and all of them have a large segment that they devote to an economic development program. We have a lot of conflict among the programs from FHA and EPA and the regional commissions and that sort of thing. It has developed over the past year and a half or so as we look to regionalism of some type.

It's apparent that the Congress is thinking in terms of regionalism through the existing regional councils, and the executive branch of Government is looking at regionalism through the Federal Regional Council and there is developing a real conflict among the agencies—the Federal agencies that are involved in economic development—because, during this process of where we're addressing the problem of regionalism, we're getting into the real thrust of economic development on the long pull basis.

That particular point is probably the only point that I would like to make at this time other than to reiterate the continued progress that Mississippi's going to try to make in long-range economic development.

Chairman BENTSEN. Thank you very much. I appreciate that, Mr. Headrick.

Mr. Baxter.

**STATEMENT OF MILTON BAXTER, GOVERNOR'S OFFICE OF EDUCATION AND TRAINING, JACKSON, MISS.**

Mr. BAXTER. I'd like to be as specific as I can about a specific Federal program in the State of Mississippi and that is the Comprehensive Employment and Training Act. Let me go back and say the purpose of the Governor's Office of Education and Training is to interrelate educational training and employment opportunities as far as the State is concerned.

Also, I think worth mentioning again because you seemed to express some interest in it, is the Job Bank, the computerized Job Bank. In Mississippi, I think we have an extremely effective Job Bank where, in locales in the State, an individual can find out on a daily basis the

job opportunities in the State with some details. I think it has some implications for the entire country, the fact that Mississippi was the first.

The second step in the Job Bank is the use of our educational television authority to pick up where the information was localized, and it's broadcast statewide each day and details about opportunities are given. A person can find out what the job pays, what the training requirements are, and where the job is and so forth like that.

Chairman BENTSEN. How much followthrough is there on the TV program; what kind of response do you get to those jobs that are being offered over the TV?

Mr. BAXTER. I really can't be specific about that. It's operated and administered through the Mississippi Employment Security Commission.

Chairman BENTSEN. Could you get us some information for the record as to just how responsive the people have been to that?

Mr. BAXTER. Yes; the information is available and I will be happy to give it to you because it was started off on a sort of pilot-type project and the fact that it's continued now—it's in its second year—I think is an indication of its success.

Now CETA—I think the concept of CETA was a giant step in the right direction where you took controls out of the Federal bureaucracy and put it in the States. Of course, it brings with it a lot of problems, where money decisions are made on local levels. You also have the problems that go there, political pressure and so forth like that. But I think the overall concept is right and good and I think it can fit in to what the State is trying to do. The impact, I guess, would be obvious when you think about the fact that CETA has been in operation about 1½ years and Mississippi has received about \$75 million. We've had a total number of individuals enrolled in CETA programs of approximately 36,000.

The one idea that we try to follow in Mississippi is an individualized approach to manpower programing. You remember back when MDTA was in effect and EOA programs which were good in that they kept money in circulation, but they emphasized a project. In other words, they had a mainstream program in effect in certain areas of the State and it was in effect, say, 9 or 10 or 11 months. When it was over, the individual usually was right where he was when he started.

Well, the approach we're trying to take is to find the individual, which is not any difficulty in Mississippi, provide assessment and counseling, and then put the individual into a system where he can move from having many barriers to employment to a situation where he can be in an unsubsidized employment where it will emphasize the free enterprise system as far as CETA is concerned. We have all the usual components of programs like on-the-job training. We spend quite a bit in Mississippi on this program because we have industry that needs this type individual and this is emphasizing the free enterprise system. Classroom training or institutional programs are undertaken with the junior college system in Mississippi, which covers the entire State through districts and I would say is sophisticated compared to the rest of the Nation. The junior college program or the vocational training program, they're CETA funds. But CETA also

meshes in with other vocational training programs and, of course, the public service employment program. Now apparently Congress is interested and carried away with the idea of public service employment.

We—of course, we take the money and we're using it in this State. In CETA, title I is a comprehensive approach, and the State has discretion over how we feel that that money can be used to the best advantage. In title II, there was no discretion given to us. The money was given to the State for public service employment. Title VI was given also, with that understanding, for public service employment. But the fear I have, and I think other have, of public service employment is that you're building up an economy that's really false, because once the Federal money stops, you've got individuals there that the State or the county or the city has to pick up and most of the time, they're already under a strain, so this person's back where he came from. He might have picked up some skills as far as working in a State agency or some other agency of the government, but the emphasis that we're trying to express is on-the-job training where he gets a definite skill and classroom training. Also adult basic education. Mississippi being the one State without a compulsory school law, we do have quite a few people without college degrees or without high school diplomas and without basic skills that are necessary to operate in a free society and also to have a limitation as far as employment barriers are concerned.

