

Sir, I would like to refer you to a statement I found in doing research for this paper in the declaration of policy in section I of the Housing Act of 1937 which reads as follows, and I think this is a most significant statement in pointing the way to what I would call real economic development programs for the poor. The statement reads as follows:

It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this act, to assist the several States and their political subdivisions to alleviate the present and recurring unemployment and to remedy the unsafe and unsanitary housing conditions and the acute shortage of low income, in urban and rural nonfarm areas, that are injurious to the health, safety, and morals of the citizens of the Nation.

My contention is, sir, that simply to begin implementing on a large scale the provision of that act of 1937 could have a substantial impact on the conditions of the poor in our society.

I think that too often we evolve these programs, some of which are good, some of which are not good, when there are already in the legislative acts of Congress which if only used fully could reduce the rates of the poor of poverty that we find in our society.

2. I am advocating the sponsorship and development of locally based, independent, commercial, and community services enterprises can maximize the impact on Federal moneys expended in antipoverty, model cities, and federally supported local projects.

3. Nonstigmatizing income maintenance programs for persons incapable of work.

In summary, what is being recommended as the new prime focus of the Office of Economic Opportunity, is a systematic application of profit and nonprofit 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 nonprofit organizations administering antipoverty with profitmaking 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 payoff 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 by 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