

The original documents are located in Box 4, folder “Black Caucus - Response to Campaign Statement, October 1972” of the Stanley Scott Papers at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Bettye L. Scott donated to the United States of America her copyrights in all of her husband's unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 18 1971

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Progress in Civil Rights and Related Social
Programs

You have asked that I review the status of our progress on programs which are designed to assure that the objectives of equal opportunity are being advanced and that the special problems of minorities in the Nation are given the necessary attention and action. From this review it is evident that increasingly, in the field of civil rights, emphasis is shifting to effective implementation of existing law. Greater emphasis is also being given to efforts to improve the economic status of minorities so that they may take advantage of the new opportunities which the law is opening up.

The framework for these efforts is provided by existing civil rights authorities embodied in the 5th and 14th Amendments to the Constitution, in civil rights acts of Congress since 1957, in court decisions related to these basic authorities, and in Executive Orders. Executive Orders have provided form and direction to the execution of the laws and the Constitution. Programs have been initiated and progress is being made, but there is much to be done.

Coordination of Effort

Within the executive branch the administration of these civil rights responsibilities is primarily a function of the departments and agencies. To enable them to give greater attention to this task, funds have been substantially increased since 1969 and new arrangements for the support and coordination of their efforts have been established in the Executive Office of the President:



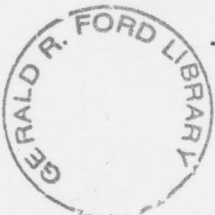
- A committee of the Domestic Council has been established to review policy issues involving civil rights;
- The Office of Management and Budget has taken steps to assure that concern for civil rights becomes an integral part of the responsibilities of all of its divisions.

I. IMPLEMENTATION OF CIVIL RIGHTS POLICIES

In the implementation of civil rights policies, the Administration has carefully reviewed opportunities for improved effectiveness. It has provided increased resources and personnel for civil rights programs. Funds for civil rights enforcement activities totaled \$64 million in 1968. In the 1972 budget, recommended expenditures for these purposes are \$150 million -- a doubling in this three-year period. In addition you have requested \$1.5 billion to assist in school desegregation of which it is estimated that \$300 million will be spent in 1972 if the Congress takes timely action.

Assurance of Non-Discrimination in Federal Assistance

One of the most important obligations of the Federal government is to assure that Federal financial assistance is not used by recipients in a discriminatory manner. Title VI of the 1964 Civil Rights Act provides that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Twenty-two Federal agencies have the responsibility for enforcing Title VI in the administration of \$34 billion of Federal assistance programs.



- Since 1968, outlays for Title VI compliance activities have increased from \$7.5 million to more than \$18.6 million in the 1972 budget, and more than a thousand man-years will be devoted to this effort.

- This Administration has undertaken new training programs to improve staff capability for dealing with Title VI matters in many departments, including Transportation, Agriculture, HEW and Labor.
- The Justice Department has substantially increased its staff of attorneys to enforce Title VI requirements and another significant increase is planned for 1972.

In addition, enforcement activities under the fair housing provisions of the 1968 Civil Rights Act have emphasized resolution of discrimination complaints through the Assistant Secretary for Equal Opportunity in the Department of Housing and Urban Development and the Attorney General.

Equal Employment Opportunities

Access to employment opportunities is vital to the economic and personal fulfillment of the individual and to the well-being of his family. In the Civil Rights Act of 1964, the Congress enacted major new provisions to insure this right. The Administration has enforced these provisions vigorously. It has given particular attention to the extension of equal opportunity into sectors of the labor market where access to the full range of job opportunities has been restricted, such as the construction industry. We have, in addition, significantly expanded resources for implementing equal employment programs across the Government.

- To assure equal opportunity, the Equal Employment Opportunity Commission is being reorganized to enable it to be more effective, a 66% increase in its budget is before the Congress, and the Administration has recommended legislation to extend its authority to the employment practices of state and local governments;



- Equal employment opportunity in Federal construction projects is being assured through the Philadelphia Plan. In Philadelphia, surveys indicated that during the 1970 construction season an estimated 14.5% of total man-hours employed on Federal construction projects was by minority workers compared with less than 2 per cent in the first half of 1969. The Secretary of Labor established a Philadelphia-type plan in Washington, D.C., and has announced his intention of initiating similar requirements in three additional cities: San Francisco, St. Louis, and Atlanta. Hometown solutions on a voluntary basis have been developed in 25 communities. In addition, the Department of Labor issued Office of Federal Contract Compliance Order Number 4 which sets forth affirmative action guidelines for Government contracts outside the construction area.
- The Civil Service Commission is continuing to develop affirmative action plans in conjunction with Federal agencies pursuant to Executive Order 11478. It has approved the adoption of goals and timetables for OMB and the Department of the Army and has endorsed the use of this management concept as a means of achieving equal opportunity throughout the executive branch. From November 1969 to May 1970, minorities employed by the Federal government increased by 1,363 while total employment decreased by 8,655, and in the same six months minority employment in higher grades increased four times as much as did the employment of non-minorities.
- In November 1970, the Civil Service Commission initiated a sixteen-point program to assist Spanish-speaking American citizens to obtain employment in the Federal government.



Equal Educational Opportunity

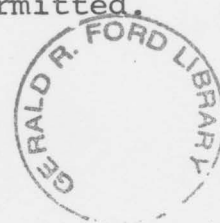
The requirement of abolishing de jure school segregation has been set forth in a series of court decisions. This Administration has carried out these decisions stressing, as a method, cooperative effort among Federal, State and local officials.

You personally, Mr. President, and the members of the Cabinet Committee on Education have helped establish bi-racial citizens' Advisory Committees in seven of the states most affected by court orders for desegregation. In conjunction with these Committees this Administration has emphasized its conviction that public school systems must be preserved and the last vestiges of the de jure dual school system eliminated.

In the 1970-71 school year, over 3.2 million of the more than 3.7 million minority children in the 11 southern states are in desegregated school systems, as compared to the 1968-69 school year's corresponding figures of a half million children out of a total of 3.5 million.

In addition, the Administration has developed an important new program to achieve equal opportunity in education. The Emergency School Aid Act first transmitted to the Congress on May 20, 1970, would provide \$1.5 billion in financial assistance to school districts most affected by the courts' decisions. To assist these districts to comply with such orders and to enable other districts to adopt voluntary plans, \$1.5 billion would be used for additional facilities, personnel and training, including bilingual education; and programs for helping to overcome racial isolation and for providing constructive interracial experiences.

In addition, the protection of Title VI will continue to apply to all programs which provide financial assistance to schools. Tax deductions for contributions to racially discriminatory private schools are no longer permitted.



The Administration of Justice

The assurance that all citizens will be afforded equal treatment under the law and be protected from crime is essential. This Administration has continually sought to achieve these objectives and in so doing has also taken care to assure the protection of individual rights. Significant Administration actions include:

- Aid under the law enforcement assistance program has been materially increased to enable State and local officials to plan and carry out more effective programs in the entire field of criminal justice as well as strengthening police services. Moreover, the law enforcement revenue sharing proposal which has been submitted to Congress will improve the effectiveness of this assistance by removing administrative impediments to the use of such funds. Financial assistance provided by revenue sharing will continue to be protected by the civil rights guarantees of Title VI.
- Of the 115 judges appointed to vacancies on the bench in this Administration, 11 have been from the minority community. As the affirmative action plan of the Department of Justice is fully implemented, the number of minority assistant and deputy U.S. Marshals will increase.
- The Department of Justice is taking the necessary steps to assure that voting rights are not denied as a result of redistricting required by the 1970 census or through re-registration of voters.

In other areas of minority concern in the administration of justice, steps are also being taken to assure equitable treatment:

- Action is underway to improve the system of military justice;



- Low income persons will be assured legal services under legislation the Administration has just transmitted to the Congress to establish a quasi-public legal services corporation. The 1972 budget provides \$69 million for legal services compared with \$36 million appropriated in 1968;
- In the past year the Administration has taken new initiatives with respect to American Indians, which will end Federal paternalism and provide the Indian tribes themselves with authority to manage and control the programs which affect their lives. Additional measures are being developed to demonstrate effective ways of making existing human resource programs more available to urban Indians. The Administration also has presented a new Alaska Claims settlement bill, providing equity to the Alaska Natives. With Administration support, the bill returning the Blue Lake lands to the Taos Pueblo was passed by Congress and an ancient and symbolic wrong was rectified.

II. EXPANDING EQUALITY OF OPPORTUNITY

Effective programs to assure all citizens their basic human and civil rights is only the first step to attain for all Americans the full range of social and economic opportunity. In addition, we must remove barriers that foreclose individuals from such opportunities. These barriers include educational disadvantages, lack of skills, addiction to drugs, lack of access to capital funds, and other factors that might reduce an individual's chance for gainful employment, business success, and decent housing for his family and himself. To increase the effectiveness of government efforts to reduce these barriers, contracts are being negotiated between the Urban League and ten departments and agencies to use the League's unique capabilities in helping with and monitoring our Federal human resources programs. This effort was stimulated by the December 22 meeting of Whitney Young with



you, Mr. President, and members of the Cabinet. These contracts are expected to total \$21 million.

* Welfare Reform

For many who presently are not participating as wage earners in our economy, welfare has been their only way of life. For three decades this system has changed little except in size. The administration has proposed an historic and far-reaching reform in that system which, when adopted by Congress, will provide hope for the future and greater dignity for the poor. Training, day care, work requirements, and improved payment standards will assist many of those on welfare to make the transition to economic independence. The Administration's program would:

- Make benefits of \$2,400 a year available to a family of four;
- Replace the food stamp program with cash;
- Improve administrative practices;
- Provide work opportunities and require that such opportunity be accepted;
- Make available additional training and child care opportunities;
- Provide States and localities with fiscal relief and protection from greater fiscal demands.

Until welfare reform is enacted, the Administration must make use of existing programs and is vigorously utilizing the food stamp program, increasing distribution of commodities, and expanding the child nutrition program:

- Food assistance programs will increase to \$2 billion in 1972.



- A substantial increase in food assistance will be made available to those in the very lowest income levels;
- Coverage has been expanded so that all but 10 counties and independent cities are participating;
- By mid-1971, 10 million people will be eligible for food assistance, triple the number 16 months ago;
- A broader range of commodities is being made available;
- Nearly 7 million needy children are receiving free or reduced price lunches, twice as many as a year ago.

Employment Opportunities

Many individuals today are unable to realize their full economic potential or to earn an adequate income because they do not have the job skills necessary to compete in today's economy. The Administration has recognized the need to equip the disadvantaged with the skills and supporting services which will enable them to participate fully in the wide range of job opportunities that characterize the American labor market. In order to enhance the job capabilities of the unemployed and underemployed:

- The 1972 budget provides training opportunities for more than 1.25 million enrollees;
- Job programs have been initiated in the public sector which provide on-the-job training in Federal, State, and local governments, training and upgrading in human service jobs, and short term work experience in public and private nonprofit agencies;
- More than 700,000 jobs, and work experience and training opportunities will be provided for disadvantaged youths through the various manpower programs.



Educational Opportunities

To maximize educational opportunities education must be accessible, of high quality, and responsive to local needs. In many communities facilities are inadequate, the quality of education is highly variable, or students who seek additional educational opportunities may be financially unable to undertake the effort. In addition, the community's flexibility in deploying its educational resources has been limited by a large number of narrow categorically based programs. To achieve broader educational opportunities for communities and individuals the Administration has advanced several proposals to reform Federal assistance programs:

- Educational assistance for the disadvantaged will be assured under Title I in the Special Revenue Sharing proposal by a requirement that school districts receiving funds for the disadvantaged have comparable per student operating funding for each school; funds for the disadvantaged will be added to rather than substituted for operating funds.
- Special revenue sharing for education is proposed to overcome the confusion and inefficiency of 33 separately authorized programs and will permit local officials to use funds flexibly in the best interests of all children.
- To maximize student aid to minorities, the poor and the disadvantaged, the Administration has proposed work-study payments and subsidized loans for students whose families have incomes of approximately \$10,000 or less. The lower the family income, the larger will be the portion of assistance available as a grant and work-study payment.
- The Administration's request in 1972 for aid to black colleges under Title III of the Higher Education Act will be doubled to \$40 million.



- Several Federal agencies are assisting the start-up of the Navajo Community College and the new Deganawidah-Quetzacoatl University in California designed to serve Indians and Mexican-Americans.



Housing and Community Development

The Administration's program is designed to assure adequate housing and a decent community in which Americans can live and work. Federal dollars alone cannot do the job; those dollars must be in partnership with local resources. To this end:

- New construction and the rehabilitation of existing housing for low and moderate income families provided under public housing and other Federally subsidized programs will increase from over 150,000 starts in fiscal 1968 to more than 650,000 starts in fiscal 1972. These starts represent more than one out of every four housing units expected to be built or rebuilt in 1971 and 1972.
- Guidelines recently issued by the Administration under the provisions of the Uniform Relocation Assistance Act of 1970, assure that an adequate supply of low and moderate income housing will be available for individuals displaced by Federally-financed projects;
- Urban community development revenue sharing will remove the unnecessary time consuming delays of Federal review and approval on the more than \$2 billion available for the social and physical restoration of our cities.
- Executive Order 11512 was issued more than a year ago to assure that consideration is given to the availability of low and moderate income housing in the selection of sites for Federal facilities. In



addition, all agencies will continue to take into account whether the housing is in fact available on a non-discriminatory basis.

* Minority Enterprise

Too often members of the minority community are unable to take advantage of business opportunity because of lack of capital or their participation fails because of inadequate training and experience in managerial and financial skills. The ownership and successful operation of business enterprise is a traditional route to economic opportunity and independence that must be opened further to members of minority groups. The Administration has moved on several fronts to promote and expand minority enterprise:

- The Office of Minority Business Enterprise was established in 1969 and has been successful in coordinating minority enterprise programs. In addition the Administration has increased the volume of grants, loans and guarantees made to minority business by program agencies from approximately \$200 million in 1969 to \$315 million in 1970;
- Small Business Administration lending to minority enterprises has increased from \$28 million in 1968 to an estimated \$217 million in 1971;
- A new program is being developed to expand significantly and improve technical and management assistance for minority economic development.
- Community Development Corporations have been established on an experimental basis; the variety of experimental approaches that have been adopted are now being evaluated. This process should lead to the development of a model program which can be replicated with some assurance that increased funding will actually further increase minority ownership.



Departments and agencies are cooperating to ensure that opportunities for participating in Federal procurement are open to minority-owned businesses and contractors. The volume of SBA's 8(a) procurement program providing for the reservation of a certain proportion of government contract business to minority firms has risen from 8 contracts, worth \$10.4 million in FY 1968, to an estimated 710 contracts, worth \$58 million in FY 1971.

Additional measures have been initiated in recognition of the need to expand opportunity for minorities in banking and financial enterprises:

- The FDIC, Comptroller of the Currency, and the Federal Home Loan Bank Board have been requested to review their legal authorities to ascertain whether they can provide technical assistance to minority banks and FDIC hopes to provide training to senior managers of such banks;
- All agencies and the private sector have been called on to place a greater share of deposit funds in minority-owned banks, thus enabling these banks to render more effective loan service to their borrowers. A goal of \$100 million by October 1971 has been established.

The Drug Problem

The Administration has explicitly recognized and is attempting to deal with the drug problem in our society. The toll exacted from individuals by drug abuse and addiction is widely recognized to be very great. Moreover, the problem of drug addiction and abuse precludes many persons from taking advantage of the expanded opportunities available through job training and better education.

To deal with this problem, the Administration has intensified its efforts to control drugs, has expanded existing education and treatment programs, and is considering additional initiatives.



- Major increases in funds and personnel are proposed in 1971 and 1972 to interdict the flow of illicit drugs across our borders and to obtain international collaboration in decreasing the source of supply from abroad;
- The budget proposes to increase funds primarily for drug treatment and rehabilitation centers in urban areas to \$88 million in 1972. This is an increase from \$28.5 million in 1969. Additional funds have been provided for research, more effective treatment methods and the training of personnel to cope effectively with the problem;
- Stricter controls have been announced by the Secretary of Health, Education and Welfare over the legitimate production and distribution of amphetamines under legislation which became effective the first of this month.
- A large scale public information and education program has been conducted since 1969, with the cooperation of the Nation's radio and television stations, and distribution has been made of 2 million copies of a source book providing answers to questions frequently raised about drug abuse.

III. SUMMARY AND OVERVIEW

In this report, I have discussed the highlights of the Administration's programs to support civil rights and to assist with the special problems of minorities. Several major initiatives may be identified:

- Welfare Reform. Most important, the Administration reform of the welfare system -- a vital social need neglected for 30 years -- will have a fundamental effect on the life of millions of minority Americans.



-- Emergency School Assistance. The Administration's \$1.5 billion proposal for Emergency School Assistance brings an important new approach to bear in a difficult and complex civil rights policy area.

-- Revenue Sharing. Revenue sharing, because it gives direct aid to cities where most minority citizens live and work, will help to strengthen the capacity of local government to deal with pressing needs in the area of manpower, education, community development, law enforcement and transportation. Minorities and the disadvantaged living in rural areas also would be aided by rural development revenue sharing.

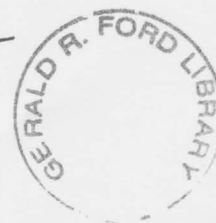
-- Civil Rights Enforcement. To strengthen the implementation of civil rights statutes, we have deployed additional resources and improved many programs. These actions have resulted in greater access to jobs, businesses, houses and good schools for an increased number of Americans. Enactment of the 1972 budget will double civil rights enforcement funds since this Administration took office.

-- Executive Office Role. Finally, positive steps have been taken to insure that the Executive Office of the President, acting through the Domestic Council and the Office of Management and Budget, will coordinate civil rights policy and programs in the Executive Branch. These steps are beginning to have an important effect on the development and implementation of civil rights policy in this Administration.

This has been a stocktaking, but it also provides an agenda for the future. The actions identified are significant, but much more remains to be accomplished. Your recommendations for revenue sharing, welfare reform, health care and executive branch reorganization are all essential to further progress. They will provide the tools with which to open even greater opportunities for all the citizens of this Nation.

George P. Shultz

Director



THE WHITE HOUSE

WASHINGTON

May 18, 1971

Dear Congressman Diggs:

I valued the opportunity to meet with you and your colleagues of the Congressional Black Caucus on March 25. The sixty recommendations for governmental action which you presented to me at that meeting have served as a framework for review of the matters we discussed.

The Administration has examined these recommendations in depth over the past seven weeks. A fresh assessment of all the alternatives in each area characterized this review process, both at the operating department level and then at the White House. Present policies served as a starting point, but we went beyond these in attempting to draw our conclusions on the merits in each case. We found that your broad goals are largely the same as those of the Administration, and we used this review as an occasion for measuring actual results against these goals and for considering appropriate changes where results seemed inadequate.

This review, culminating in the preparation of detailed responses to each of your proposals, was conducted under the overall supervision of the Domestic Council and the Office of Management and Budget. At the same time, George Shultz, Director of OMB, prepared at my request a summary report on this Administration's major programs and activities in the field of civil rights and related social and economic programs. Having reviewed and concurred in this report and the sixty responses, I am pleased to transmit them to you and your colleagues herewith.

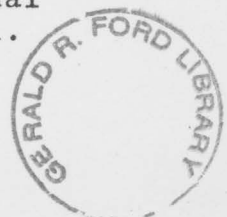


These documents constitute a progress report on our efforts to achieve equality, justice, and full opportunity for all Americans. We have tried to make them candid and factual. They measure both successes and shortcomings. In those instances in which we have found ourselves in disagreement with your recommendations, we have acknowledged the disagreement but also spelled out our alternative approaches. In many cases, we have found a basic accord between your recommendations and our policies.