Chairman BENTSEN. What you're telling me, if I understand it, is you think there are a lot better ways to do it than public service jobs, are you? Now we have to make some choices so I want to hear from you, since you have the responsibility.

Mr. BAXTER. I think when an individual can be trained, he's much better off because he does have something that he can carry to another situation in private enterprise. I think this is the emphasis here.

Chairman BENTSEN. And he has more permanence in the way of a job, doesn't he?

Mr. BAXTER. Absolutely. And the fact is that we keep—with public service jobs, we keep building; city, county, and State governments keep getting bigger and bigger and bigger.

Chairman BENTSEN. That job costs about \$8,000 to \$12,000 a year per public service employee?

Mr. BAXTER. Right.

Chairman BENTSEN. Year after year. Now, if you train him, or her, and get them into the private enterprise system and with a skill—

Mr. BAXTER. \$6,000 to \$8,000 to get the individual trained, and then he can move out into unsubsidized employment with the proper counseling and assessment that that individual would have under the Mississippi CETA-type program.

Chairman BENTSEN. It also means that you have to have an economy that's on the move, though. One that's growing and one that's expanding.

Mr. BAXTER. That's what we depend on Mr. Robinson for, Senator. We'll do the training part of it, if we can.

Chairman BENTSEN. Well, you know, there's a fad in this country now that we should have no growth at all; some people think we shouldn't have any. When I hear people say that, I always say



well, that person already has it made and have all they want, and they want to pull up the drawbridge and close the moat behind them. But what about the people who are trying to improve their standard of living, who are working to have a better house or better education for their kids? Now you have to have a growing economy for that. And we ought to keep alive in this country the belief that you can better your lot in life. That must be. Now that's the way you're going to have competence in this system of government and have the support that it really deserves and needs.

So I think that you can have an expanding economy and a growing economy without destroying the environment if you'll just use some intelligence and some judgment and a little creativity. We can conserve, and we can have more out of less. I think we can develop automobiles that will give us better gasoline mileage and conserve on fuel, and that we can do jobs in the way of insulation of homes and industry to save on energy. We can do those things as we improve the quality of life and create jobs for people in this country.

Mr. BAXTER. There's one point I'd like to make, Senator. We, in Mississippi, like the idea in CETA—the Comprehensive Employment and Training Act—of the flexibility of the expenditure of funds. We feel like we know what we need, with certain restraints. We're not just asking you to put it on a stump and leave the money there, but the flexibility that's built into title I of CETA, I think is the major benefit that we can get from it. We can make a determination of how the money's needed, in what part of the State and what type of training; and then establishing the type people that have the most needs, and that's one of the major roles that my office plays, in determining the target population; that group of individuals that lacks the employment skills in order to get into the mainstream of living in our State. Flexibility.

Chairman BENTSEN. Thank you very much, gentlemen. Was there anything further either of you wanted to add?

Mr. HEADRICK. One other thing that I meant to bring to your attention that somebody needs to look into. In relation to something you were talking about earlier on training people in the area of the projected needs of jobs. The State Employment Security Commission uses the Department of Labor job descriptions, and the Department of Education uses the Department of Education job descriptions, and they do not dovetail. So it's difficult to know whether you're training them in the area where jobs will exist; whether the projection is there or not.

Chairman BENTSEN. Thank you very much. I think the testimony we've had this morning concerning some of the innovative things that have been done in Mississippi was excellent. This job bank, I think, is very good, and how effective it's been. The creation of an agency to help develop capital for small business and minority business apparently has been very effective in its operation, and we are pleased to hear that, and we'll be taking those ideas back to see what we can do to try to do a better job at the Federal level. I'm very pleased to bring these hearings to Mississippi, the first of this series of hearings we'll be having over the forthcoming year, and to bring it to a State with a great congressional delegation, with my good friends. Senator Eastland and Senator Stennis are very able colleagues

of mine in the Senate and a great House delegation with Congressman Bowen and Congressman Montgomery and the other men who contribute to the deliberations of the Congress. And with that, we'll bring these hearings to a close. Thank you very much.

[Whereupon, at 11:45 a.m., the committee adjourned, subject to the call of the Chair.]

