

U.S. POLICY FOR ECONOMIC DEVELOPMENT IN DISTRESSED AREAS

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INTRODUCTION

Purpose

The intentions of this report are to investigate the legislative background of the Economic Development Administration and the regional commissions, and discuss their programs for aid to distressed areas. The report will explain and discuss the "growth center" strategy and the "worst first" strategy, two of the more controversial policies of the program. It will also contemplate some of the more recent developments, such as the President's reorganization proposals and the Rural Development Act of 1972. Observations and opinions offered are primarily those of academicians and practitioners. Personal recommendations and judgments are introduced where they differ from those of other authors or where they further explicate an author's presentation.

Method and Scope of the Inquiry

Research conducted in preparation for this report consisted primarily of readings from books and periodicals dealing with the subject, plus interviews with persons familiar with the subject. U.S. Government publications were also consulted in order to provide the most current data and the most recent programs and strategies. As extensive as the research was, some relevant articles may have been omitted, due to the large volume of material available on the subject.

THE ECONOMIC DEVELOPMENT ADMINISTRATION

Since its inception in 1965, the Economic Development Administration has recognized as its mission "the task of enhancing the national economy by assisting areas of substantial and persistent unemployment and underemployment to achieve lasting economic improvement through the establishment of stable, diversified, and strengthened local economies."¹ The methods chosen to fulfill this mission have been surrounded by controversy. Being located in the Department of Commerce, the EDA programs have concentrated on public works projects and technical and financial assistance to businesses in eligible redevelopment areas of the United States. Local planning has become increasingly important in the development process. Conforming to the legislation, the agency's motives have been to "enable areas to help themselves establish stable and diversified local economies through the creation of long-term employment opportunities. Its underlying philosophy is that long-term employment can best be created by encouraging private businessmen to establish businesses or to expand existing businesses in distressed areas."²

Goals and Objectives

The EDA has developed five target goals by which the success of its program may be measured:

1. To reduce unemployment and underemployment in certain designated and qualified regions, counties and communities to a level commensurate with the levels prevailing in the national economy.

¹ U.S., Economic Development Administration, EDA Handbook (Washington, D.C.: U.S. Government Printing Office, 1968), p. 2.

² Ibid., p. 1.