I am encouraged to note that there is such accord in three especially critical areas: We share a determination to reform the welfare system so that it will help solve, rather than aggravate, the problems of those who lack a minimum income. You attach high priority, as I do, to a program of revenue sharing that will enable our cities and States to serve the people better. And you are committed, as I am, to a concerted drive for expanded economic opportunities for minorities and all other Americans--a drive to validate with jobs, income, and tangible benefits the pledges this society has made to the disadvantaged in the past decade.

This is the building work of the Seventies, and it is bound to be more difficult than the legislative efforts of the Sixties. Equality of opportunity has been affirmed in American law; conscience and public resolve brought that much to pass. But now we have entered a new and much harder phase. The steady gains of the years ahead will inevitably be less dramatic than the bright hopes raised a few years ago. We continue to honor those hopes. At issue now is whether all of us have the realism and stamina to persist in the long, hard task of realizing them in American life, of translating rhetorical promise into concrete results.

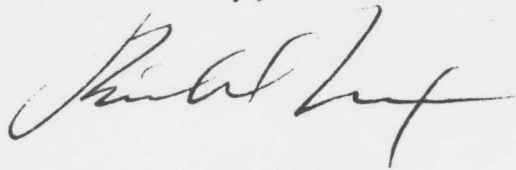
We are already making significant progress as noted in the attached report and the detailed responses. Much more remains to be done to realize our shared goals. I am determined to press forward vigorously--believing as I do that full opportunity and equal justice for all are basic to the American ideal.



-3-

I have directed that the process of monitoring and evaluation reflected by the report and responses be continued, and my Administration will remain receptive to your views and those of your Congressional colleagues as we continue to search for the best ways of achieving progress on matters of common concern.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gerald R. Ford", written in a cursive style.

Honorable Charles C. Diggs, Jr.
House of Representatives
Washington, D. C. 20515



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

1. MANPOWER AND EMPLOYMENT

Black Caucus Recommendations #1 and #2

Statement of Recommendation #1: Within the framework of a comprehensive manpower planning program, this Administration should provide permanent job creation programs -- with jobs in the public sector targeted to the areas of persistent unemployment and under-employment without regard to national employment rates. These jobs must be useful and desirable and have adequate wages and supportive services. Present manpower programs fail to deal adequately with the gaps between national rates and the critically higher jobless rates for blacks and other minorities in urban and rural ghettos.

Statement of Recommendation #2: A Federal job creation program in the public service fields must be adopted. Such a program should initially provide a minimum of 500,000 productive jobs during the first six months of operation, and 600,000 in the second six months in this one program alone, with additional jobs in other programs to meet the unemployment crisis.

Response: The Administration recognized more than a year ago the need for public service job programs which provide short-term public work opportunities designed to assist people in making a transition to regular jobs. Accordingly, in mid-1970 the Administration launched the Public Service Careers Program to meet this need with a range of services. These services included public service counterparts to the JOBS Program in private industry (i. e., on-the-job training in Federal, State, and local governments); training and upgrading in human service activities (New Careers); and the supplemental training and employment program (STEP), a program to give persons who were unable to obtain jobs after completing training short-term work experience with public or private nonprofit agencies.

On a broader front, this Administration has initiated at least three proposals which bear upon these recommendations. First, the Manpower Revenue Sharing Act of 1971 includes job creation programs among authorized manpower programs. Funds would be targeted to State and local governments, without regard to national unemployment rates, based



on factors which include the number of unemployed persons, thus responding to the higher jobless rates in urban and rural ghettos. This Act also would authorize additional funds when the national rate of unemployment exceeded 4.5%; these might be used for public service employment. Second, under Welfare Reform the Administration has proposed a program of 200,000 public service jobs for welfare recipients -- many of whom are blacks and members of other minorities. And third, the General Revenue Sharing Act would distribute \$5 billion in unrestricted funds to State and local governments during its first full year. If these governments spend these new revenues in a normal manner, at least 50% of this money would be spent on employment costs, thus creating a large number of new public service jobs.

Thus, the Administration has foreseen the need for job creation programs in the public sector and initiated programs in this area. Moreover, it has recognized the much greater needs for reforms in manpower and welfare programs, to increase the resources and responsiveness of State and local governments, to provide large numbers of job opportunities, and to improve public services, and has proposed legislation which will accomplish these objectives.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

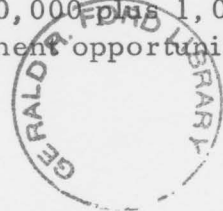
1. MANPOWER EMPLOYMENT

Black Caucus Recommendation #3

Statement of Recommendation: A minimum of 1 million NYC jobs should be provided for in-school youth during the summer. Present planning in this area is totally inadequate. The jobs should be provided by the Federal Government with no local matching funds requirement and should be for 10-32 hour weeks at not less than \$1.60 an hour. This program must be understood to be no substitute for the needs addressed in Recommendation 1.

Response: The Administration appreciates fully the job shortage faced by inner-city youth this summer and is requesting the Congress to provide funds for 100,000 additional NYC enrollment opportunities. If the Administration's request is approved, the total operating level for the NYC will be 514,000 jobs. In addition, 150,000 jobs for disadvantaged youth will be offered through the National Alliance of Businessmen's summer program and 63,000 jobs will be available in Federal government offices based on a formula of one disadvantaged youth for every forty regular Federal employees. The recently authorized Youth Conservation Corps will provide 2,000 jobs in the National Parks and Forests which will be directed toward saving the environment. The total of these four employment programs is 729,000 jobs.

In addition, the Manpower Administration, working through the Federal-State Employment Service System, sponsors a nationwide Summer Employment Program to provide youths between the ages of 16 and 22 with valuable work experience to enable them to return to school in the fall. Applicants are referred from local employment service offices to private employers, government agencies, and employers participating in the National Alliance of Businessmen's Summer Youth/JOBS Program, mentioned above. Approximately 525,000 youth placements are anticipated during the 1971 summer for both summer and permanent jobs. While many of these were included in the above total, this figure also includes 12,000 in State, county, and local government summer jobs and 150,000 in summer jobs in private industry. Special funds have also been allocated to hire 1,000 disadvantaged youth to work in local employment service offices during the summer months. Adding these jobs (12,000 plus 150,000 plus 1,000) to the 729,000 gives a total of 892,000 summer employment opportunities.



The Administration also recognizes that many disadvantaged youths are too young to benefit from summer employment. Approximately 2 million recreation opportunities will be funded through the Summer Recreation Support Program and the National Summer Youth Sports Program to serve this population.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

1. MANPOWER AND EMPLOYMENT

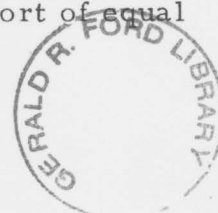
Black Caucus Recommendation #4

Statement of Recommendation: Basic changes must be made in Federal recruitment, testing and promotion policies and day-to-day administration to insure blacks and other oppressed minority peoples equal results to whites in the middle and upper levels of Federal employment.

Response: The President issued Executive Order 11478 in August 1969 -- the first such Order devoted exclusively to assuring equal opportunity in Federal employment. The Order outlines the equal employment opportunity responsibilities of department and agency heads and requires that sufficient resources be provided to assure effective administration of agency equal opportunity programs. All agencies have been required to develop affirmative action plans to carry out the directions of the Order.

A number of Government-wide changes have been made, and actions taken, to achieve the objectives of Executive Order 11478. These include the upward mobility program for lower-level employees throughout Government, the Public Service Careers program to provide increased employment and advancement opportunities for disadvantaged persons, new training courses to equip employees for advancement, a 16-point program to assure equal opportunity for Spanish-surnamed Americans, a strengthened Federal Women's Program, a new emphasis on cooperative work-study programs with predominantly minority colleges, and the maintenance by agencies of automated minority employment data which is collected and published on a Government-wide basis each six months to determine problem areas and assess progress.

In addition, new procedures have been established for handling complaints of discrimination from Federal employees or applicants, with strong emphasis on informal resolution of complaints and hearings by independent appeals examiners. Other basic changes have been made in civil service instructions to require that supervisors be given training in their equal opportunity responsibilities and that agencies include in the ratings of supervisors an evaluation of their performance in support of equal



employment opportunity. Agencies have also been directed to reward exceptional performance in equal employment opportunity and to discipline employees who are found to have discriminated on the basis of race, color, religion, sex or national origin.

The Civil Service Commission has published detailed guidance governing the development and proper use of examination methods in the selection and promotion of employees. Written tests are not used as a part of the examination process in recruiting for most positions in the middle and upper levels. Also, in a promotion program written tests may be used only under certain circumstances but never as the sole ranking device or as a screen-out factor. In all cases where tests are used, the basic professional standards followed by the Commission are those of the American Psychological Association in its "Standards for Educational and Psychological Test Manuals." These are the standards cited by the Equal Employment Opportunity Commission in the Guidelines in Employment Selection Procedures. In addition, the Civil Service Commission's examining methods conform to the merit system requirements of the Civil Service statutes and related statutes and Executive orders. The testing practices of the Civil Service Commission also conform to the requirements of section 703 of title 7 of the Civil Rights Act of 1964 as they relate to testing, and to the testing standards which were recently approved by the Supreme Court in Griggs v. Duke Power Company. Nevertheless, the Commission is studying alternative methods to permit collection of racial and ethnic data for research purposes in analyzing test results. It also has undertaken, in cooperation with non-government organizations, a long-range study of the relationship between test performance, education, experience, and job performance for identifiable cultural subgroups. Findings of that study will be considered in relation to CSC's examining practices.

The measure of minority employment results is determined by the minority employment surveys conducted by the Civil Service Commission. The 1969 survey showed that while total Federal employment declined by over 20,000 positions between the 1967 and 1969 surveys, the number of minority employees increased by 3,864. This increase occurred in the better-paying and more responsible jobs. At middle levels (GS-9-12) the number of non-minority employees increased by 8% and the number of minority employees by 27.7%. At the upper levels (GS-13-18) the number of non-minority employees increased by 13.8% and the number of minority employees by 46.7%.



The May 1970 study, made just six months after the previous survey, again showed progress. Despite a further decrease in overall Federal employment, minority group Americans moved upward both in total numbers and in the number of better-paying jobs. As of May 1970, the 501,871 minority group Americans on the rolls of Federal agencies comprised 19.4 percent of the workforce, up from 19.2 percent in November 1969 and from 18.9 percent in November 1967. Again, the number of minority employees at higher grade levels increased at a faster rate than that for non-minorities. The number of non-minority employees in the middle grades (GS-9-12) decreased by 0.6%; the number of minority employees increased by 1.2%. In the upper grades (GS-13-18), the number of non-minority employees increased 2%; the number of minority employees increased 7.5%.

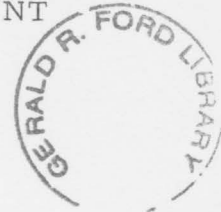
Despite the gains registered, the Administration is not satisfied with these results. We expect future reports to show further improvements in minority staffing and we will make vigorous efforts to secure accelerated progress. To achieve progress in recognized problem areas, the CSC has advised Federal departments and agencies that the establishment of minority employment goals and timetables is a useful management concept which should be used wherever appropriate. We view such goals as realistic objectives which agencies endeavor to achieve on a timely basis within the context of the merit system of employment, as opposed to mandatory employment quotas which could not be applied under merit system principles.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

1. MANPOWER AND EMPLOYMENT

Black Caucus Recommendation #5



Statement of Recommendation: "Executive Order 11246 must be enforced, requiring affirmative action by government contractors and subcontractors to provide equal employment opportunities and to extend the requirement of goals and timetables for achievement to all government contractors and subcontractors."

Response: To guarantee that those who do business with the Federal Government provide equal employment opportunity, the Administration has established the following programs, among others: the Philadelphia Plan, the Policy on Hometown Solutions and Order No. 4. All of these are discussed below.

1. Progress under the Philadelphia Plan. The Department of Labor's review of construction contractors in the Philadelphia area shows that the goals established by the Philadelphia Plan can be and are being met. Its surveys during the 1970 construction season indicated that 14.5 percent of the man hours worked on Federally-involved construction projects were being performed by minority workers.

Enforcement action is being taken against those contractors who are not meeting their goals. At least 33 show-cause notices were issued against Federally-involved construction contractors in the Philadelphia area. One debarment hearing was held, and the hearing officer has recommended that the contractor involved be debarred from future Government contracts. That recommendation is now the subject of legal review in the Department of Health, Education and Welfare.

Measures are being taken to ensure the effectiveness of the Philadelphia Plan. On February 12, the Department of Labor announced the award of two contracts totalling \$648,400 to recruit, train and place minority workers in the trades covered by the Plan. In addition, effective March 1, 1971, the coverage of the Philadelphia Plan was extended to include private construction work of Federal contractors in the area. The Plan has been successfully defended in the Federal District Court and on April 22 the United States obtained a favorable ruling of the Court of Appeals for the Third Circuit upholding the validity of the Plan. Of course, we are continually reappraising the effectiveness of the Plan and will take whatever steps are necessary to ensure its success.



2. Policy on Hometown Solutions. Although the Department of Labor has used the imposed plan approach in the Philadelphia and Washington areas and has worked with the State of New Jersey in developing a similar plan for Newark, the Department has been committed to the approach of developing hometown agreements. The Department has developed a model hometown agreement and assists the local parties (construction contractors, building trade unions, and the minority community) to develop effective agreements dealing with the problem of equal opportunity in the construction industry in each local area. Admittedly, there are problems attendant with this approach. It is difficult and tedious to obtain agreement between these oft-conflicting parties. Nevertheless, there are a number of advantages to this approach: First, fewer Federal resources are required and thus the problems can be solved in a larger number of cities; second, the agreement covers all construction not only the construction of Federally-involved contractors; third, it promotes voluntarism and local initiative in solving these problems; and fourth, because all the parties in the community are working to achieve the objective of equal employment opportunity, the likelihood is greater that minority workers will be brought into the mainstream of the construction labor force. Because of the great advantages to the approach, the Department has an obligation to try to make them work. Today, 25 communities have developed voluntary hometown solutions. Obviously, the Department will also be continually appraising the results of these agreements. If in its judgment these plans are not achieving our objective, greater emphasis may have to be placed on imposed plans.

Once a voluntary hometown agreement has been reached by the parties in a community, the Department has established the policy of requiring either that the bidders on Federally-involved projects be signatories to that agreement or that they submit goals and timetables similar to those of the Philadelphia Plan. The Department believes that this will strengthen the equal employment opportunity efforts in cities with hometown plans.

The Department has already issued such bid conditions for construction work in Pittsburgh and is planning to develop and issue such bid conditions for the other cities which have hometown agreements.

3. Goals for Non-Construction Contractors. With respect to the complaint concerning goals and timetables for Government contractors outside the construction industry, in February 1970 the Department issued revised regulations, known as Order No. 4, which for the first time set forth affirmative action guidelines for non-construction contractors. Every Government contractor and subcontractor holding a contract of \$50,000 or more and employing at least 50 persons is required to develop a written affirmative action program for each of its facilities, including, where there are deficiencies in the utilization of minorities, the development of goals

and timetables to correct those deficiencies. The Department of Labor and the compliance agencies have worked closely to develop specific applications of Order No. 4 to various Government contractors.

4. Review of existing plans. The Secretary of Labor is undertaking:

a continuous review the efficacy of the Department's policy with respect to hometown solutions to insure that after a plan has been developed or if voluntary agreements cannot be reached, the plans are imposed whenever they are warranted as determined by local conditions. On May 6, the Department of Labor announced that it will impose plans in Atlanta, San Francisco, and St. Louis.

5. Other specific actions.

a. A new reporting system for OFCC is under development. This system will:

- assure systematic self analysis of contractor activities under Executive Order 11246.

b. provide for standardized data collection in onsite Federal Compliance review.

c. During this Administration the OFCC staff as well as the Contract Compliance Agency staffs have increased significantly, adding to the need for a comprehensive training program. OFCC has developed in-house capability to train its staff and the compliance review personnel of other agencies. This new training program will be initiated by a "Focus Conference" of top level compliance review officials scheduled for June. This will be followed by additional conferences and training sessions.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

1. MANPOWER AND EMPLOYMENT

Black Caucus Recommendation #6

Statement of Recommendation: We call for vigorous support for expansion of the Civil Rights Act of 1964 to provide cease and desist power to the Equal Employment Opportunity Commission, coverage of employers of eight or more persons, and to eliminate the present exemption of state and local governments, and educational institutions.

Response: The Administration supports the extension of EEOC's authority to State and local governments and educational institutions, as employers. This is a particularly important measure because of the new power and authority being directed toward State and local governments under the President's revenue sharing proposals. EEOC responsibility for ensuring that State and local governments are equal opportunity employers will be a vital part of the civil rights protections which the President has promised will accompany his revenue-sharing program.

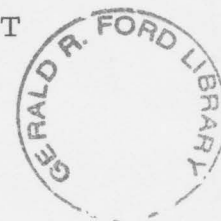
The Administration believes that the procedural safeguards of the court enforcement approach are a more desirable means of preserving the proper relationship between the federal government and the private sector and between the federal government and state and local governments.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

1. MANPOWER AND EMPLOYMENT RIGHTS

Black Caucus Recommendation #7



Statement of Recommendation: At a time when blacks are fighting and dying in disproportionate numbers in Indochina, we urge the White House to initiate a thorough investigation of the status of blacks and other minorities in the Veterans Administration -- 90 percent of whose black classified employees are in grades GS-8 or below. The investigation and the remedial action which must follow should include not only equal employment within the Veterans Administration, but should focus on closing the critically wide gap between the needs of black veterans and the inadequate and uncoordinated existing programs of the Veterans Administration, the Department of Labor, Housing and Urban Development, and other federal agencies.

Response: The Veterans Administration is undertaking additional efforts to increase the high level employment opportunities within the VA for members of minority groups. Such efforts will include the establishment of goals and timetables at the higher levels for the advancement of minority employees, increasing the participation of minority employees in graduate-education programs sponsored by the agency, and increasing the number of minority staff who serve as contact representatives at the VA field stations.

The President has initiated the Jobs for Veterans program to increase jobs and training opportunities for returning veterans. Pursuant to this program the Department of Labor allocated to the State Employment Services authority to hire 335 additional Veteran Employment Representatives in the local public employment offices, specifically to help meet the job and training needs of returning veterans. Additional plans are underway whereby the Department of Labor will augment services to veterans through the nearly 2,300 (2,287 in February 1971) local public employment offices, where preferential referral of veterans to job and job training openings is a long established policy. In recent years, veterans have been placed in about 1 million jobs per year through these efforts (970,000 in Fiscal '70). Future plans will give increased attention to reaching all returning veterans, with special attention to problems of black veterans, urging that they utilize the GI bill and other educational or employment benefits, as under Manpower Training programs.

A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

2. WELFARE REFORM

Black Caucus Recommendation #1

Statement of Recommendation: We recommend that the present welfare system be replaced by a guaranteed adequate income system. We oppose any welfare reform which fails to establish a satisfactory timetable for reaching a guaranteed adequate income system of a minimum of \$6,500 a year for a family of four from cash assistance, wages, or both.

Response: While the Administration will consider adjusting the maximum Federal payment under welfare reform to reflect the cost of living, it is not fiscally responsible to commit the Federal Government to a timetable for reaching an annual payment of \$6500.

