

In summary, what is being recommended as the new prime focus of the Office of Economic Opportunity, is a systematic application of profit and non-profit corporate concepts to the development of social and community services and the expansion of economic opportunities in our impoverished communities. This will call for, among other things:

(a) the development of strategies that link non-profit organizations administering anti-poverty with profit making organizations.

(b) The redirection of a portion of governmental credit and purchasing power into businesses and other enterprises owned and operated by people in poverty communities.

These changes would bring about a substantial shift in emphasis away from welfare services and toward economic development. The aim would be to achieve a multiple pay-off of the poverty dollar whereby it not only pays for services rendered but also stimulates the economic development of the poor.

Two recent OEO grants in the area of ghetto and rural economic development give an indication of an exciting new direction that should be taken on a larger scale by OEO. These are the Southwest Alabama Farmers Cooperative (approved over the veto of the Governor) and the Harlem Economic Development Corporation.

This promising plan for the economic development of Harlem stipulates that four things will be required to improve the income and economic situation of Harlem's residents, namely:

(1) A source of venture capital such as a Small Business Investment Corporation capitalized jointly by community investors and the Department of Commerce, and controlled by the local small investors.

(2) A sophisticated research program which will identify feasible industrial and commercial enterprises which can operate profitably while providing jobs for Harlem residents.

(3) A non-profit management consulting and managerial skills training program for community residents recruited to operate these enterprises.

(4) A network of new community services corporation, e.g., day camps, career clinics, etc., which will dispense needed services while providing jobs for Harlem residents.

Under this plan, control of the business enterprises and of the profits would remain in the hands of the SBIC. A portion of the profits would be reinvested to achieve the expansion and diversification of the enterprises and the remaining portion would be used for the establishment of the non-profit community services corporations.

If the OEO could shift from its present programmatic emphasis to that recommended here, there is no question that it would gain increased relevance and would be the vital arm of the war against poverty. Failing that, there appears to be no significant purpose that could be served by this organization in a true war against poverty.

Mr. MARSHALL. I am advocating a major reorganization of the Office of Economic Opportunity to allow for substantial changes in its programs and program focus.

Such changes of whatever form must be designed to enable the Office of Economic Opportunity to address itself to the following fundamental issues that are at the basis of the development of a genuine set of economic opportunities for the poor:

1. Substantial reduction of the unemployment rate among the poor. Any realistic and serious program for the eradication of poverty must have at its heart a plan for the achievement of at least the same rate of employment of the poor as that of the more affluent members of the society.

What some economists have been labeling a full or high employment economy during the last several years has been an economy in which the poor, and particularly the nonwhite poor, have actually remained unemployed at rates approaching the depression level.

Manpower training and retraining programs are futile in an economic situation in which no provisions are being made at the Federal level to reduce the unemployment rate below the current 4 percent.