

be exploited if we are to secure maximum use of national resources and varying approaches to economic growth must be recognized. We must be flexible in our approach.

5. SBA and the communities must have a means of projecting resource requirements into future years in order that requirements can be justified and long-range, dovetailed plans accomplished.

6. Community and regional involvement builds pride in progress, strength in numbers, participation by local financial institutions and minimum losses to the Government.

7. Balanced community-wide economic growth builds economic stability which best protects the small business community which is normally very sensitive to adverse shifts in business activities.

8. There is already significant progress in state and local economic development planning. Similarly, there are several Federal agencies such as EDA, Agriculture, Labor, HUD, Regional Development Commissions, etc. which are stimulating local development planning and allocating resources to develop and execute plans. Unless SBA aligns its programs with these economic development planning efforts, we may well be out of step with progress and the current momentum for maintenance of a vibrant national economy.

#### *C. Economic rationale*

Exhibit I, attached, discusses the relationship of SBA programs to the Balanced Economic Growth objective from an economic standpoint. The paper provides additional background on the economic need for orderly programming of SBA resources and clarifies some mistaken impressions concerning the application of resources under the Balanced Growth Concept.

### PART II—THE STRATEGY

#### *A. Background*

The balanced economic growth concept has been in the evolutionary stage since early in Calendar Year 1967. A cautious but well planned strategy was adopted to assure—

*First*, that there would *not* be a major upheaval of agency policies or practices in favor of an untried and untested concept, and

*Second*, that SBA staff would have ample time to re-orient their thinking to the new concept and be trained to operate effectively under whatever new programming system was adopted.

The strategy contemplated a series of events and actions, described below, each of which was designed to test the validity and acceptability of the concept on a progressive basis.

#### *B. Regional/economic development/balanced growth conferences*

Planning for SBA sponsored regional economic development conferences began early in 1967. The first such conference was held in May in New England. The attendance from three states consisted of Governors, members of Congress, business and community leaders, state and local development planning officials and representatives of other Federal agencies. The success of the conference and the interest shown by local officials in balanced growth and community planning led the Administrator to adopt a program for additional conferences.

The recent issue of the SBA Enterprise contained a run-down on the conferences held in Utah, Nebraska, and Colorado.

In each conference, the Administrator's message was woven around the eight points made under "The Concept" on pages 3, 4, and 5. He stressed the need for local initiative, local planning, and local financing. He emphasized that we were not economic planners and could not do the planning for the individual community, state, or region. He pointed out how SBA assistance programs could contribute to successful execution of locally developed plans.

#### *C. Operation Impact*

To test the validity of integrated programming of SBA assistance programs, Operation Impact was launched in July 1967. It is an effort to make maximum contribution to upgrading selected local economics by marshaling all SBA program resources in a closely coordinated and controlled manner. In addition, where the local situation required, SBA would attempt to supplement its resources with those of other Federal agencies having the same broad economic development objectives and who could legally allocate resources to uplift the community. Five "PILOT" projects were activated: Greensburg, Kentucky; Pikeville, Kentucky; Warsaw-St. Lawrence (Cincinnati), Ohio; Gila River Indian Reservation; and ARVAC, Dardanelle (Russellville), Arkansas.