The Administration opposes a \$6500 payment level because the \$75 billion cost to the Federal Government would mean either a substantial reallocation of funds, with the elimination of many programs that benefit the poor and generate employment, or a \$75 billion increase in the Federal budget, with severe implications for the economy. The precise impact of such increase would depend upon the method of financing, but would in any event be very great. For example, if financed out of income tax revenues, it would require imposition of a 58% surtax on the income of individuals and corporations which might restrict the expansion of the economy and job opportunities.

The Administration's program combines a more realistic payment level with fiscal responsibility. It includes work requirements and work incentives for those who can work, such as additional training and day care. Helping individuals to get off welfare entirely and on to payrolls benefits both individuals and the economy.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

2. WELFARE REFORM

Black Caucus Recommendation #2

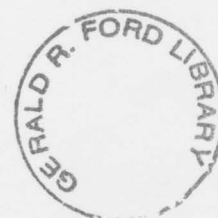
Statement of Recommendation: Any federalization of existing welfare programs must have as an ultimate objective the realization of individual economic self-sufficiency. The federalized programs should guarantee the standardization of eligibility requirements, the establishment of adequate payment standards, the elimination of abusive and degrading administrative practices, and the provision of suitable work opportunities which maximize individual freedom of choice and self-respect.

Response: The Administration agrees that the welfare system should be changed to include standardized eligibility requirements, adequate payment standards, proper administrative practices, and suitable work opportunities and work requirements.

These goals can be realized by enactment of the Administration's welfare reform program. The program will standardize eligibility requirements, including allowable assets and outside income, definition of income, and exclusion of resources from income. Administrative practices will be made uniform, including such matters as payments procedures, cash advances, hearings, and appeals. Together these provisions will eliminate the undesirable practices which have characterized welfare administration in the past.

The Administration's welfare reform program also includes suitable work opportunities and work requirements. The program would provide:

- 200,000 public service jobs, to pay no less than the minimum wage.
- Additional training and child care opportunities.
- Required acceptance of suitable work or training for welfare recipients; "suitable" means no health or safety risk, consideration of the individual's prior earnings and his realistic prospects for work based on his potential, and no wages, hours or other conditions contrary to those prescribed by Federal, State, or local law.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

2. WELFARE REFORM

Black Caucus Recommendation #3

Statement of Recommendation: Until a fully operational cash assistance program is established, we urge you to overhaul the food assistance delivery system, so that the minimum standards and goals of existing legislation can be guaranteed. Further, the necessary budgetary revisions (or supplemental budget requests) should be made so that the needs of all children eligible for free or reduced-price school breakfast or lunch programs by 1972 are met.

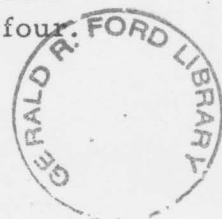
Response: The Administration has made its fight against hunger and malnutrition one of its highest priorities. This commitment is reflected in the growth and improvement of the food stamp program, the commodity distribution program, and the child nutrition program.

The Food Stamp program will assist over 10 million individuals by the middle of this year -- nearly triple the number aided just 16 months earlier. Monthly Federal expenditures on food stamps have quintupled in only one year to a current level of more than \$135 million per month.

In addition, the Administration has revised the food stamp purchase schedule, providing free stamp allotments to those with little or no income. Draft regulations were published in the Federal Register in April, and the schedule will be implemented this summer.

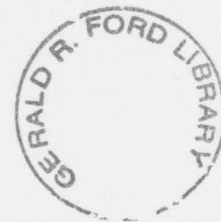
Other recent reforms in food stamps include the provision of a national eligibility standard and a requirement that States make it possible for welfare recipients to receive food stamps in the mail by purchasing their stamp allotments through voluntary withholding from their welfare payments.

While the food stamp program has helped to feed millions of persons, a system of cash assistance -- rather than stamps -- is more effective and has much more dignity. Therefore, the Administration has recommended that Congress eliminate the food stamp program when welfare reform is effective, and increase the amount of the basic payment by the amount of the loss in food stamp bonus. The new recommended welfare payment level is \$2400 for a family of four.



All but 10 counties and independent cities presently have family food programs, compared to a year ago when 300 counties had no plans for such a program. The Commodity Distribution program has increased its efforts to reach more potentially eligible people and has expanded efforts to make a wider range of commodities available.

Child Nutrition programs also have increased: 6.8 million needy children received free or reduced price lunches in February 1971 -- a 50% growth in 12 months.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

3. FEDERAL ASSISTANCE TO STATE AND LOCAL GOVERNMENT

Black Caucus Recommendation #1

Statement of Recommendation: Immediate, short-term financial assistance should be afforded local communities by releasing frozen funds for development projects, closing the growing authorization/appropriations gap, and by expeditiously proposing and strongly supporting an emergency public service employment bill.

Response: There has been a great deal of misunderstanding about what has been referred to as "frozen funds."

Most of these funds are held in reserve accounts for legal or technical reasons. For example, a large part of the so-called "frozen funds" is for military construction, including ship construction. These projects and ships are "fully-funded"; that is, the entire cost is appropriated before beginning construction even though disbursements under the contracts will be made over a period of several years to complete the project.

Those funds in which the Caucus has expressed the greatest interest are as follows:

Sewer and Water Program. \$100 million of the \$200 million now in reserve will be released on July 1 for use during the first six months of FY 1972. The Sewer and Water Program will then be folded into the urban community development revenue sharing program which is proposed to begin on January 1, 1972.

Urban Renewal. \$200 million has long been scheduled to be released on July 1.

Low Rent Public Housing. \$942 million was being held for use to meet the kind of contingency that arises from time to time when credit conditions prevent local public housing authorities from obtaining private financing or from privately refinancing existing loans. Of this amount \$17 million was released in early May to meet this kind of problem. The use of funds available for the production of public housing is discussed in the response to the specific Black Caucus Recommendation (B-2-1) on the public housing program.



Model Cities. \$583 million is in reserve, of which at least \$287 million will be used in FY 1972 to provide a smooth transition to the urban community development revenue sharing program. Funds for the model cities programs continued by individual cities would, after January 1, 1972, be provided through the urban community development revenue sharing program.

Mass Transit. \$200 million of the \$600 million eligible for commitment in FY 1971 will be contracted after July 1 because Congress had a \$214 million limitation on the use of mass transit funds which was not lifted until January 2, 1971. It has not been feasible to move from a \$214 million annual program level to a \$600 million level instantaneously.

As can be seen from these specific examples, the funds are in reserve accounts for a variety of reasons. One of the least understood dimensions of the reserve accounts is the role of the Congress in forcing fund reservations. Congress places the responsibility upon the President to stay below the debt ceiling and below the statutory outlay ceiling, both imposed by the Congress. Thus, what one Committee of the Congress gives in terms of authorizations or appropriations another Committee of the Congress takes away. To ensure that he can stay within the limitations imposed upon him by the Congress, the President must place limitations upon the expenditures of each of the Federal agencies, and the agencies in turn can only place limitations on those expenditures which are controllable -- in FY 1971 only 14% of the civilian budget is controllable under existing law by the Executive Branch of Government. (By way of contrast, it is almost all controllable by the Congress.) Any President who wishes to obey one law must put himself in jeopardy of being accused of withholding funds which Congress has appropriated by another law.

The Administration was extremely close to the FY 1971 debt ceiling until the Congress raised it -- at the Administration's request -- several weeks ago. Congressional actions and inactions have contributed to the pressure exerted by the debt ceiling on outlays. For example, in the current fiscal year, the Congress has failed to enact \$1.5 billion of revenue raising proposals, increased spending above the President's budget in many areas, and failed to enact a billion dollars worth of economy measures.

The actual level of funds being withheld has decreased by almost one-half billion dollars in the last few months. Furthermore, as a percentage



of total budget outlays, the current figure is only 5.7% which is smaller than the percentage withheld in seven of the 12 preceding years and smaller than the annual average of reserves for the entire decade preceding this Administration. As much as 8.7% of the budget was withheld in the early 60's.

Closing the gap between authorizations and appropriations is basically a Congressional responsibility. Congress must close the gap between authorizations and appropriations not simply by appropriating ever greater amounts of money, but by deciding how the taxpayer's dollar can be most effectively used to solve the Nation's problems. Congress, in the authorization process, must weigh the often conflicting factors of program need and effectiveness. This must be done within a framework that recognized overall economic constraints. Too often the Congress creates expectations that cannot be fulfilled by authorizing funds that the Members know will never be appropriated fully by the same Congress.

The Administration has proposed that public service jobs be funded through the welfare reform bill, the manpower revenue sharing bill, and the general revenue sharing bill; thus, the Administration does not feel that a fourth source of funding through a more limited public employment proposal is necessary or appropriate.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

3. FEDERAL ASSISTANCE TO STATE AND LOCAL GOVERNMENT

Black Caucus Recommendations #2, 3 and 4

Statement of Recommendations:

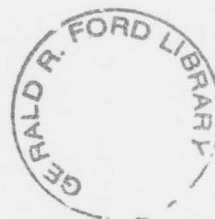
Black Caucus Recommendation #2: We strongly recommend that the program of welfare nationalization and reform called for in Recommendations 1 and 2 under Welfare Reform should not be considered as an alternative to the Administration's general "revenue sharing" proposal.

Black Caucus Recommendation #3: The population-based distribution formula in the Administration's "revenue-sharing" bill must be altered to more accurately target the funds to places of maximum need. Specifically, we would recommend that one percent (1%) of the individual tax base be distributed to all categorized welfare disbursing units on a basis reflecting the proportion of National welfare costs paid by that unit during 1970, providing that the unit maintains its 1970 welfare effort.

Black Caucus Recommendation #4: The distribution apparatus of the present proposal for "revenue-sharing" must be changed to funnel more funds to major urban centers, i. e., .5% of the individual tax base be distributed to all local units not sharing in Recommendation #3 above and which have a population of 50,000 or more.

Response: The Administration completely agrees that revenue sharing is needed and is not a substitute for welfare reform. The Administration's welfare reform proposal does provide substantial fiscal relief to State governments. Those few cities which also bear welfare costs will be aided.

The suggestions that the distribution formula for revenue sharing be changed should be examined from two viewpoints. First, the formula is not something created by the Administration; it is the result of two years of negotiation among Administration officials, mayors, county officials and governors. The proposed distribution represents their expert opinion as to the best possible formula.



Second, the changes suggested by the Black Caucus would not uniformly target the funds to areas of greatest need. The Black Caucus proposes that two-thirds of the funds to be distributed through revenue sharing be distributed to the welfare disbursing units of government -- which are with a very few exceptions State governments. The remaining one-third of the funds would be distributed to local governments with a population of over 50,000, apparently on a population basis. Thus, under the proposed formula about two-thirds of the funds would go to State governments and only one-third to local governments, and that one-third only to communities over 50,000. The proposed formula would exclude from participation in revenue sharing many small communities with severe fiscal problems, including a number of predominantly black communities such as Kinloch, Missouri; Lincoln Heights, Ohio; and Robbins, Illinois.

In addition to making such smaller communities eligible, the Administration's revenue sharing formula will send a relatively large share of the funds into central cities. An analysis of the 10 largest metropolitan areas shows:

- in none of the 10 does the per capita share going to suburbs exceed the per capita share going to the central city.
- in 8 of the 10 the per capita share going to the central city is at least twice the per capita share going to the suburbs.
- in 4 of the 10 areas the per capita share going to the central city is roughly three times the per capita share going to the suburbs.

Finally, the \$2.1 billion of special revenue sharing funds for Urban Community Development goes directly to local governmental units. Other special revenue sharing formulas also allocate funds to large units of local government.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

3. FEDERAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Black Caucus Recommendation #5

Statement of Recommendation: The civil rights guidelines set forth in the Administration's 'revenue-sharing' package must be greatly strengthened, particularly in regard to equal employment hiring, and an effective compliance program.

Response: (1) Equal employment: The Administration has testified in favor of extending Title VII of the 1964 Civil Rights Act to state and local governments, with enforcement by federal lawsuits. This would have the effect of prohibiting employment discrimination by recipients of general and special revenue sharing funds.

(2) Compliance. Title VI of the 1964 Civil Rights Act applies to special revenue sharing funds. Enforcement will be carried out by existing departmental Title VI units, assisted and coordinated by the Title VI unit of the Justice Department's Civil Rights Division.

The Administration's general revenue sharing bill prohibits discrimination in any program or activity funded under general revenue sharing. If it is determined that a state or locality has violated this provision and has not taken adequate corrective action, the Secretary of the Treasury may cut off funds, refer the matter to the Attorney General in order that he may bring a lawsuit, or take any other action permitted by law. The Justice and Treasury Departments are presently developing a program for enforcement of these provisions. This program will include requirements that states and localities report their expenditures of general revenue sharing funds and their procedures for preventing and detecting discrimination. The program also will provide for independent federal monitoring to assure civil rights compliance with respect to general revenue sharing funds.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

3. FEDERAL ASSISTANCE TO STATE AND LOCAL GOVERNMENT

Black Caucus Recommendation #6

Statement of Recommendation: Although we support general "revenue sharing" to States and localities, under the conditions set forth above, to assist in the provision of basic services, we are opposed to the apparent abandonment of national leadership in such areas as education, housing, etc., that would result from proposed program "revenue sharing." While States and localities can be given more flexibility in administering federal grants, national priorities requiring accountability for delivering services to those most in need of them must be maintained.

Response: The general revenue sharing proposal reflects the national objective of assisting States and localities to alleviate their fiscal problems through provision of unrestricted additional revenues.

The Administration's six special revenue sharing programs will expand state and local flexibility in administering federal funds while preserving the Federal Government's role in setting national priorities. The concept of special revenue sharing recognizes that there are broad areas of national concern (e.g., manpower training, law enforcement, community development, education, transportation) which must be given priority, but allows States and localities more discretion in meeting problems within each broad area. Thus, the Federal Government will determine areas of national priority and the share of national resources to be devoted to each, while state and local officials will be able to spend the funds within these program areas according to locally determined priorities and locally identified needs. Federal controls will assure that the funds are committed to activities consistent with the identified national concerns and that there is no discrimination in the use of the funds.

Each special revenue sharing formula contains provisions to assure that services are delivered to those most in need. For example, the Urban Community Development funds will be distributed to urban areas on the basis of urban population, quality of housing, and the number of families living in conditions of poverty and overcrowding. These criteria reflect national concerns, but the detailed solutions will be designed at the local level to reflect local needs.

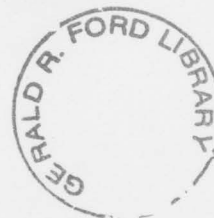


Fifteen percent of Manpower Special Revenue Sharing funds will go to the Secretary of Labor, to be used at his discretion on programs of national importance. The formula governing distribution of the other 85 percent takes into account not only the size of the labor force in an area but the number of unemployed and poor.

The Education Special Revenue Sharing formula gives priority to the disadvantaged. Funds for the disadvantaged must be in addition to--not in place of--comparable per-pupil expenditures in each school in a school district, and must pass through directly to school districts.

Over 20 percent of the total Transportation Revenue Sharing funds for the first full year are earmarked for urban mass transit capital investment. Eighty percent of these funds will go to SMSA's with one million or more population.

Title VI of the 1964 Civil Rights Act will apply to all special revenue sharing funds, assuring that there will be no discrimination in their use.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

4. MINORITY ECONOMIC DEVELOPMENT

Black Caucus Recommendation #1

Statement of Recommendation: An independent agency should be organized as a non-profit, quasi-public, publicly-funded development bank for consolidation of present programs intended to assist minority business, and should receive an initial annual appropriation of \$1 billion dollars. This agency should be under the direction of a board with broadly representative minority membership.

Response: Recognizing the need to tie together the many programs of the Federal government that impact on minority businesses, one of the early acts of Administration was the issuance of Executive Order 11458 establishing the Office of Minority Business Enterprise. As is evidenced by the growth in total Federal grants, loans, and guarantees for minority businesses from \$200 million in 1969 to \$315 million in 1970, OMBE has provided an effective means of focusing the various programs of the Federal government on the problems of minority businesses.

The President's reorganization plan would continue his efforts to provide a coordinated approach to minority enterprise by consolidating many of the programs in the Department of Economic Affairs.

This improved organizational structure, combined with the anticipated continued expansion of minority lending by the Small Business Administration, should provide the most effective means of aiding the minority business community. SBA minority lending has already grown from \$28 million in 1968 to an estimated \$217 million in 1971. Legislation reintroduced by SBA providing additional incentives for private participation in SBA lending and the Minority Enterprise Small Business Investment Company program should result in a significant expansion of the Administration's program to provide a mix of Federal and private financing for minority businesses.

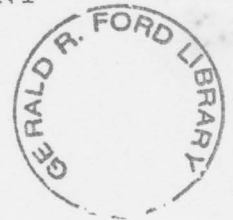
In view of these steps, the Administration does not think it desirable to establish a new independent agency to assist minority enterprise financing.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

4. MINORITY ECONOMIC DEVELOPMENT

Black Caucus Recommendations #2 and 5



Statement of Recommendation #2: A federally-financed guarantee organization similar to the Government National Mortgage Association should be created to insure securities and obligations of community development corporations -- firms providing employment for and owned by residents of low-income areas.

Statement of Recommendation #5: Funding for Community Development Corporations should be increased to at least \$50 million dollars for the development of community-based minority business ownership.

Response: Community Development Corporations (CDC's) are authorized on an experimental basis by Section 1D of the Economic Opportunity Act, with the aim of developing community-controlled corporations to assist poverty area residents in achieving ownership of factories and stores. The formal CDC program was begun in Fiscal Year 1968 and currently includes 36 CDC's planned or in operation. These CDC's embody a variety of experimental approaches, which are currently being evaluated. Variations in approach include such factors as size and location of the special impact area, corporate form of the CDC, degree and nature of community participation, and type of business evaluation.

The current level of funding for CDC's is \$45 million, which includes \$35 million for Fiscal Year 1971 plus a carryover of \$10 million. The requested \$25 million for Fiscal Year 1972 is sufficient to continue this experimental program. To increase this amount to \$50 million, as recommended by the Black Caucus, would mean a substantial increase in the number of CDC's even though their effectiveness has not yet been determined. It is hoped that the evaluation of CDC's which is now underway will identify models with potential for successful replication elsewhere. Then the Administration will be able to recommend increased funding with assurance that the goal of increasing minority ownership of business will be realized.

The recommendation of a permanent, federally-financed guarantee organization similar to the Government National Mortgage Association to insure securities and obligations of CDC's asks for creation of a permanent, narrow-purpose discount facility for this particular type of enterprise. This would stigmatize CDC's as unable to compete with other firms in existing capital markets and government-backed loan programs and would be contrary to this Administration's policy of opposing the establishment of permanent, narrow-purpose discount facilities.

However, because CDC's and minority business do need special financial mechanisms during their formative period, OEO has established and funded the Opportunity Funding Corporation (OFC) to experiment with different approaches. These experiments fall into three categories: (1) guarantees for such things as performance bonds for contractors in poverty areas, capital notes or deposits in poverty area banks or credit unions, and burglary insurance for merchants in high crime areas; (2) a secondary market for commercial paper generated by SBA guaranteed economic opportunity loans, and loans from community development corporations or inner-city banks; (3) incentive payments such as payment of "points" to encourage low interest rate loans in poverty areas or stimulate inner-city franchises.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

4. MINORITY ECONOMIC DEVELOPMENT

Black Caucus Recommendation #3

Statement of Recommendation: In addition to increased Federal support and employment of direct set-aside programs for all procurement, legislation should be enacted requiring that contractors working on Federally-assisted and financed projects, set aside a specified percentage of their sub-contract work for minority firms.

Response: The activities of the Small Business Administration under its 8a program have significantly expanded the participation of minority firms in Federal procurement. The level of contracting by minority firms under the 8a program has increased from \$10.4 million in 1968 to \$22 million in 1970, and is expected to reach \$58 million by the end of fiscal year 1971. The Administration is considering several other steps to increase the participation of minority firms not only in direct Federal construction but also in Federally-financed State and local construction projects. The details of these steps should be settled and announced in the near future.

In view of the progress of the Administration, it appears neither necessary nor desirable to establish fixed percentage set-asides for minority contractors.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

4. MINORITY ECONOMIC DEVELOPMENT

Black Caucus Recommendation #4

Statement of Recommendation: Federal management and technical assistance should be increased and made more broadly available to minority trade associations, development corporations, and other organizations of minority businessmen, with assistance provided more as an aid than as an audit.

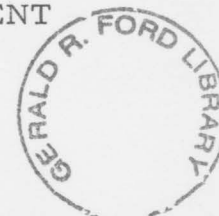
Response: This Administration has taken significant steps to increase management and technical assistance for minority firms. In 1971, EDA and SBA grants in this area were over 100 percent greater than in 1968, and SBA's management assistance staff will increase 30 percent in 1972 over 1971. Nevertheless the Administration recognizes that existing approaches are inadequate, and is considering several methods of assuring that minority firms receive the type and amount of management assistance that they require. The Question is not whether more assistance is needed, but what is the best way for the Federal Government to make increased assistance available. A significantly strengthened Administration's program in this area will be announced shortly.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

4. MINORITY ECONOMIC DEVELOPMENT

Black Caucus Recommendation #6



Statement of Recommendation: The Federal Deposit Insurance Corporation should be authorized and directed, by specific legislation, to use some of its assets to provide technical assistance to minority banks. No Federal or quasi-Federal agency presently provides technical assistance to these institutions, with the result that other kinds of programs (such as the \$100 million deposit program) are less effective than they would be otherwise.

Response: The Federal Deposit Insurance Corporation and the Comptroller of the Currency, both of which have bank regulatory responsibilities have this recommendation under study to determine whether technical assistance to minority banks can be extended under existing law. FDIC hopes to be able to offer training courses to senior managers of minority banks at its training facilities in Arlington, Virginia, and to pay a major portion of the costs. The Corporation also hopes to be able to finance a course at its examiners' school for recent college graduates who are members of minority groups. If there is no provision of existing law under which technical assistance can be given, the Administration will submit legislation to permit such assistance.

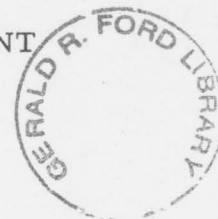
The Federal Home Loan Bank Board, with supervisory responsibility over savings and loan associations, is already rendering many types of technical assistance through its Office of Housing and Urban Affairs. In this program, direct management counseling services are performed by savings and loan experts primarily at the home office of the minority-owned association without cost; assistance is given in recruiting for management positions; larger savings and loan associations are persuaded to make their personnel available for consulting services without cost on a continuing basis; consultation is offered concerning investment strategies; and special programs are designed to strengthen the financial base of minority-owned associations.

A voluntary program is also worthy of mention. In 1969, the Treasury Department worked with the American Bankers Association and the National Bankers Association to initiate an internship program to train future managers of black banks. From an initial fifteen, the number of interns has increased to 50.

A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

5. POVERTY PROGRAMMING

Black Caucus Recommendation #1



Statement of Recommendation: We urge the Administration to abandon any plans -- now or two years hence -- which will weaken the programs now under the aegis of the Office of Economic Opportunity and submerge them in existing agencies or in a broader plan for governmental reorganization. We believe that converting the Office of Economic Opportunity to a research and evaluation organization will deprive the poor of an advocate agency in Washington. Further, we recommend the restoration of the \$116 million by which the Economic Opportunity Act was reduced in the fiscal year 1972, and a substantial increase in anti-poverty funds for the following fiscal year, and the elimination of the matching requirement which makes it impossible for some communities to participate in the program.

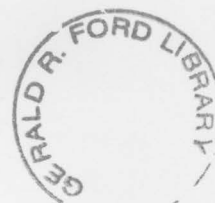
Response: (1) Role of OEO. The Administration believes that as OEO tests and proves new ideas, as programs "mature" and become a matter more of management than of innovation, they should be spun off to the line departments which have primary responsibility for administering social programs. This will free OEO to continue its primary mission as innovator and advocate for the poor. It will also increase awareness in the line departments of the special needs of the poor, as proven programs and experienced personnel transfer to those departments. This will give the poor not only a spokesman in OEO but an enhanced awareness and sensitivity to their needs in the line departments, where on-going programs which affect the poor are administered.

(2) Restoration of 1972 funds. Programs operated by OEO are only a part of the total Federal effort to alleviate the problems of the poor. Total Federal outlays on behalf of the poor in Fiscal Year 1972 are estimated at \$31 billion -- 14% of the total budget and an increase of almost 10% over the amount estimated for 1971 and 77% over the 1968 amount. Outlays for OEO operations are estimated at \$790 million in 1972, less than 3% of the total being spent for the poor.

Federal obligations to be incurred in 1972 for programs initiated under the Economic Opportunity Act are estimated at almost \$3 billion, up 3% over the 1971 level of \$2.9 billion and up 50% over the 1968 level of \$2 billion. These totals stand in contrast to the reduction of \$116 million in budget authority requested for OEO operations in 1972 -- a figure which does not take into account programs which have been transferred to other agencies.

(3) Increased anti-poverty funds in 1973. The level of funding in Fiscal Year 1973 for programs benefiting the poor cannot be predicted at this time. To a great extent, this level depends upon whether Congress approves the Administration's welfare reform and revenue sharing proposals.

(4) Elimination of matching requirements. In the President's Fiscal Year 1972 budget, the matching requirement for local initiative programs was increased from 20 to 25%. The increase continued the precedent established by 1967 amendments to the Economic Opportunity Act which increased the non-Federal share requirements from 10 to 20%. Since the budget was submitted to Congress in January, the Administration has reconsidered and has decided not to increase the non-Federal share at this time. This decision does not represent a departure from the original intent of the Economic Opportunity Act that Federal funds be used in part to mobilize community resources to combat poverty.



A. ECONOMIC SECURITY AND ECONOMIC DEVELOPMENT

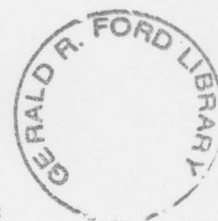
5. POVERTY PROGRAM

Black Caucus Recommendation #2

Statement of Recommendation: We support the continued existence and expansion of the OEO legal services. We urge that new guidelines be drawn and new legislation be proposed which would limit the power of state and local authorities to intervene politically in the operation of these programs. Should this prove infeasible, we recommend that every low income American citizen be guaranteed access to free, quality legal assistance through the establishment of a National Legal Services Corporation.

Response: On May 5, the President proposed in a Special Message to the Congress the establishment of a Legal Services Corporation. The President said in his Message:

"I propose the creation of a separate, nonprofit Legal Services Corporation. The legislation being sent to the Congress to accomplish this has three major objectives: First, that the Corporation itself be structured and financed so that it will be assured of independence; second, that the lawyers in the program have full freedom to protect the best interests of their clients in keeping with the Canons of Ethics and the high standards of the legal profession; and third, that the Nation be encouraged to continue giving the program the support it needs in order to become a permanent and vital part of the American system of justice."



The President's Message outlines in detail the provisions to be included in the proposed bill which will guarantee the Corporation's independence from local political pressures. The President stipulated that "grants made by the Corporation to neighborhood offices and other recipients will not be subject to veto by governmental officials," although Governors will have the opportunity to express in advance their views about proposed grants in their States.

The Administration has given strong support to the OEO Legal Services Program. Budget outlays for legal services have increased from \$35.8 million in 1968 to a requested \$68.9 million for 1972.

The Administration is also aware of the special need for legal services of the American Indians, particularly in defense of their treaty rights to land and water. It was recognized that these needs were not being met by the Departments of Interior and Justice because of the inherent conflicts within those Departments between Indian natural resources claims and those of mines, parks, reclamation and recreation. Accordingly, the Administration has proposed to Congress legislation which would create an Indian Trust Counsel Authority, a governmental body which, as part of the Executive Branch, would discharge the Government's trust responsibility for defending Indians' natural resources rights but which will also have nonvetoable authority to sue federal or state governments to protect Indian trust interests. This is the first time in history that such clearly independent institutional recognition has been given to the defense of Indian natural resource rights.



B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #1



Statement of Recommendation: We urge you, Mr. President, to initiate (and/or support) such child development legislation and to require the promulgations of such administrative regulations for existing child development programs, which incorporate the following principles: a) significant expansion of child development services; b) development rather than custodial programming; c) child development services provided as a right rather than as mandatory eligibility requirements; d) encouragement of educational innovation and reform; e) the validity of programs designed by and in accordance with the special needs of minority groups; and f) consumer control.

In conjunction with the support of minority business enterprises, special assistance should be provided to minorities for the development of day care and other child development programs. The grant system should be adopted, as opposed to the voucher system. Further, the Federal Government should issue grant and/or funds directly to day care institutions.

Response: (a) The Administration has proposed an expansion of day care in conjunction with welfare reform. It is contemplated that in the first year after the passage of the welfare reform proposal over 450,000 new day care slots will be funded. This factor, combined with the trend toward increasing day care resources through use of Title IV A of the Social Security Act, is evidence that both the Federal Government and State and local governments are interested in expanding day care resources. Support for day care under Title IV A expanded by more than 100% over the last year.

The Administration is in the process of determining how the Federal Government might best assist in the expansion of child development programs beyond those presently funded through Project Head Start. In any event, Head Start will continue to serve as a demonstration of effective practice in programs for preschool children.

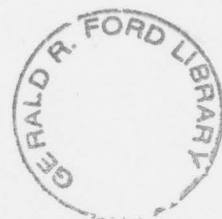
(b) As stated by both the President and Secretary Richardson, the Administration concurs completely with the recommendation that day care be developmental rather than custodial in nature. That is why the Federal Government is devoting substantial resources to research and development in the area of developmental techniques.

(c) The Administration believes that low-income working mothers should be given first priority in the area of child care services. It is necessary to assign priorities in the provision of child care services because of the shortage of trained manpower and facilities. In the first full year of operation of the welfare reform program, the Administration proposes to double the number of children being served. This is the most rapid rate of expansion consistent with provision of quality services. The merits of further expansion of child development services and the availability of resources for such expansion will be continually reviewed.

(d) The Administration presently believes that educational innovation and reform must be encouraged. We have proposed the National Institute of Education to fund educational research and experimentation.

(e) The Administration believes in the validity of programs designed by and in accordance with the special needs of minority groups. Study groups, representing the black, Spanish speaking and Indian communities, are now in the process of identifying promising projects for development of preschool curricula for minority children under HEW and OEO grants.

(f) The Administration believes consumers should exert maximum control over child care services. That is one of the reasons it is considering the voucher payment method. Of course, child care and development programs will continue to be funded in a variety of ways. Project grants will be used for activities which facilitate creation of child care resources. Once the resource has been created, either vendor or voucher payment systems should be used. The Administration presently favors the voucher system because it will give the consumer control of the funds and thus of the programs. Vouchers also provide needed flexibility. There is not at the present time a single "best" model for child development programs. A variety of services will be required depending upon local circumstances. Vouchers should enable consumers to purchase desired services without being forced to accept services they do not want.



The Administration is inclined to use vouchers for another reason as well. Too many Federal programs targeted on the disadvantaged have resulted in excessive administrative costs and reduced benefits for the intended recipients. By using vouchers, the full amount of the individual's grant will be available for the purchase of services. For these reasons the Administration feels that the interests of minorities will better be served by the voucher approach. Assistance to minority businesses in the day care field can be provided through other programs such as the Small Business Administration's Minority Business Program.



B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #2



Statement of Recommendation: We recommend a strong program which enforces the priorities established by Congress under Title I of the Elementary and Secondary Education Act of 1965. In addition, we recommend that this title be fully funded in advance so that educational systems may plan a continuing program of high quality as was true during the time of the Morrill Land Grant Act of 100 years ago.

Response: Strong and effective programs are needed to achieve the goal of quality education for every American. To this end, the Administration has requested \$1.5 billion for assistance to school districts with high concentrations of low-income families under Title I and an additional \$1.5 billion to assist in desegregation of schools.

Both these programs will have a significant impact on minority children. Both are designed to provide special assistance to educationally disadvantaged children, whether such disadvantage is the result of economic or racial discrimination. To be sure that all children receive their fair share under these programs, strong enforcement measures are being undertaken. For example, during the past year the Administration has undertaken an exhaustive review of the Title I program in an attempt to improve the program's management. In recognition of the widespread failure to achieve the goals of "compensatory" education, new guidelines have been established to insure comparability of State and local funding. In addition, regulations covering parental involvement and public review have been revised. Work continues on other Title I priority areas--concentration of funds, targeting funds, and comprehensiveness of services --in an effort further to improve the effectiveness of our schools in serving the disadvantaged.

The Administration's Education Revenue Sharing proposal places primary emphasis on education of the disadvantaged. Over half the funds appropriated will go directly to local school districts to serve the disadvantaged, but only if these districts have comparable State and local funding for the target schools. The Education Revenue Sharing proposal also provides for public review of local plans.

B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #3



Statement of Recommendation: We specifically urge that the Administration abandon its plans to consolidate Federal education legislation into a program of block grants.

Response: The Administration strongly believes that Education Revenue Sharing will have great benefits for American education, and particularly for minority and disadvantaged children. Education Revenue Sharing will provide funds for educational activities in several broad areas where there are strong national interests in strengthening school programs: education of disadvantaged children; education of the handicapped; vocational education; assistance for schools in federally affected areas; and supporting educational materials and services. This will allow greater flexibility to State and local governments and enable them to serve the educational needs of our children more effectively.

Under the proposal, funds for disadvantaged children would pass through the States directly to the local educational agency, and could not be transferred out of that area. "Comparability" of State and local funding for disadvantaged children would be required. Each State would prepare a plan for the distribution of shared revenues in consultation with a State Advisory Council, which would include persons with special competence regarding disadvantaged children. The State would then be required to give all interested persons an opportunity to comment on the State's plan. These procedures will help to make the program accountable to those whom it affects -- parents, students, and educators. In addition, Title VI of the Civil Rights Act of 1964 will apply to all the shared revenues, assuring that there will be no discrimination in their use.

B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #4



Statement of Recommendation: We urge this Administration to support pending legislation that is designed to provide quality integration education so that the concept of equal educational opportunity will become a reality for blacks and others among the oppressed in the country.

Response: The Administration supports legislation recently passed by the Senate to promote quality integrated education. The Senate-passed bill provides for: metropolitan integration programs; educational television programs; bilingual and multicultural projects; projects in local education agencies designed to assist in the implementation of a court order, Title VI, or voluntary desegregation plan; projects designed to overcome racial isolation; and special pilot projects. Eligibility would be based upon a court order, Title VI plan, or voluntary plan, the maintenance of one quality integrated school within the district, and the development of a comprehensive district-wide plan. The bill establishes as the standard for integration the elimination of racial isolation to the maximum extent possible in all the schools of the district applying for assistance under the Act. Plans offering token integration will not be eligible for any assistance.

In addition, a number of assurances are required to assure that projects are effective. Participation of parents, teachers, and the larger community is assured by requirements that they be heavily involved in all comprehensive planning and that private and nonprofit groups be allotted 15% of the States' apportionment.

The Administration took the initiative in proposing over a year ago legislation to promote quality integrated education. The Administration will continue to support this goal and is pleased that the Senate has passed legislation to help make equal educational opportunity a reality.

B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #5



Statement of Recommendation: We support and call on the Administration to make real its own announced commitment to universal literacy for every American in this decade.

Because illiteracy will be even more crippling for our citizens in the 1970's and 1980's than at any previous time in our history, we urge that the Administration review and strongly fund and support a national "Right to Read" program like that originally proposed by your own first Commissioner of Education.

Response: The Right to Read program as originally formulated was intended to be a national effort by a diversity of public and private groups, with the Federal Government taking a leadership, demonstration, and goalsetting role.

Since the program's inception, a National Reading Council under the leadership of Walter Straley was formed to work with private and public organizations to strengthen and assist reading programs. The Council subsequently established a National Reading Center, which is now developing a program.

In addition, "Right to Read" has been made one of the Office of Education's top six priorities by Commissioner Marland. Over 34 States have responded by developing Right to Read plans. The Office of Education will spend \$18 million of its discretionary funds in the program in Fiscal Year 1972, and States will spend over \$460 million in funds from Office of Education categorical programs on reading-related activities.

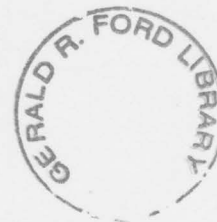
The Administration shares the concern that this program have clear goals and maintain progress towards those goals. To this end, the Commissioner of Education is developing a comprehensive national plan of goals, mechanisms, and management of the national Right to Read Program. The plan will be ready late this summer.

A related effort, now in its second year, is the Youth-Tutoring-Youth Program conducted as a part of the Neighborhood Youth Corps program administered by the Department of Labor. Under this program over 12,000 NYC enrollers with linguistic skills provide tutoring to other youths unable to read.

B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #6



Statement of Recommendation: We specifically urge that the Federal Government increase substantially its financial support for predominantly black institutions of higher education in order to insure their growth and expansion. For immediate financial relief of black colleges, we recommend the full funding of \$91 million authorized in the Developing Institutions Program of Title III of the Higher Education Act of 1965, and the elimination of the matching fund requirement.

Response: The Administration recognizes the special needs of black colleges and the ability of the Title III program to help meet those needs.

The President requested \$38.9 million for Title III in his fiscal year 1972 budget request to the Congress, an increase of \$5 million over 1971. The Administration indicated that this increase was to be earmarked to aid black colleges. With this increase, black colleges would receive an estimated \$25 million in 1972, or nearly 65% of all Title III funds.

To further insure the strengthening of black institutions as well as colleges which serve other minority groups such as Mexican/Americans and Indians, the Administration will request an additional \$15 million in Title III assistance for such institutions in 1972. This will raise to almost \$40 million the amount of Title III funds estimated to go to black and other minority colleges in 1972, more than 75% of the total under Title III and about double the amount of funds going to such institutions under the program in 1971. Title III contains no matching fund requirement.

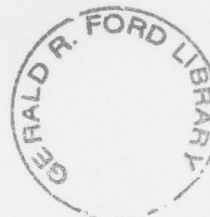
B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #7

Statement of Recommendation: We recommend, Mr. President, that you arrange to convene a meeting of the officials of black institutions of higher education with the heads of major Federal agencies and departments such as the National Science Foundation, Department of Labor, Department of Agriculture, HUD, and HEW, to consider how black colleges may have greater access to the funds, programs, and technical assistance of those agencies.

Response: The President found his meeting with black college presidents on May 20, 1970, very useful. The President expects to meet with representatives from a number of black institutions of higher education during the next several months. He will be unavoidably out of the city on May 21-22 when the black college presidents next meet, but Secretary Richardson plans to address them the evening of May 22.



B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #8

Statement of Recommendation: "While we would support a request for 70 percent increase in student aids in grant and work study over the previous fiscal year, we would strongly request reconsideration of the change in formula which reduces from approximately \$1,800 to \$1,000, the amount of grant and work study funds. A high proportion of black students now attending or hoping to enter our colleges, would not be able to sustain the financial burden of the loans now being proposed. We would support the proposed increase in the availability of subsidized grants to students whose family incomes are less than \$10,000 per annum. We would recommend, however, (1) that existing grant and loan programs for student financial assistance be continued at least at current levels until the proposed programs become operational; (2) the ceiling in terms of family incomes be raised to \$15,000 per annum; and (3) that interest rates on the available loans be stabilized.

Student financial aid for most black students must assume little or no family financial aid. They need money for almost all their costs. We therefore believe that the major emphasis should be placed on grants rather than loans in supporting their education."

Response: The Administration has proposed to reform the existing student aid programs of the Office of Education, and has sought additional funds to provide financial assistance for higher education to those who need it most.

Under the proposed reform, grants, work-study payments, and subsidized loans would be available to all lower-income students -- essentially those with family incomes of \$10,000 or less. The maximum grant-loan package to any student would be \$1,400, of which the maximum grant would be \$1,000. This maximum aid level would be reviewed annually by the Secretary of HEW to determine whether a new maximum should be set.



The grant-loan mix would vary with a student's family income: the lower the family income, the higher the proportion of grants to loans. Family income would be calculated by determining the amount his family could be expected to contribute toward his educational costs. Factors such as size of family, number of children in college, extraordinary family expenses, and capital assets would be taken into account. This would ensure that aid is targeted to students with the greatest need.

The reform also would make available to low-income students subsidized cost-of-education loans to meet the expense of attending more expensive colleges or universities. The maximum cost-of-education loan would be \$1,500, over and above the grant-loan maximum of \$1,400. In addition, unsubsidized loans would be available to all students. The interest rate on subsidized student loans would be a fixed 3% per annum. Only the interest rate on unsubsidized insured loans would vary with the market rate.

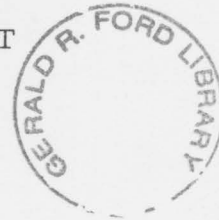
These proposals contrast with existing programs of student aid under which students eligible for aid have no assurance that they will actually receive it.



B. COMMUNITY AND HUMAN DEVELOPMENT

1. EDUCATION

Black Caucus Recommendation #9



Statement of Recommendation: We recommend that the Administration give strong support to the establishment and maintenance of community colleges. We ask you to direct the Department of Health, Education, and Welfare, the Department of Labor, and the Office of Economic Opportunity to work with the appropriate public officials and private citizens to restructure vocational, technical, and post-secondary education for the 70's and 80's. A critical aspect of this mission must be making certain that the community colleges do not become dumping grounds for the poor and near-poor. We are concerned that community colleges develop into one of the strongest and most flexible links in the continuing education in which millions of our people must be involved at various stages in their lives if they are not to be crippled by dead-end or unmarketable skills, or by undeveloped capabilities as citizens and human beings.

Response: The Administration agrees that community colleges should be a strong and flexible part of our educational system. Our higher education system should be diverse enough to provide a variety of educational institutions at which persons can obtain needed skills, expand their horizons, and generally learn to live full lives. Community colleges can help to provide these expanded educational opportunities for persons of all ages and income levels.

The Office of Education currently is giving strong support to community colleges through several programs. Two-year colleges now receive 23% of Title III funds. Community college personnel -- both teaching and administrative staff -- participate in training programs and workshops under the Education Personnel Development Act. In Fiscal Year 1970 a special priority for community colleges resulted in their receiving 55% of all higher education construction funds. Some \$47 million in vocational education funds went to community colleges in Fiscal Year 1970. A new position of Special Assistant to the Associate Commissioner for Higher Education has been created to coordinate and focus activities which affect community colleges.

The Administration also believes that innovation and restructuring of programs is required if higher education is to meet the Nation's future needs. The Administration has proposed the National Foundation for Higher Education as the agency to support such innovation.



B. COMMUNITY AND HUMAN DEVELOPMENT

2. HOUSING AND URBAN DEVELOPMENT

Black Caucus Recommendation #1



Statement of Recommendation: We call for the immediate release of Supplemental FY 1971 funds of \$150 million for public housing. This can be accomplished immediately by Presidential action.

Response: The Housing and Urban Development Act of 1970 provided \$150 million in authority: \$75 million for long-term subsidy contracts to support the production of public housing, and \$75 million to subsidize operating expenses of local housing authorities.

The allocation of Federal housing funds must take into consideration the needs of the low-and-middle-income persons served by all federal housing programs, of which the public housing program is one, as well as overall economic constraints on the budget. For these reasons, not all the authority available for the production of public housing or for moderate income housing will be used in 1971 or in 1972. However, the \$75 million production authority currently available under the public housing program will be fully used in Fiscal Year 1972. It should be noted that these operating subsidies have increased from \$6 million in 1968 to a projected level of \$110 million in 1972.

The 1972 President's budget already provides for dramatic increases in housing starts that are directly subsidized by Federal programs. In fiscal 1972, total housing starts directly subsidized by Federal programs are projected to be more than quadruple the 1968 level, and the federally subsidized starts are expected to represent over 25% of total national housing starts projected for fiscal years 1971 and 1972.

Administration recognition of the need for housing for lower income families is demonstrated by the level of public housing starts, which over the period 1968-1972 will exceed total public housing starts during the entire preceding decade. At present, it appears that the \$75 million earmarked for operating subsidies will not be needed in either 1971 or 1972.

B. COMMUNITY AND HUMAN DEVELOPMENT

2. HOUSING AND URBAN DEVELOPMENT

Black Caucus Recommendation #2



Statement of Recommendation: We recommend the implementation of the Uniform Relocation Act to insure an adequate stock of low and moderate income housing for displaced persons. Immediate action by the President could achieve the implementation.

Response: The Administration is implementing the Uniform Relocation and Land Acquisition Policies Act of 1970. On February 27, 1971, the Office of Management and Budget circulated to all agencies interim guidelines for issuing regulations and procedures implementing this Act. These guidelines contain provisions that will insure an adequate stock of low- and moderate- priced homes for individuals displaced by Federal and federally assisted programs. The guidelines reinforce the Act's requirement that before displacement occurs there must exist an adequate supply of decent, safe, sanitary homes for relocation that are within the individual's financial means. The guidelines provide for coordinated efforts among all displacing agencies, and for current surveys that count only those homes available consistent with the requirements of Title VIII of the Civil Rights Act of 1968.

The guidelines make benefits for replacement housing available separately to each family currently in a multiple occupancy situation. The benefits for replacement housing in amounts up to \$15,000 include: (1) the additional amount necessary to enable individuals to buy replacement homes, (2) the increased cost of interest, and (3) all necessary closing costs. The guidelines also require that up to \$4000 be made available to displaced tenants to enable them to make down payments on replacement homes. Tenants not choosing to buy may receive rental supplements. These payments will enable potential displacees to bid for higher-cost housing. Regulations fully implementing the guidelines are currently being issued by all agencies.

The President has instructed the Secretary of Housing and Urban Development to develop and issue criteria to help agencies determine when they should finance home construction directly, using agency funds. The Secretary will also specify procedures for carrying out this task. These criteria and procedures will be in effect by June 30, 1971.

B. COMMUNITY AND HUMAN DEVELOPMENT

2. HOUSING AND URBAN DEVELOPMENT

Black Caucus Recommendation #3

Statement of Recommendation: Legislation should be introduced with Presidential support to amend the Housing Act so that urban renewal money may be used for housing development projects other than new construction.

Response: The Administration believes that additional legislation is not necessary to achieve the objectives of this recommendation. Urban renewal funds are now used to rehabilitate existing dwelling units located in project areas. In 1972, rehabilitation work will be initiated on approximately 93,000 units in these areas. This will minimize dislocation.

HUD's four major subsidized housing programs also play an important role supplying housing for renewal area residents who must relocate. These programs provide for rehabilitation of existing structures, as well as for new construction. HUD estimates that in 1972 commitments will be made under these programs for approximately 25,000 dwelling units for low-and-moderate-income families in urban renewal project areas. In addition, the Uniform Relocation Act, discussed in the previous response, authorizes use of urban renewal project funds for replacement housing when such housing is not otherwise available.



B. COMMUNITY AND HUMAN DEVELOPMENT

2. HOUSING AND URBAN DEVELOPMENT

Black Caucus Recommendation #4

Statement of Recommendation: The Department of Housing and Urban Development should institute and enforce a uniform policy of site selection applicable to all of its departmental programs. The current regulations of the Department of Housing and Urban Development affecting site selections apply only to low rent housing. All other Housing and Urban Development programs, including Sections 235 and 236, should be brought under this policy to insure that they expand opportunities for black citizens and avoid reenforcement of segregation. Immediate executive action in this area is possible.

Response: An Administration policy on site selection is presently under consideration as part of a comprehensive review of this and other complex related issues.



B. COMMUNITY AND HUMAN DEVELOPMENT

2. HOUSING AND URBAN DEVELOPMENT

Black Caucus Recommendation #5

Statement of Recommendation: We strongly urge the amendment of Executive Order 11512 (1970) concerning the selection of sites for Federal installations, in accordance with the U. S. Commission on Civil Rights' recommendation on Federal Installations and Equal Housing Opportunity to assure that communities are, in fact, open to all economic and racial groups as a condition of eligibility for location of Federal installations.

Response: Executive Order 11512 already requires that, in selecting sites for Federal facilities, consideration be given to the impact the selection will have on social and economic conditions in the area. In addition, consideration must be given to the availability of low and moderate income housing for the employees, and adequate access to the sites from other areas of the urban center. In carrying out the requirements of the Executive Order with respect to housing availability, all agencies will continue to take into account whether the housing is in fact available on a nondiscriminatory basis.



B. COMMUNITY AND HUMAN DEVELOPMENT

2. HOUSING AND URBAN DEVELOPMENT

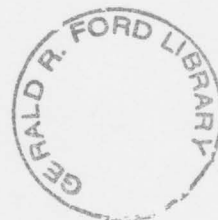
Black Caucus Recommendation #6

Statement of Recommendation: Tax legislation providing favorable treatment of investment in new and rehabilitated housing should be broadened to provide identical preference to investment in any inner-city real property development, sponsored or substantially-owned by a community development corporation or other organization of minority or low-income citizens.

Response: The Administration believes that special tax incentives are undesirable as a means for encouraging investment in the inner city and should not be used as a substitute for other specific programs in support of this objective.

Direct Federal support for inner city development currently is provided through the urban renewal program, in the form of grants for land write-downs and public improvements. These grants help make inner city sites more attractive to developers including minority controlled organizations. Other Federal agencies also encourage investment in the inner city, as the SBA does through loans to minority business.

The Administration's proposed Urban Community Development Special Revenue Sharing plan will increase the amount of funds available for encouraging the revitalization of inner city areas. Under special revenue sharing, funds will be allocated according to objective measures of community need -- poverty, over-crowding population, and inadequate housing -- rather than on the first-come, first-serve basis that has been used to allocate funds in the past. Recipients may use shared revenues to fund any of the activities eligible for assistance under the urban renewal program. Equally important, by bringing decisions regarding the use of Federal money closer to the people, the people will be able to have a greater voice in how and where these monies are spent.



B. COMMUNITY AND HUMAN DEVELOPMENT

3. THE DRUG CRISES

Black Caucus Recommendation #1



Statement of Recommendation: We strongly urge that drug abuse and addiction be declared a major national crises. We call upon this Administration to use all existing resources to stop the illegal entry of drugs into the United States, including suspension of economic and military assistance to any country which fails to take appropriate steps to prevent narcotic drugs produced or processed in that country from entering the United States unlawfully.

Response: The Administration recognizes the seriousness of the drug abuse problem and is devoting a substantial amount of funds to meeting it. The 1972 budget now contains \$123.2 million for drug abuse and addiction programming. This sum includes \$88.0 million for support of heroin addiction and drug abuse services, \$5.2 million for drug-related training activities, \$19.1 million for drug research and evaluation activities, and \$10.9 million for drug abuse education activities. In addition, the 1972 budget contains \$78.5 million for law enforcement efforts related to the drug abuse problem.

Recognizing that solutions to drug abuse must be many-faceted, these funds have been used for a variety of programs designed to reduce both the demand for drugs and the supply. Below are outlined some of these programs:

Education and Training. The National Institute of Mental Health Office of Communications has conducted an extensive multi-media public information and education campaign since the spring of 1969. To date, more than 20 million pieces of literature have been distributed, and the nation's radio and television stations have cooperated in a massive public service advertising campaign which is still going on all over the country.

The White House Committee on Drug Abuse involved all agencies in the government concerned with the drug abuse problem in a cooperative effort. The first tangible result of the collaboration was the Federal Source Book: Answers to the Most Frequently Asked Questions About Drug Abuse. To date 1,500,000 copies have been distributed.

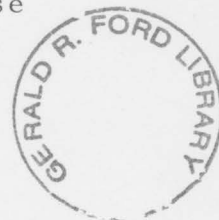
The National Institute of Mental Health is currently developing materials specifically for elementary school use. One is an animated film on drugs and the body, illustrating the risks and benefits of drugs, and the dangers of abuse. Printed material derived from the film includes a comic book, coloring book and posters. For secondary school students, NIMH is developing Single Concept Films on seven drug topics. These are the Drug Culture, Marihuana, Depressants, Stimulants, Volative Substances, Narcotics, and the Hallucinogens. Pamphlets based on each film will serve as reinforcement materials. Each film and pamphlet will constitute a work unit, and the entire package can serve as the core for a drug abuse curriculum.

Perhaps the most important development to date in the federal effort to combat drug abuse was President Nixon's announcement on March 11, 1970, of the formation of the National Clearinghouse for Drug Abuse Information. The Clearinghouse serves the public through three basic services: publications distribution; computer-based information storage and retrieval; and referrals.

The drug problem will not be controllable in the schools until teachers and parents have the proper skills and techniques enabling them to deal with the attitudes, values, life styles, and problems of youth. Educational personnel must receive the proper training if they are to develop these abilities. The United States Office of Education's National Drug Education Training Program is designed to provide the teacher, administrator, students, and others in the school/community with the necessary skills and techniques to deal with the causes of drug abuse, as well as the symptoms. Approximately 150,000 teachers and 75,000 students and community leaders will receive training under this program by June, 1971.

In Fiscal Year 1970, an acceleration of national training in drug abuse prevention, treatment and rehabilitation was initiated in four major areas:

1. Training of professionals and paraprofessionals working or planning to work in the drug field;
2. training of health and social service personnel to counsel drug abusers;
3. preparation of innovative training materials for teachers; and



4. development and dissemination of materials for practicing health professionals.

To help implement the teacher-training effort this coming year, the National Institute of Mental Health is producing a twelve-part television course complete with workbooks and manuals specifically designed to train teachers in this critical area.

By September 1971, a comprehensive drug abuse education and training course on film will be available for use with all professional groups. In addition, there will be broadcasts on Educational Television to reach those teachers unable to attend state-sponsored drug abuse training courses funded by the Office of Education.

The Office of Education has recently launched a program of funding college-based prevention programs. These are initiated by college students themselves and often afford the adjacent community services. The Office of Education is also experimenting with model community prevention programs. A National Action Committee composed of drug and educational experts will render technical assistance to these new programs.

Research. Federally-backed research in the areas of drug abuse is extensive and varied. Evaluations are being conducted on promising pharmacological and non-pharmacological (abstinence) treatment approaches for heroin addiction. Therapeutic treatment techniques for non-heroin teen-age drug users are being evaluated. New narcotic antagonists are being developed for heroin addiction.

The epidemiology primarily of heroin addiction and the psycho-social correlates of drug use will be studied.

Behavioral dependence potential in animals on amphetamines and barbiturates is being researched. The toxicology, pharmacology and biochemistry of amphetamines and barbiturates will also be examined. Methods of detecting LSD in humans are being explored as well as the genetic effects of LSD on humans.

Clinical studies on the effects of marihuana on perception, attention, driving, and social facilitation will be conducted. The long-term effects of marihuana use is being studied in Jamaica and Greece.





The genetic effects of marihuana will be researched. Marihuana materials are being cultivated and synthesized in order to insure accurate research. Pharmacological and biochemical research on marihuana is taking place.

In the field of opiates, clinical studies will be conducted on methadone. The behavioral, neuropharmacological and biochemical aspects of opiates will be researched.

Rehabilitation. The Federal Government is now funding most types of narcotic addict rehabilitation programs in an effort to find the most effective modalities for the various types of drug dependent persons.

By the end of Fiscal Year 1971, over 20,000 heroin addicts will receive treatment as a result of federally funded programs. The National Institute of Mental Health's Narcotic Addiction and Drug Abuse Community Treatment Grants fund 23 Narcotic Addict Community Treatment Centers in 21 cities (two each for New York and Philadelphia). The Office of Economic Opportunity funds 18 drug rehabilitation programs in 16 cities and two state programs, along with two Integrated Rehabilitation Manpower Training Centers in two additional cities. The Veterans Administration has set up five treatment centers of a planned 30 by Fiscal Year 1973. Under the Law Enforcement Assistance Administration Discretionary Grant Program, a variety of treatment programs are funded in nine states plus the District of Columbia, and 19 states are conducting treatment programs through Action Grants.

New Federal Legislation. On October 27, 1970, the President signed into law the Comprehensive Drug Abuse Prevention and Control Act of 1970. The law generally consolidates and revises all the various federal narcotic, marihuana, and dangerous drug laws, but also incorporates a number of innovative approaches to the problem of effective drug control.

The law contains a coordinated, codified system of drug control whereby all controlled substances are classified into five schedules. Streamlined procedures are established to enable the Attorney General to alter the degree of regulatory control imposed over a drug, and in some instances alter the severity of a penalty imposed for an offense involving a particular drug.

New regulatory controls are imposed over the legitimate manufacturers, distributors, importers, exporters, and dispensers of controlled substances.

The law incorporates a new penalty structure which distinguishes between the various types of drug offenders and prescribes penalties accordingly. With one exception, the law contains no minimum mandatory penalties. Trafficking offenses are graded according to the schedule in which the drug involved is listed and whether the drug is narcotic or non-narcotic. Simple possession for one's own use is a misdemeanor with special provisions for first offender treatment. Special offenses and sentencing procedures are also established to insure that organized professional drug traffickers receive stiff, mandatory minimum sentences.

The law also gives new statutory tools to federal narcotic and dangerous drug law enforcement personnel designed to aid in the apprehension and prosecution of drug traffickers such as subpoena powers, and administrative inspection warrants.

The law further calls for the establishment of a Presidential Commission on Marihuana and Drug Abuse to conduct studies into the various aspects of marihuana use and drug abuse and to make reports to the President and the Congress at specified times.

International Cooperation. During the past two years, the United States has made extensive efforts to negotiate bi-lateral and international treaties and agreements in order to stem the flow of dangerous drugs into the United States. Precipitous actions of our government can lead to tensions which might be counter-productive to our goal of stopping international trafficking in illicit drugs. There is growing international cooperation.

(1) Mexico. A recent example of this is the collaboration between Mexico and the United States to suppress the production of illicit narcotics, marihuana, and other dangerous drugs and their smuggling over our common border. The United States has provided aircraft and other equipment for this purpose and our agents are operating in Mexico in cooperation with Mexican Police.

A joint Mexico-United States working group has been engaged for over a year in developing joint enforcement programs to suppress the illicit drug traffic on the North American continent. This group has developed several action programs to combat smuggling of drugs across the border. The Government of Mexico has eradicated large quantities of marihuana



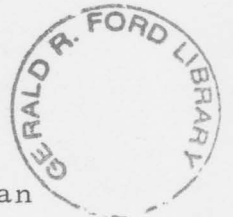
and opium plants and has seized additional quantities of drugs on their way to the United States. No other foreign government has shown as much determination and effort to wipe out illicit drug traffic. The Administration is also satisfied that they are diligently working on other related problems such as corruption among police.

(2) France. On February 20, 1971, the Attorney General and the French Minister of the Interior signed an agreement between the French Judiciary Police and the United States Bureau of Narcotics and Dangerous Drugs for the coordination of the activities of the two governments against the illicit drug traffic emanating from France. The agreement is the culmination of the increasing Franco-American cooperation in this field during the past year and provides a comprehensive basis for joint action.

Under the arrangements formalized by this agreement, which will span a period of five years and is renewable thereafter from year to year, the French and American services will continue to exchange information and conduct joint investigations. Agents in the U. S. Bureau of Narcotics and Dangerous Drugs are now stationed in Paris and Marseilles (as they are also stationed in 16 other foreign countries) and two agents of the French Judiciary Police are stationed in New York City. The agreement provides for future increases in personnel as needed. Each service places at the disposal of the other technical assistance and specialized equipment for use in investigations in which there is a common interest. Last year, the United States and French services conducted a joint training program for French narcotic agents in Paris, Lyons, and Marseilles.

A Franco-American Intergovernmental Committee on Drug Control has been meeting periodically (about every three months) to review these cooperative arrangements and to improve them. Canadian representatives from the Royal Mounted Police have also participated in the work of the Committee since November 1970. During and between meetings of the Intergovernmental Committee, working groups meet to exchange information on cases under investigation, to present progress reports, and to consider specific ways in which the services may assist each other.

The primary objective of this Franco-American-Canadian cooperative effort is the interception of raw materials illegally introduced into France for conversion into heroin, the closing of these heroin laboratories in southern France, and the interception of the illicit heroin traffic from France to North America. Since mid-1970, France has



undertaken to increase substantially manpower and resources devoted to fighting the narcotics traffic. Fifty additional agents have been assigned to southern France alone.

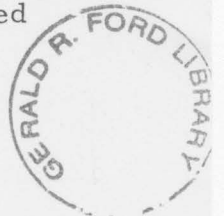
(3) Turkey. Turkey was granted a \$3,000,000 AID loan in 1969 to assist in reducing Turkish opium production and diversion. This loan has already been used to equip and train one-half of a 700-man Turkish narcotics unit (equally supported by the Turkish National Police and Jandarma). These funds will also be used to purchase necessary equipment to support other Turkish personnel responsible for the government's opium collection efforts. All of these programs have BNDD assistance. The new Turkish Government has publicly declared its intention to pursue a policy leading to the elimination of opium production.

(4) United Nations Activities. The United States recently initiated a resolution in the U.N. Commission on Narcotic Drugs, later co-sponsored by Turkey, India, Sweden, Brazil, the Federal Republic of Germany, Ghana, Iran, and Pakistan, which eventually resulted in the establishment of a Special United Nations Fund for Drug Abuse Control in March, 1971.

The Fund is to be used by the U.N.: (1) to plan and implement programs of technical assistance in pilot projects for crop substitution purposes, (2) to establish and improve national drug control administrations and enforcement machinery, and the training of personnel, and (3) to set up or expand research and training centers which could serve national or regional needs. Special educational and rehabilitation programs will also be designed and developed by the Fund.

To initiate the Special Fund, the United States has pledged a \$2 million contribution. The Federal Republic of Germany has pledged one million marks. India, though not in a position to contribute financially, has offered personnel. Other countries have indicated they are considering financial contributions. It is hoped that private individuals and organizations will also contribute.

(5) The Single Convention. The United States has also recently submitted amendments to strengthen the Single Convention on Narcotic Drugs of 1961. The Single Convention provides essentially voluntary restraints with respect to cultivation of the opium poppy, production of opium, manufacture of opium-derived drugs, and import and export of these substances. The United States proposes that the international control system obtain new



enforcement authority to control production and illegal traffic of narcotic drugs. In particular, we are seeking to strengthen the International Narcotics Control Board. This Board has demonstrated its ability to act impartially in seeking to restrict narcotics activity to medical and scientific requirements. It is our hope that these amendments will be considered at a plenipotentiary conference early next year.

(6) International Training. Finally, the Justice Department has become increasingly involved in the training of foreign police officials. The Bureau of Narcotics and Dangerous Drugs provides specialized training programs to nations who request them and actively promotes training programs in countries where such expertise is lacking. Training programs have been conducted in France, Germany, and Luxembourg and assistance has been given to Australia. Further schools for foreign officials will be conducted in Washington, D. C.; Mexico City, Mexico; and Alberta, Canada within the next month. In addition, foreign police officials participate in BNDD's Two-Week Law Enforcement School on a continuing basis. In 1970, 209 foreign officials from 24 nations attended this School.



B. COMMUNITY AND HUMAN DEVELOPMENT

3. THE DRUG CRISIS

Black Caucus Recommendation #2

Statement of Recommendation: We recommend that funds be made available to every major city for the establishment of ambulatory detoxification and rehabilitation centers. Federal financial support should likewise be extended to reinforce the local initiatives developed in many communities to address this problem.

Response: This Administration recognizes the high priority which must be given to aiding the victims of drug addiction in our major cities, and has committed very substantial resources to this effort. The 1972 Budget contains \$88 million for drug abuse treatment and rehabilitation programs.

Almost every major city in the Nation receives Federal support for its drug abuse programs. At present, no single treatment or rehabilitation program has been shown to be completely effective. The Administration continues to support research and evaluation with the aim of developing effective treatment and rehabilitation methods. Detoxification is one such method. The 1972 budget provides \$19.1 million for drug research and evaluation activities.

In addition to the sums already mentioned, the 1972 budget contains \$5.2 million for drug-related training activities and over \$10 million for drug abuse education. All in all, the budget provides \$123.2 million for drug abuse and addiction programs, as well as \$78.5 million for law enforcement efforts related to drug abuse.



B. COMMUNITY AND HUMAN DEVELOPMENT

3. THE DRUG CRISES

Black Caucus Recommendation #3



Statement of Recommendation: Amphetamine abuse programs, beginning with Food and Drug Administration restraints on present overproduction and overuse, should be upgraded substantially. Special emphasis should be given cooperatively by the FDA and the Office of Education to restraint of the application of amphetamine drugs to control school children. We are concerned about the danger that such drugs might be given to children not adequately diagnosed as hyperkinetic.

Response: The control of amphetamines and other dangerous drugs was greatly improved by the recent passage of the Comprehensive Drug Abuse Prevention and Control Act of 1970, which became fully effective on May 1, 1971. This new law replaces the previous legislation in this field, bringing all narcotic and dangerous drugs within a single regulatory system.

The new Act imposes stricter controls over the legitimate production and distribution of these substances. Currently, most of the amphetamines are listed in Schedule III of the control system of the Act. Strict recordkeeping requirements, security precautions, and import and export declaration procedures are imposed in order to establish a start-to-finish monitoring system over their distribution.

In addition, the Department of Justice, with the concurrence of the Department of HEW, reclassifying the bulk of amphetamines within Schedule II of the Act. Assuming this rescheduling is completed in the near future, quotas will be imposed to curtail overproduction, order forms will be required for distribution to stop diversion from legitimate channels, specific import and export authorization will be required, and special prescription requirements will be imposed.

The Food and Drug Administration is currently studying the labeling requirements for amphetamines with respect to their use by hyperkinetic children. FDA is considering a label statement about careful diagnosis of the disease and use of caution in administering the drug.

B. COMMUNITY AND URBAN DEVELOPMENT

3. THE DRUG CRISIS

Black Caucus Recommendation #4



Statement of Recommendation: Substantial Federal funds should be made available to study the long-range social and physiological effect of the broad use of methadone as an alternative to heroin addiction. The Food and Drug Administration of the Department of Health, Education, and Welfare should take the initiative in establishing safeguards which will eliminate the careless, and often unsupervised, dispensing of methadone.

Response: There are presently in existence approximately 275 active Investigational New Drug Applications (INDs) for the use of methadone. These represent proposed programs designed to treat heroin addicts by maintaining them on regular oral doses of methadone which are believed to block the desire for heroin.

In recognition of the acceptance of methadone on an investigational basis in alleviating problems associated with heroin addiction, the Food and Drug Administration and the Bureau of Narcotics and Dangerous Drugs jointly issued methadone maintenance regulations effective April 2, 1971. These set forth the medical standards and the physical safeguards which must be maintained in the operation of an approved methadone maintenance program. The regulations have been designed to sanction and encourage responsible research while eliminating the possibility of diversion into illicit channels.

Inasmuch as methadone is an addictive narcotic, it is considered essential that all methadone maintenance programs be adequately monitored to prevent diversion. The Bureau of Narcotics and Dangerous Drugs is now in the process of initiating scheduled inspections of all methadone maintenance programs to insure the adequacy of security safeguards required under the recently published regulations. The implementation of an inspectional program under the new regulations will minimize the possibility of the diversion of methadone into the illicit market.

The Department of HEW is firmly committed to careful studies of methadone as a treatment for narcotic addiction. Initial results

indicate that methadone is a safe and efficacious treatment for some types of heroin addicts. Through the National Institute of Mental Health, the Department is supporting a number of studies designed to evaluate the effectiveness of methadone maintenance treatment programs and to study its clinical and physiological effects. Evaluation of methadone maintenance is currently being carried out in more than a dozen community-based treatment programs and in several aftercare programs for civilly committed patients under the Narcotic Addict Rehabilitation Act. Since the patient populations in these two groups differ in important respects, these studies should be helpful in identifying the clinical effects of the drug in different populations and in identifying those groups of narcotic addicts who benefit from methadone maintenance treatment. In FY 1971 approximately \$400,000 has been committed to studies of the physiological effects of methadone.



B. COMMUNITY AND HUMAN DEVELOPMENT

3. THE DRUG CRISIS

Black Caucus Recommendation #5



Statement of Recommendation: Since organized crime is the principal distributing mechanism of hard narcotics, we urge that Justice Department manpower for investigation and prosecution in that area be substantially increased.

Response: The Justice Department's Bureau of Narcotics and Dangerous Drugs (BNDD) has made significant strides toward mounting a complete attack on all fronts against criminal drug trafficking. BNDD devised an approach to strike at the heart of the drug traffic which ultimately led to the identification of ten major systems of distribution comprised of approximately 1400 persons. These ten systems were believed to be capable of supplying about 80% of the heroin and 90% of the cocaine in the United States. As a result of Operations Eagle and Flanker, conducted by BNDD to destroy the drug distribution system, approximately 600 -- or 41% -- of the 1400 individuals associated with these systems have been immobilized and huge quantities of drugs, money, vehicles and weapons impounded.

It has become increasingly apparent that to accomplish the identified workload, more manpower is needed. In Fiscal Year 1970, the Bureau of Narcotics and Dangerous Drugs' and Bureau of Customs' combined manpower was 1626 agents. In Fiscal Year 1971, the combined forces of BNDD and Customs rose to 2134 agents. Fiscal Year 1972 total agent requests will be 2294.

BNDD has been recruiting, hiring, and training new agent personnel as fast as the agency can effectively assimilate them. About 46% of the agents are engaged in numerous programs that include scientific research and prevention, drug detection and identification procedures, laboratory services, public information, and marijuana eradication. The rest are utilized for criminal enforcement dealing primarily with narcotics.

B. COMMUNITY AND HUMAN DEVELOPMENT

3. THE DRUG CRISIS

Black Caucus Recommendation #6



Statement of Recommendation: A cabinet level task force on drug abuse should be appointed, with broad representation, including the Justice Department, the Department of State, HEW and other Federal agencies relevant to this problem. This task force should be mandated to design a government-wide action strategy for eliminating drug abuse. A task force report should be made public, and implementation begun within six months.

Response: In January of this year a Federal Drug Abuse Prevention Coordinating Committee was established under Title I of the Comprehensive Drug Abuse Prevention and Control Act of 1970 to coordinate the efforts of Federal agencies with drug abuse programs. The Committee includes representatives of the Departments of Health, Education, and Welfare, Defense, and Justice, and the Office of Economic Opportunity. The Committee is examining all aspects of drug abuse education programming and professional and paraprofessional training. The Comprehensive Drug Abuse Prevention and Control Act of 1970 also established a Commission on Marijuana and Drug Abuse which will explore the broad spectrum of issues related to drug dependency.

In recent months a cabinet-level task force on drug abuse has been created as a committee of the Domestic Council consisting of the Attorney General, the Secretary of HEW, and the Director of the Office of Economic Opportunity. This committee prepared a Domestic Council Decision Paper on the non-law enforcement aspects of the drug abuse problem which was recently submitted to the President. Decisions resulting from this intensive study involve a new strategy for combatting drug abuse, to be announced shortly.

C. CRIMINAL JUSTICE AND CIVIL RIGHTS

1. CRIMINAL JUSTICE

Black Caucus Recommendation #1



Statement of Recommendation: We urge that the President and the Attorney General direct the Law Enforcement Assistance Administration (LEAA) to do the following: (1) support law reform and basic changes in the present system rather than the excessive purchase of weapons and equipment; (2) to insure adequate minority and community representation on planning boards at all levels; (3) to guarantee vigorous Title VI enforcement in regard to grantees; and (4) to make certain that urban areas, particularly inner city communities are assisted in developing effective and fair criminal justice systems.

Response: (1) The Law Enforcement Assistance Administration (LEAA) has fostered the broadest program of criminal justice reforms and improvements in the Nation's history. In the past two and one-half years, a nationwide crime control program has become a reality, embracing every aspect of the criminal justice system in every state.

The LEAA has provided large-scale financial and technical assistance to improve and reform police, courts, corrections, probation and parole. In addition, special emphasis has been placed on such efforts as prevention and control of juvenile delinquency, prevention and control of organized crime, prevention and control of riots and civil disorders, prevention and control of narcotics and drug abuse, and enhanced police-community relations.

Certainly, a substantial amount of LEAA financial assistance has gone to police, for police constitute a large part of the nation's criminal justice system. Of funds for police projects, substantial amounts have gone for such things as enhanced training and modern communications equipment. But the preponderance of LEAA funds have not been used to purchase police equipment.

The bulk of LEAA funds are awarded in block grants to the states. In fiscal 1969, LEAA's first year, the \$25 million in block grants was distributed this way: 79 percent for police, eight percent for corrections, five percent for courts. In fiscal 1970, when the block grants totaled \$182,750,000 the pattern began to shift sharply. Only 51 percent of the funds went for police projects; the share for corrections climbed to



27 percent, and for courts to seven percent. On the basis of state plans submitted for fiscal 1971, the \$340 million in block funds this year will be distributed this way: 42 percent for police, 32 percent for corrections, and 12 percent for courts.

The trend in LEAA grants reflects a determined effort by LEAA to bring greater resources to bear on the problems of courts and correctional systems. Even greater emphasis will be placed on correction as the new Part E of the Safe Streets Act is implemented. This provision was proposed by the Administration and authorizes broad new correctional improvements and programs. LEAA budgeted \$50 million for this program in 1971 and \$97 million in 1972.

(2) The development of an effective national program to reduce crime and promote criminal justice requires minority, urban, and community-level representation on the planning agencies charged with responsibility for creating programs using LEAA funds. Jerris Leonard, formerly Assistant Attorney General in charge of the Civil Rights Division and now Administrator of LEAA, has made it clear that he intends to use the legal powers and moral suasion available to him to bring about such representation. He feels that significant progress cannot be made in attaching the root causes of crime if the minorities of this nation do not participate in decisions about the use of LEAA funds at the State and local level.

Legally, urban and community-level representation is authorized by section 203(a) of LEAA's enabling legislation, the Omnibus Crime Control and Safe Streets Act of 1968, as amended. As a first order of business, the congressional mandate will be swiftly and effectively carried out.

(3) Under Mr. Leonard's direction and guidance, the entire civil rights effort at LEAA is being reorganized. A separate Office of Civil Rights Compliance has been established, answerable directly to the Administrator. LEAA will move immediately to fill several new civil rights investigator positions.

Additional steps are being taken to assure compliance with Title VI of the Civil Rights Act by LEAA's grantees and contractors. Periodic reviews of the compliance status of LEAA's recipients will be carried out by LEAA's Audit and Inspection staff under priorities set by the Office of Civil Rights Compliance. LEAA's Audit and Inspection staff is now receiving civil rights training. LEAA's program and regional staffs are to be fully instructed in their civil rights responsibilities, and given regular tasks which directly relate to the implementation of

the compliance effort. Further, all recipients of LEAA funds will be required to file periodic reports showing compliance with Federal civil rights laws, regulations, and Executive Orders. Investigations will be undertaken by the professional staff of the Office of Civil Rights Compliance whenever a complaint, periodically filed compliance report, or an on-site review indicates that an investigation would be useful.

It is noteworthy that last year the Attorney General issued regulations which prohibit discrimination in employment on the grounds of race, color, creed or national origin by law enforcement agencies and other State and local Government agencies whose programs are funded by LEAA.

(4) Urban areas were assured adequate funds for development of criminal justice systems by recent amendments to the Omnibus Crime Control and Safe Streets Act of 1968. One amendment provides that LEAA may not approve a State comprehensive plan for use of LEAA funds unless the plan provides for adequate assistance to areas characterized by high crime incidence and high law enforcement activity. In many instances, these will be inner-city urban areas. A second amendment authorizes city representation on regional planning council, which will help assure that such councils fairly address the special crime problems of large cities. A third amendment authorizes use of block grant funds for establishment and operation of criminal justice coordinating councils in cities of 250,000 or more. These provisions will assure that urban areas, particularly inner-city communities, are given significant roles in determining priorities for expenditure of LEAA funds and in developing and implementing programs and projects designed to meet the special needs of the cities.



C. JUSTICE AND CIVIL RIGHTS

1. CRIMINAL JUSTICE

Black Caucus Recommendation #2



Statement of Recommendation: We urge you, Mr. President, to appoint black Federal judges and other legal officials, including U. S. Attorneys, U. S. Marshals, Federal correctional officials, and other Justice Department employees in every region of the country. We note with considerable concern that you have appointed only one black judge outside the District of Columbia. We feel it is especially important that black Federal judges be appointed in the South.

Response: In two years and three months of office, President Nixon has appointed eleven black judges; two await confirmation by the Senate. This is 10% of the 115 judges the President has appointed so far.

Among the U. S. Attorneys, appointed by the President and confirmed by the Senate, three are members of various minority groups. The President and the Attorney General wish to have a highly qualified corps of U. S. Attorneys more broadly representative of the people of the nation, and special recruitment efforts will be undertaken with the aim of reaching this objective.

There are 93 U. S. Marshals. Seven of the 93 are black. The staffs of these 93 Marshals (including some 1,350 Deputy Marshals 200 of whom are black) are under Civil Service. The Department of Justice with the concurrence of the President is proposing legislation to put the 93 principal Marshals under civil service also. As is clear from the Administration's response to a related Black Caucus Recommendation (A-1-4), it is already the policy of the Civil Service Commission to make the civil service broadly representative of the people it serves and goals and timetables to this end are considered a legitimate management tool to spur this accomplishment.

C. CRIMINAL JUSTICE AND CIVIL RIGHTS

1. CRIMINAL JUSTICE

Black Caucus Recommendation #3



Statement of Recommendation: We are disturbed that although some of its provisions clearly impinge on the constitutional rights of suspects and defendants, the D.C. Court Reform and Criminal Procedure Act of 1970 has been advertised as a model for the Nation. Such other laws with similarly constitutionally odious provisions are the Organized Crime Control Act of 1970 and the Comprehensive Drug Abuse Prevention and Control Act of 1970. None of these ought to be so advertised as models, and we strongly urge that the Administration sponsor legislation to repeal such sections of those acts as the "no-knock" and preventive detention provisions as inimical to the interests of a free society.

Response: The following discussion focuses on specific provisions of the three statutes mentioned in the recommendation. Since the relevant provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970 are also contained in either the District of Columbia Court Reform and Criminal Procedure Act of 1970 or the Organized Crime Control Act of 1970, those provisions and the reasons for the Administration's full support of them will be discussed in the context of the latter two acts.

A. District of Columbia Court Reform and Criminal Procedure Act of 1970. The District of Columbia Court Reform and Criminal Procedure Act of 1970 is a comprehensive piece of legislation directed at reorganizing the courts and modernizing justice in the District of Columbia. The Attorney General recently stated the Administration's view of the Act as follows:

"We have never said that all these provisions should be adopted in the States. We have suggested that the law is a model for others in the sense that it moves boldly and imaginatively to correct fundamental problems in a specific jurisdiction -- a model of legislative action based on one jurisdiction's careful self-analysis and desire for reform." (20 American Univ. L. Rev. xvii, Dec.-Mar. 1970-71.)

1. Pretrial detention provisions. The pretrial detention section of the Act grants courts discretion to detain certain dangerous, noncapital defendants for 60 days prior to trial. Detention can be ordered only after a court hearing in which the Government demonstrates that "no combination of conditions of release" will reasonably assure the safety of the community and shows as a matter of "substantial probability" that the defendant has committed the crime with which he is charged. A detained defendant has a right to expedited appeal.

The need for a pretrial detention law in the District of Columbia was urgent. During the three years immediately following the enactment of the Bail Reform Act of 1966, which required the release of non-capital defendants prior to trial no matter how dangerous, the number of robberies committed in the District more than tripled; burglaries and forcible rape more than doubled. The rate of increase of crime from fiscal 1967 to fiscal 1968 in the District of Columbia, the only city in the United States exclusively governed by the Bail Reform Act of 1966, was more than double the national rate for cities of comparable size. Though not all this increase was attributable to defendants on bail, several studies demonstrated an abnormally high re-arrest rate of defendants released prior to trial, a rate which in view of the ten percent ratio of arrests to crimes doubtless underrepresented substantially the incidence of crime by those on bail.



An equally important reason for the pretrial detention provision stemmed from the practice of judges, notwithstanding the Bail Reform Act of 1966, to seek to detain dangerous defendants by setting high money bonds. Detention should occur only after an open hearing on the record, with a right to review, in which the issue of dangerousness is confronted openly and honestly and in which rich and poor are treated alike. Detention should not be restricted to those who lack sufficient funds to buy their way out.

The question whether Congress may constitutionally provide for denial of bail to persons arrested pursuant to Federal law was before the Supreme Court in Carlson v. Landon, 342 U.S. 524 (1952), and the Court ruled that the Eighth Amendment does not require bail in all cases but merely that bail shall not be excessive in cases where it may be granted. Of course, Federal law since 1789 has authorized pretrial detention of defendants charged with capital crimes, a practice which has never been held to violate the Constitution.

2. "No-knock" entry provisions. The Act specifies that law enforcement officers entering homes to execute warrants or make arrests ordinarily must announce their identity and purpose, but permits entry without announcement in four exceptional situations. The two most important are when there is probable cause to believe an officer's announcement would either endanger his life or cause evidence to be destroyed. In all cases, the Act requires that an officer obtain prior judicial approval if he has advance knowledge of the circumstances justifying entry without notice.

B. Organized Crime Control Act of 1970. The provisions of this Act deemed objectionable apparently are those requiring witnesses to testify if granted immunity from prosecution; making refusal thus to testify punishable by civil contempt; denying bail on appeal from such a civil contempt order if the appeal is frivolous or taken for delay; and permitting increased sentences for dangerous special offenders.

The Supreme Court long has held that a witness may constitutionally be compelled by a court to testify if he is accorded alternative protection commensurate with his Fifth Amendment privilege; e.g., Brown v. Walker, 161 U.S. 591 (1895); Ullman v. United States, 350 U.S. 422 (1955). The immunity provisions of the Organized Crime Control Act of 1970 guarantee this by assuring a witness fearful of self-incrimination that his position after being compelled to testify will be the same as if he had never testified -- the Government cannot use his testimony against him in any way, nor can it use against him any evidence discovered through leads supplied by his testimony. The new Act differs from an earlier practice of legislating unnecessarily broad, blanket immunity against prosecution, but this approach was taken only after a series of Supreme Court opinions supporting its constitutionality (e.g., Murphy v. Waterfront Commission, 378 U.S. 52 (1954); Marchetti v. United States, 390 U.S. 39 (1968)); an affirmative recommendation of the National Commission on Reform of Federal Criminal Laws; an endorsement by the Judicial Conference of the United States; the upholding of the concept by the highest courts of the States of New York, California, and New Jersey; and careful consideration of the issue by Congress. Since then, the constitutionality of the immunity provisions has been upheld by the only Federal appellate court presented with the issue (Stewart v. United States, C.A. 9th, decided March 29, 1971), and will soon be determined with finality by the United States Supreme Court.



1. Civil contempt provisions. The law historically has permitted trial of civil contempt by a judge without a jury. The Act does not change the law in this regard.

A witness jailed for contemptuously refusing to testify under a grant of immunity can be denied bail under the Act only if the appeal is frivolous or taken for delay. If bail is denied, the Act commands that any appeal be disposed of within thirty days of its filing. Even if he loses on appeal, the witness can be confined at most for 18 months, a lesser period than under previous law.

2. Dangerous special offender provisions. The Act permits courts to impose increased sentences upon "dangerous special offenders." As defined in the Act, a dangerous special offender is a defendant who either (1) has been convicted of a felony committed when he was an adult and has recently been convicted of at least two other, separate, serious crimes; (2) perpetrated the felony for which he is being sentenced as part of a pattern of criminal conduct from which he derived a substantial part of his income; or (3) committed the felony for which he is being sentenced as part of a criminal conspiracy in which he played a leading role.

Criminal statutes ordinarily allow judges considerable leeway in imposing sentences, it being up to the legislature to set the maximum and minimum penalties for particular crimes. The "dangerous special offender" provisions simply give courts more discretion than usual. It should be emphasized that contrary to the situation in ordinary cases elaborate additional safeguards are established for the defendant's protection; that any sentence given a "dangerous special offender" must be proportionate to that ordinarily available; and that the Act states specifically that it does not prescribe any mandatory minimum penalty.



C. CRIMINAL JUSTICE AND CIVIL RIGHTS

2. CIVIL RIGHTS

Black Caucus Recommendation #1

Statement of Recommendation: We call for the full implementation of the 1970 Report of the U. S. Commission on Civil Rights, and request that the findings derived from the White House inquiries of the 26 Federal agencies be shared with the Black Caucus as well as with the U. S. Commission on Civil Rights.

Response: The steps taken by the Administration to implement the Civil Rights Commission Report are set forth in the Administration's April 1971 responses to the Commission's follow-up questionnaires. These responses are now in the public domain.

Among the Administration steps which were identified in the responses to the Civil Rights Commission were the following:

(a) The White House established a Domestic Council Committee on Civil Rights Policy.

(b) The Office of Management and Budget strengthened its civil rights review capability. The Director has issued a special Memorandum specifying nine steps OMB is to take and allocating responsibility for each of them. A sentence from that Memorandum reads: "It is necessary to build into OMB's institutional processes an ongoing concern with civil rights, so that this concern becomes a part and parcel of the regular activity of the agency."

(c) The Department of Agriculture is taking steps to increase minority personnel appointment to the Agricultural Conservation and Stabilization Service and Farmers Home Administration county and state positions.

(d) The Department of Justice is strengthening the Title VI review of LEAA programs and to strengthen its own Title VI effort.

(e) The Civil Service Commission has indorsed the use minority hiring goals and timetables, within the merit system, as a management tool in working with agencies.



(f) The GSA is including among its criteria for site selection for federal buildings consideration of the supply of low bad moderate income housing available on a nondiscriminatory basis.

(g) The SEC is considering amending its rules to require businesses issuing stock to disclose in their registration statements information on pending civil rights legal proceedings, as "material" to those statements.

(h) The CAB will accelerate the issuance of a draft notice of rule-making on the Board's power to regulate air carriers' equal employment practices.

The 1972 budget is another measure of the Administration's determination to pursue civil rights enforcement diligently: in FY 1968 outlays for civil rights programs totalled \$64 million; in 1969, \$75 million; in FY 1970 \$94 million; in FY 1971 \$114 million; and in FY 1972 \$141 million. Including the funds requested for the Administration's Emergency School Aid Act, the figure for FY 1971 is \$236 million and for FY 1972 \$456 million.



C. CRIMINAL JUSTICE AND CIVIL RIGHTS

2. CIVIL RIGHTS

Black Caucus Recommendation #2

Statement of Recommendation: We urge you, Mr. President, to instruct the Attorney General to move promptly to investigate and take corrective action on efforts to disenfranchise blacks and other minorities in the South and South-west -- especially in thirty-three counties in Mississippi. In addition, we urge that you instruct the Attorney General to take prompt and decisive action to investigate and take remedial action concerning allegations of vote fraud in Gary, Indiana, and that similar action be taken wherever attempts are made to disadvantage and disenfranchise minority voters.

Response: According to information obtained by the Department of Justice, a total of 34 counties in Mississippi have undertaken or are planning to undertake the reregistration of voters. These reregistrations are based upon reapportionment of voting districts within the respective counties.

The reregistration process is subject to the review requirements of section 5 of the Voting Rights Act. Approximately half of the re-registration plans have been submitted to the Attorney General for his review pursuant to section 5, as of May 7, 1971, and steps have been taken to seek out and have submitted for section 5 review all the plans for reregistration by political subdivisions in Mississippi. The Department of Justice will take whatever further action is necessary to insure compliance with the Voting Rights Act and protection of Fifteenth Amendment rights.

The Department of Justice has sent several groups of its officials to Mississippi to consult with leaders in the 34 counties in question and in other counties. Local black leaders are included in these consultations.

With respect generally to the implementation of Section 5, procedural guidelines, including a provision as to the standard for objection by the Attorney General, are now undergoing review in the Department of Justice. The guidelines have not yet received final approval.

As of May 7, 1971, the Department of Justice had received a total of 1,050 submissions from States and political subdivisions subject to Section 5. The majority of the submitted laws were determined not to be objectionable. Objections were made with respect to 29 of these



submissions. For example, on May 7, 1971, the Attorney General objected to certain aspects of redistricting of the Virginia Senate and House of Delegates and to the voting change effected by an annexation to the City of Richmond, Virginia.

With respect to the recent primary election in Gary, Indiana, Civil Rights Division personnel were present, for investigation purposes before, during, and after the election. The investigation did not reveal sufficient evidence to warrant the bringing of a judicial action.



C. CRIMINAL JUSTICE AND CIVIL RIGHTS

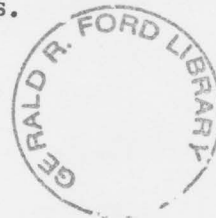
2. CIVIL RIGHTS

Black Caucus Recommendation #3

Statement of Recommendation: We recommend that you instruct the Office of Management and Budget to establish an adequately staffed division on civil rights with properly trained persons, which would monitor every department and agency to insure that all civil rights legislation and executive policies are implemented. Further, this agency should issue periodic reports of its findings.

Response: The Administration is in full agreement with the objective of this recommendation: that OMB use its powers specifically and forcefully to promote civil rights. Various ways of achieving it, including establishment of a civil rights division in OMB, have been carefully considered, and an alternative approach adopted.

Under this approach, all major units of OMB have been assigned specific tasks designed to assure that civil rights considerations become an integral part of their activities. Among these tasks are the following: (1) revision of basic documents governing OMB's budget and legislative clearance processes, to reflect a specific concern for civil rights; (2) institution of a program to inform OMB staff about the civil rights responsibilities of government agencies whose activities they oversee; (3) inclusion of civil rights considerations in choosing issues for special, early, and continuous attention in the budget process, beginning with the Spring Budget Previews; (4) inclusion of civil rights issues among those given "cross-cutting" treatment in the budget process -- that is, government-wide review cutting across agency lines; (5) review and improvement of federal civil rights data collection; and (6) special budget analysis on federal civil rights activities, in the form of a yearly report. The General Government Programs Division has a special staff to monitor and review the overall OMB civil rights effort on behalf of the Director. This approach was considered preferable to creation of a distinct civil rights unit because it will assure that civil rights concerns are not isolated but become an integral part of OMB's regular activities.



C. JUSTICE AND CIVIL RIGHTS

3. VETERANS' AFFAIRS

Black Caucus Recommendation #1

Statement of Recommendation: We recommend, Mr. President, that you direct the Departments of Defense, Justice, and State -- assisted by selected members of the bar, including minority representatives -- to investigate the quality of justice meted out to black and other minority servicemen. The investigation should also examine the conditions under which blacks and other minority servicemen are incarcerated in military prisons here and abroad.

Response: The Administration is undertaking the study recommended by the Black Caucus, which will build upon several studies already completed. In January 1970, the Department of Defense undertook a study of the reasons underlying the disproportionate number of blacks punished under military justice. In April 1971, an independent review of military justice in Europe, conducted under the auspices of the NAACP, was presented to the Secretary of Defense for his review and consideration. Both studies concluded that penalties for like offenses under the military justice system are equal as between blacks and whites, but that a higher proportion of blacks are subjected both to non-judicial (Article 15) punishment and to court-martials. The new study will be broader in scope and will give emphasis to the part of the system that operates prior to the bringing of charges.



C. JUSTICE AND CIVIL RIGHTS

3. VETERANS' AFFAIRS

Black Caucus Recommendation #2

Statement of Recommendation: We urge the Administration to recommend and support legislation to establish a Civil Rights Division within the Department of Defense and to prescribe by law the personnel, funding, and procedures for handling racial discrimination complaints for military personnel.

Response: The Department of Defense now has a civil rights division headed by a Deputy Assistant Secretary, Mr. Frank Render. A review will be made to determine if more people are needed in the area of equal opportunity in the Department of Defense.

In July 1970, the Secretary of Defense established fixed responsibilities for civil rights matters throughout the Department. Operating through this structure, the Secretary of Defense has issued directives which place the Department of Defense in the forefront of the Executive Departments in achieving equal opportunity. For example, the Department of Defense was the first Executive Department to establish numerical goals and timetables for employment and promotion. This policy applies to both civilians and military organizations. The results are evident, for instance, in the increase in the number of General and Flag rank black officers from two in July 1970 to six in May 1971.

Operating through this structure, the Secretary of Defense recently established a DOD Race Relations Institute, with the objective of educating all DOD personnel about equal opportunity policies and increasing the sensitivity of all personnel to the importance of good race relations. Experience to date in DOD indicates that solutions to race relations problems do not lie in formation of specialized cadres but in commitment of all supervisory and command personnel to the objectives of DOD's equal opportunity policies.



C. JUSTICE AND CIVIL RIGHTS

4. DISTRICT OF COLUMBIA

Black Caucus Recommendation #1

Statement of Recommendation: We urge you, Mr. President, to lend the vigorous support of your Administration to legislation providing for (1) full Congressional voting representation for the District of Columbia; (2) Home Rule for the District, including an elected Mayor and City Council; (3) a just and adequate automatic Federal payment formula to provide revenues necessary to make the District of Columbia a model for the nation.

Response: The President's April 7 Message on the District of Columbia reaffirmed the Administration's commitment to strengthen the city government's hand in managing its own affairs more effectively. The message supported a Constitutional amendment granting to the District at least one full voting representative in the House of Representatives, plus such additional representation in one or both houses as the Congress may approve. The message proposed legislation to add six months to the life of the Commission on the Organization of the Government of the District of Columbia so that the Commission may prepare a report stating its views on the subject of expanded self-government for the District. The President also indicated the Administration's willingness to consider other proposals, including electoral reform, to strengthen local government in the Nation's Capital.

This Administration, like previous Administrations, has proposed legislation to establish the annual Federal payment to the District of Columbia at 30% of District revenues. This formula has consistently been rejected by the Congress. The President's Fiscal Year 1972 budget does request a Federal payment to the District of \$153 million, a 21% increase over the currently authorized level.



D. FOREIGN POLICY

Black Caucus Recommendation #1

Statement of Recommendation: We call upon you to effect disengagement from Southeast Asia as soon as possible, preferably by the end of 1971, and definitely within the life of the 92nd Congress.

Response: The President has repeatedly stated his commitment to withdraw all U.S. forces as part of an overall settlement. For example, his October 7, 1970, speech offered this along with an immediate ceasefire-in-place throughout Indochina and the release of all prisoners held by both sides. We prefer a negotiated end to the war for all participants so that the fighting stops for the Vietnamese and others as well as ourselves.

Given the other side's refusal to date to negotiate such a settlement, the President has made clear the alternative course -- disengaging from Vietnam in a way which gives the South Vietnamese a chance to determine their own future. The progress under this Administration toward this goal -- in troops withdrawn, lower casualties, fewer air sorties, and progress in Vietnam -- is unmistakable. This trend will continue at the maximum pace consistent with our objectives.

Fixing a unilateral deadline, on the other hand, would eliminate Hanoi's strongest incentive to negotiate and would jeopardize the progress made to date.



D. FOREIGN POLICY



Black Caucus Recommendation #2

Statement of Recommendations: "We call for drastic reduction in our military expenditures, and the redirection of these funds to finance much needed domestic programs -- such as economic security and economic development, community and urban development, justice and civil rights, and many other unfulfilled interests of the black community. "

Response: Since this Administration took office in 1969, spending for military assistance programs has decreased both absolutely and as a percentage of total Federal outlays. Indeed, in the current fiscal year, the Federal Government is, for the first time in 20 years, spending more for human resources -- education and manpower, health, and income security, including veterans' programs -- than on national defense. The shift toward human resource programs is continuing. For 1972, the President has proposed a modest increase in defense spending in order to carry out the Nation's strategy for peace, and in light of such factors as pay increases, the incentives for an all-volunteer army, inflation and the continuing Soviet military build-up. Even with this increase, military spending, which accounted for 43% of total spending in fiscal year 1968, and will drop to 33% in 1972. Outlays for human resources programs were 32% of total spending in fiscal year 1968; they will be 42% of the total in fiscal year 1972.

Taking into account price and pay increases, real defense spending in 1972 is roughly the same as it was before the Vietnam War, and \$19 billion (or nearly 25%) below the \$78 billion of fiscal year 1968. Drastic reductions in the current dollar level of military expenditures would mean drastic -- and unacceptable -- reductions in this Nation's defense capability. Defense spending cannot be reduced below the level needed to ensure the survival of this Nation. As President Nixon recently pointed out:

"If we have the most extensive urban renewal programs, the most far-reaching medical care programs, the finest highways, the most comprehensive educational assistance efforts, the most effective antipoverty programs -- if we have all this and more, and if we have it all at the expense of our ability to defend ourselves, then we would soon enjoy none of the fruits of our efforts, and the only peace we would know would be that terrible peace imposed upon those who are the victims of their own lack of vigilance. "

President Nixon's 1972 budget calls for significant increases in the domestic areas cited by the Congressional Black Caucus:

- . Income security programs are estimated to rise to \$61 billion in 1972, \$27 million (or 78%) above 1968;
- . Spending for other human resource programs will total \$35 billion, an increase of more than \$12 billion (or 52%) above 1968;
- . Outlays for low and moderate-income housing aids will more than double, rising from less than \$1 billion in 1968 to nearly \$2 billion in 1972; and
- . There will be a seven-fold increase in total Federal spending for civil rights, including school desegregation, from \$64 million in 1968 to \$456 million in 1972.



D. FOREIGN POLICY

Black Caucus Recommendation #3

Statement of Recommendation: PART A. Africa must be given priority and attention on an equal basis with other parts of the world. Over the past few years, Africa has received only 8.5% of American aid; we believe this percentage should be increased significantly -- to at least 15%.

Response: The Agency for International Development has increased the proportion of AID funds to Africa. Despite appropriations which were well below the Administration's requests to the Congress, AID assistance to Africa has increased over the past several years from 6.1% to 8.4% of total AID assistance. Moreover, although Peace Corps assistance has been declining because of fewer host country requests and PL-480 assistance has been falling because of African agricultural gains, the overall proportion of U.S. aid to Africa has not been reduced. However, as we revise our assistance policies to rely more heavily on recipient country requests and initiatives and on multilateral programs, it is difficult, if not impossible, to predict percentage shares by region.

Statement of Recommendation: PART B. We recommend that a special Task Force be created in the Executive Branch, composed of ranking members of the Departments of State, Commerce, Defense, and other pertinent agencies, where the variety of American policies dealing with Africa can be reviewed in a comprehensive manner and whose recommendations would be effectively implemented. In addition, several recognized experts of long time interest in this continent should be included (e.g., Members of Congress, academicians, journalists, and businessmen).

Response: Presently there are two groups in the Executive Branch which focus on U.S. policy. First, an overall body exists within the National Security Council machinery to facilitate development of U.S. Government policy toward Africa. This Interdepartmental Group (IG) includes seven executive branch agencies with responsibilities for U.S. programs in



Africa. Other agencies are invited to participate in IG discussions of subjects of particular interest to them. The IG meets periodically under the chairmanship of the Assistant Secretary of State for Africa. Key African issues, such as our policy concerning Southern Africa, have been reviewed at the NSC level.

Second, there is the African Affairs Advisory Council (AAAC), formed in 1962 to provide advice to the African Bureau of the State Department from a broad segment of the American public. This Council of 23 is composed of black and white members of the business community, educators, church groups, and foundations. There are eight black members. The Council meets quarterly. Senior officers of the Bureau also consult regularly with legislative leaders and others interested in Africa.

In light of the existence of the IG and the AAAC, and the broad membership of those two bodies, the Administration believes that the purposes sought by the Caucus' recommendation are already being served.

Statement of Recommendation: PART C. U.S. representatives to the World Bank, the International Monetary Fund, and the International Development Association should request those organizations to allocate increasing shares of multilateral resources for Africa.

Response: The U.S. Government has fully supported the goal announced in September 1968 by the World Bank Group -- composed of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) -- of doubling its worldwide lending and tripling loans to Africa for the 5-year period ending in 1973.

That the World Bank Group is successfully pursuing its announced policy of increasing the share of its assistance directed to Africa is evidenced by the substantial rise in harder-term IBRD loans to Africa and the increase in softer-term IDA loans. As shown below, IBRD/IDA credits to Africa have risen from \$197 million in FY 1967 to \$443 million in FY 1970:



Africa. Other agencies are invited to participate in IG discussions of subjects of particular interest to them. The IG meets periodically under the chairmanship of the Assistant Secretary of State for Africa. Key African issues, such as our policy concerning Southern Africa, have been reviewed at the NSC level.

Second, there is the African Affairs Advisory Council (AAAC), formed in 1962 to provide advice to the African Bureau of the State Department from a broad segment of the American public. This Council of 23 is composed of black and white members of the business community, educators, church groups, and foundations. There are eight black members. The Council meets quarterly. Senior officers of the Bureau also consult regularly with legislative leaders and others interested in Africa.

In light of the existence of the IG and the AAAC, and the broad membership of those two bodies, the Administration believes that the purposes sought by the Caucus' recommendation are already being served.

Statement of Recommendation: PART C. U.S. representatives to the World Bank, the International Monetary Fund, and the International Development Association should request those organizations to allocate increasing shares of multilateral resources for Africa.

Response: The U.S. Government has fully supported the goal announced in September 1968 by the World Bank Group -- composed of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) -- of doubling its worldwide lending and tripling loans to Africa for the 5-year period ending in 1973.

That the World Bank Group is successfully pursuing its announced policy of increasing the share of its assistance directed to Africa is evidenced by the substantial rise in harder-term IBRD loans to Africa and the increase in softer-term IDA loans. As shown below, IBRD/IDA credits to Africa have risen from \$197 million in FY 1967 to \$443 million in FY 1970:



(millions of dollars)

	<u>FY 1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
IBRD loans	106	65	268	282	102 (6 mos.)
IDA loans	<u>91</u>	<u>75</u>	<u>77</u>	<u>161</u>	<u>44</u> (6 mos.)
Total	197	140	345	443	146
Africa's share (%) of IDA loans to LDC's	26	70	20	27	36

The Administration supports the World Bank Group's commitment and performance in providing higher assistance levels, and a greater percentage share of its assistance, to the developing nations of Africa.

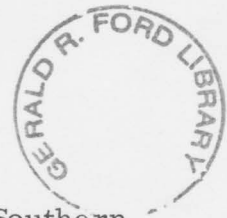
Statement of Recommendation: PART D. We support broader U.S. participation in the African Development Bank and we urge that our Government provide soft funds with other donors for the Bank.

Response: In cooperation with the African nations which are members of the African Development Bank, and other assistance donors, the U.S. has been engaged for several years in working out arrangements for the establishment of a soft loan Special Fund in the African Development Bank. Up to \$150 million is included in the 1972 Budget as a tentative U.S. initial contribution to the Special Fund when it is established. Negotiations to set up this fund are moving well. In addition, the United States recently made a \$6 million loan to the West African States comprising the Entente community.



D. FOREIGN POLICY

Black Caucus Recommendation #4



Statement of Recommendation: United States relations with Southern Africa are in need of a major overhaul. This country should take the lead in isolating the Republic of South Africa, the world's most racist nation. Disincentives should be developed to discourage the expansion of further private American investment there. On the other hand, private American enterprise should be encouraged to seriously examine the potential for profitable investment in other parts of Africa.

We urge the Administration to actively support legislation proposing the withdrawal of the United States sugar quota for the Republic of South Africa, and its reallocation to other African countries. We further urge the Administration to implement the United States pronouncements in the United Nations to help liberate the remaining areas under colonial rule in Africa.

The House Subcommittee on Africa submitted a comprehensive report on Southern Africa to the Administration as a result of its extensive travels and hearings. The recommendations of this report and others it has rendered should be seriously considered.

Response:

Relations with South Africa. The Administration considers that the maintenance of contact and communication is essential if the United States is to exert a constructive influence on South Africa, which is sensitive to the attitudes of other nations and particularly desirous of a good relationship with the United States. The President said in his Report to the Congress, U. S. Foreign Policy for the 1970's, "The United States will not condone the violence to human dignity implicit in apartheid." While recognizing genuine differences of view in this matter, the Administration does not believe that a policy of isolation will meet the purpose of encouraging non-violent change. Unilateral cutting of US economic and diplomatic ties, while it would be regretted and a cause for concern in South Africa, would isolate the United States from the forces of change in South Africa. Isolation, even if it were achievable, could well produce undesirable results. Not only would we be deprived of the means to influence developments in a constructive

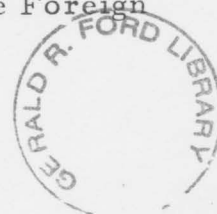
manner, but we would also be cut off from the people we wish to help - the non-whites. As the President stated in his report to the Congress, "The interests of the white regimes themselves surely dictate change. The United States believes that the outside world can and should use its contacts with southern Africa to promote and speed that change. We do not, therefore, believe the isolation of the white regimes serves African interests, or our own, or that of ultimate justice. A combination of contact and moral pressure serves all three."

American investment in and trade with South Africa is in the hands of private business. The United States Government neither encourages nor discourages investment in South Africa. Under the Investment Guarantee Program, implemented by the Overseas Private Investment Corporation, for encouraging private investment in the developing world, the stated and implemented policy is that no funds for initial surveys of feasibility studies are made available to any U. S. investor interested in the establishment of a business enterprise in the developed countries, which include the Republic of South Africa. We provide commercial services but do not engage in promotional activities in South Africa as we do in other African countries. As American business accounts for only 15% of direct foreign investment in South Africa and 15% of the trade, it is highly unlikely that the discouragement of investment or trade would have any effect on South Africa's racial policies.

The Administration has given serious thought to ways in which a private United States presence can improve the situation for the majority of the people in South Africa, without at the same time interfering in the internal affairs of a sovereign government. We have talked to South Africans, black, white, and colored, and they assure us that American commercial interests located in South Africa can have a positive influence through amelioration of the conditions and opportunities of non-white workers.

Encourage American Investment in Black Africa

On the other hand, the United States Government is actively engaged in efforts to attract private American business interest to black Africa. As the President stated in his report to Congress, United States Foreign Policy for the 1970's, "We will actively encourage private investment in the developing countries of Africa. Private investment is the easiest and most efficient way to transfer both resources and human skills from a developed to a developing society." The Administration is making every effort to pursue this policy. As a major means of implementation, the Overseas Private Investment Corporation was created by the Foreign





Assistance Act of 1969"...to mobilize and facilitate the participation of United States private capital and skills in the economic and social progress of less developed friendly countries and areas, thereby complementing the development assistance objectives of the United States." The Corporation is now fully operative. The major program initiated under the Corporation is the provision of funds to potential investors to investigate the feasibility of establishing business enterprises in developing countries. Once such a determination has been made by the potential investors and placed under the Investment Guarantee Program, the United States Government will provide protection to the investments of these businesses. Representatives of the African Bureau of the Department of State work very closely with OPIC in locating and assisting American firms who are interested in investing in the independent States of Africa.

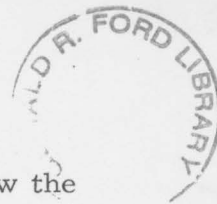
Reallocate the South African Sugar Quota to Other African Countries

The developing African countries now have very limited access to the United States sugar market, even though several of them could supply larger amounts. In seeking a larger share of the United States market, the sugar-producing, developing countries of Africa have stressed their capability to produce and export sugar at reasonable prices, their records as reliable suppliers and the contributions a larger United States quota can make to their development.

The Administration is mindful of the ability of the developing countries to produce in larger amounts than are currently being utilized. Further, the Administration realizes that a larger quota would be a constructive factor contributing to their development.

The Administration on May 6 recommended to the House Agriculture Committee a minimum country import quota level of 15,000 short tons, raw value. This would have the effect of heavily increasing the sugar quotas of the black African countries which now export sugar to the United States. The developing African countries together have quotas totalling only 34,100 tons per year or 0.7% of all foreign quotas. South Africa's quota is 57,400 tons per year. The Administration's proposals would increase our imports from developing Africa to a total higher than that of South Africa. The Administration does not support the elimination of the quotas for any countries on political grounds alone.

The Administration is recommending only a two or three year extension of the Sugar Act itself. In the interim, existing international sugar agreements and arrangements will be expiring or require review. In the policy review preparatory to these negotiations and to the re-extension



of the Sugar Act at that time, the Administration will determine how the various national and international arrangements governing the sugar trade might be coordinated and improved. This will, of course, include examination of the existing sugar quota for the African countries.

Increase Support of Botswana, Lesotho, and Swaziland, Including Assistance to Develop Their Mineral Resources

The Administration agrees with the Black Caucus that we should actively support the development of Botswana, Lesotho, and Swaziland. As the President said, in his report to Congress, United States Foreign Policy for the 1970's, "We have sought to provide assistance and encouragement to Botswana, Lesotho, and Swaziland in their efforts to prove the viability of multiracial societies in the heart of Southern Africa." Similarly, the Secretary of State, in his statement of March 1970, "U. S. and Africa in the 70's", noted that "it is in the interest of all those who wish to see these states develop and prosper to provide alternative sources of assistance and means of access to these states. This the United States, in cooperation with other donors, will seek to do."

We have made important progress in implementing this policy. A regional AID office for southern Africa has been established in Mbabane, Swaziland. Grants have been provided to cover an initial feasibility study and the engineering design for major improvements to road links between Botswana and Zambia and AID is considering a \$6 million loan to cover construction costs.

The President will shortly announce his intention to nominate an outstanding black career officer to serve as his Representative and AID Coordinator to Botswana, Lesotho and Swaziland, thus according these nations the diplomatic recognition and attention they deserve.

The United States is also providing a loan of \$6.5 million to assist in the creation of an infrastructure for a new mining industry in Botswana. In Swaziland there has just been agreement to lend \$2.2 million for agricultural development. In Lesotho, AID has located a project which it is hoped will find solutions to some of that country's most urgent agricultural problems in soil erosion. AID is also giving substantial support to the University of Botswana, Lesotho, and Swaziland in building up its facilities and in establishing campuses in each country.

In addition to providing direct assistance, the United States has encouraged the World Bank and the United Nations Development Fund to undertake projects in these countries. U. S. assistance is helping to provide the economic



infrastructure necessary to stimulate private American investment in these countries. One of the large mining companies going into Botswana is American Metal Climax which, with its partners, is planning to invest more than \$100 million in copper/nickel mining. The Libby Company owns and operates a fruit canning factory in Swaziland. The Newmont Mining Company is examining a project to join a British company in a \$30 million diamond mining development in Lesotho. The Administration is prepared to consider how the U. S. Government might assist in the further development of these countries' mineral and other resources.

Examine Non-Violent Means to Accelerate Self-Determination, Including Aid to Liberation Groups

The United States Government has consistently sought and supported practical, non-violent means to achieve self-determination in southern Africa. We believe that resort to force courts disaster for all concerned. As the President has stated in United States Foreign Policy for the 1970's, "we cannot associate ourselves with those who call for a violent solution... We are convinced that the use of violence holds no promise as the solution to the problems of southern Africa." We do not, therefore, assist the insurgencies conducted by the various liberation groups. Over the years, however, we have provided over \$10 million under the Southern African Student Program (SASP) for scholarships and travel funds for refugees to study in the United States. We have also given AID support to two schools for refugee students in Africa--Nkumbi in Zambia and Kurasini in Tanzania.

United States Membership in the Council for Namibia

The United States abstained in 1967 on the General Assembly Resolution which established the Council for Namibia. It did so because the powers and responsibilities of the Council to administer the territory and prepare it for independence could only be effectively examined with the cooperation of South Africa, which had not been sought. At that time, the United States, Greece and Italy proposed that the Council be instructed "to survey the situation; to establish all necessary contacts (including South Africa); and to consult with all representative elements in the territory, looking toward the establishment as soon as possible of a nucleus of self-government in South West Africa." The proposal was not adopted. As the Council has been unable to perform most of its assigned functions, it has now been largely reduced to an advisory body. Since the United States is a member of the Security Council's Ad Hoc Subcommittee for Namibia, which has a similar function, and participates in the General Assembly's consideration of this issue as well, we have considered there was little utility in joining the Council.

D. FOREIGN POLICY

Black Caucus Recommendation #5



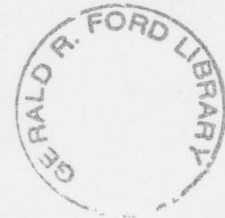
Statement of Recommendation: We propose that the U.S. direct at least 1% of its annual gross national product for international aid with priority attention to Africa.

Response: The Administration has endorsed the principle that 1% of the U.S. annual gross national product should be allocated to international development assistance. However, as the Administration stated to the United Nations in 1970, it cannot realistically accept any schedule for specific increases because of overall economic constraints and the need to devote resources to the solution of pressing domestic problems, including those cited by the Black Caucus.

It is important to remember that private capital is a major component of development flows. These private resources are not directed by the Executive Branch or the Congress, and are more likely to respond to mutually beneficial investment policies of the developing countries themselves. The Administration will continue to encourage private investment in the developing countries of Africa.

D. FOREIGN POLICY

Black Caucus Recommendation #6



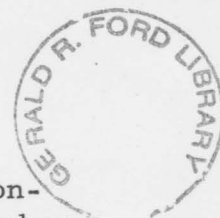
Statement of Recommendation: We urge that Blacks and other minorities be given a greater role in the making of foreign policy. We also ask the Administration to increase its recruitment of minority Americans for foreign policy positions, as well as to improve the upgrading procedures regarding minorities within the State Department and related agencies.

Response: The Administration has initiated or continued a number of efforts to increase minority representation in foreign policy positions. Under the Foreign Service Junior Officers Program inaugurated in 1967, minority members have entered on duty as Foreign Service Reserve (FSR) Junior Officers: 45 blacks, 11 Spanish-surnamed Americans, and 5 Oriental Americans. An additional 11 blacks, 2 Spanish-surnamed Americans, and 3 Oriental Americans were appointed as regular Foreign Service Officers (FSO's) as the result of passing written and oral Foreign Service examinations. Of the 384 Junior Officers (FSO and FSR) entering on duty since October 1967, 77 (20.1%) have been minority members, including 56 blacks (14.5%).

In late 1968, a similar program was inaugurated for "Mid-Career Officers". (FSR 6-3). The hiring of all Mid-Career officers has been limited, however, by budget constraints.

The November 30, 1970, survey of minority employment in the State Department shows a total of 40 black career Foreign Service Officers (FSO) and 72 black Foreign Service Reserve Officers (FSR). And for the first time, three of the five black Ambassadors are career Foreign Service Officers. Thus the number of black Foreign Service Officers has more than doubled since 1967 despite a substantial reduction of non-minority Foreign Service Officers due to budgetary limitations.

Minority officers have equal opportunities for promotion and assignment. In 1970, 8 of the 40 black Foreign Service Officers and 24 of the 72 black Foreign Service Reserve Officers received promotions. The March 1971 Foreign Service Officer promotion list contained the names of 6 additional black Foreign Service Officers and 7 black Reserve Officers. For both



groups, the rate of promotions was higher for blacks than for non-minority officers. During the period December 1, 1969 - November 30, 1970, 377 of the 1,084 black Civil Service employees were promoted. Seventy-eight of these promotions were to GS-8 or above.

Equality of assignment opportunities is almost impossible to quantify, depending as it does on a large number of factors including an officer's own beliefs about the desirability of a given assignment. However, blacks are serving throughout the Foreign Service. As of November 30, 1970, the Department had 53 blacks assigned to African posts; 40 in Latin America; 36 in European posts; 36 in East Asia; and 22 in Near Eastern and South Asian posts. Four additional blacks were detailed to other agencies overseas.

Minorities occupy key policy positions in the Agency for International Development both in Washington and in the field offices. Positions occupied by minorities include 3 USAID Mission Directors; 1 Area Development Officer responsible for regional programs in West Africa; 3 Deputy Mission Directors, and 2 Washington-based office directors. While the Agency is undergoing a reduction in Washington-based and field staff, the AID Administrator, in keeping with the Administration's policy for increased employment of minorities has instructed his staff to continue to hire minority professionals in key positions insofar as such vacancies remain available.