

*Exhibit No. 24*

**Before the**

**UNITED STATES COMMISSION ON CIVIL RIGHTS**

**Clarification and Rebuttal**

**of**

**STAFF REPORT**

**THE CIVIL RIGHTS IMPLICATIONS OF**

**SUBURBAN FREEWAY CONSTRUCTION**

**Presented by**

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Baltimore, Maryland**

## Preliminary Statement

The United States Commission on Civil Rights through Mr. David Hunter, Staff Counsel, presented to the Regional Federal Highway Administrator, Mr. August Schofer, a copy of its Staff Report on the Civil Rights Implications of Suburban Freeway Construction.

It is the understanding of the Regional Federal Highway Administrator that the purpose of the Staff Report was to brief the Civil Rights Commissioners preliminary to the hearing. Consistent with this purpose, the document would normally be considered an internal document and not released to the press. Also, such a document should be unbiased and factual in nature. Above all, it should not draw conclusions, it being the function of the Commissioners to hear the evidence and then draw conclusions therefrom.

The primary purpose of the Commission is to collect and accumulate data so that a more intelligent study of civil rights problems may be made.<sup>1/</sup> The Commission has the duty of studying and collecting information concerning legal developments constituting a denial of equal protection.<sup>2/</sup> It also has the duties of appraising the laws and policies of the Federal Government with respect to equal protection of the laws under the Constitution of the United States.<sup>3/</sup> The

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<sup>1/</sup> House Report No. 291, April 1, 1957.

<sup>2/</sup> 42 U.S.C.A. 1975c(a)(2).

<sup>3/</sup> 42 U.S.C.A. 1975c(a)(3).

statute says all Federal agencies shall fully cooperate with the Commission to the end that it may effectively carry out its functions and duties. <sup>4/</sup> The Regional Federal Highway Administrator most strongly endorses the goals of the United States Commission on Civil Rights and pledges his cooperation in the achievement of its goals of providing the necessary information to enable the Federal Government to eliminate racial discrimination in any manner or form.

To achieve that end, it is essential that the information presented to the Commission be accurate. A careful review of the Staff Report reveals that it makes many inaccurate statements and fails to furnish essential information on the civil rights implications of suburban freeway construction. Therefore, the Regional Federal Highway Administrator submits the following critique of the Staff Report with the purpose in mind of furnishing the Commission as much information as possible in the brief time permitted. The critique refers to the section, paragraph and page of the Staff Report and, in some portions the Staff Report statements are repeated and shown by underscoring.

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4/ 42 U.S.C.A. 1975d(e)

## I. Introduction

### Section I - 1st paragraph (p. 1)

This paragraph alleges that by and large black people have been excluded from the lower density suburban development. While it is true that a large part of the population growth in the United States has been in the suburban parts of large metropolitan areas and that it is of lower density and hence more dependent on private transportation, it is not at all clear that "black people have by and large been excluded from this new development." The authors cite Hodge and Houser's The Challenge of America's Metropolitan Population Outlook.

While we recognize that urban white and non-white population is not uniformly distributed over metropolitan areas, the Staff Report is on shaky grounds in its allegation of exclusion. According to Hodge and Houser, in 1960 21.5 percent of all non-whites residing in SMSA's<sup>5/</sup> resided in the suburbs. While this is considerably less than the percentage of urban whites residing in suburbs (52 percent), it is certainly not insignificant. Also, by 1960 only about 1,300 miles of the over 6,000 miles of urban Interstate had been constructed; hence, differences in population patterns must be attributed to other factors.

Hodge and Houser go on to extrapolate population trends through 1985. This extrapolation shows the percentage of urban non-whites in the suburbs to grow to 25.3 percent with 69.9 percent of the urban white population dwelling in the suburbs. Such a projection shows an increasing divergence of the black and white populations, and is of concern. However, the authors of the Staff Report either did not do their homework or chose to disregard the caveat in Appendix E (page 88). Here the authors admit

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<sup>5/</sup> SMSA means Standard Metropolitan Statistical Area. See pamphlet entitled Standard Metropolitan Statistical Areas prepared by the Bureau of the Budget (1967) for criteria and definitions.



"The projections of population by color have a less adequate base than do those for total metropolitan population..." They go on to say that since there were no post-1960 estimates of metropolitan population by color on which to tie estimates of recent trends, it was necessary to extrapolate the 1940 to 1960 experience. Of course, this experience only includes a few years of recent awareness of civil rights problems and it includes none of the impact of the 1964 and succeeding Civil Rights Acts.

A statement that "black people have by and large been excluded from [suburban development]" has not been conclusively shown. To the extent that poor is a surrogate for black, there may be a certain bias in suburban development since its reliance on private transportation means that the suburbanite usually must own a car, and poor people own fewer cars. However, the Negro is increasing his income at a rate about double that of the white rate (Fortune, July 1970). This increased affluence would seemingly allow more black people to benefit from the lower density suburban development.

Moynihan in "Toward a National Urban Policy (The Engineer and the City)" even goes so far as to say, "There are increasing indications that the dramatic movement of Negro Americans to central city areas may be slackening and that a countermovement to surrounding suburban areas may have begun. This process is to be encouraged in every way..." (emphasis added).

Section I - 2nd paragraph (pp. 1-2)

In this paragraph, the authors allege that the provision of highways is responsible for suburbanization. This would seem to infer that had there not been a highway program, there would not be a trend toward suburbanization. Such is not the case. In fact, the percentage of persons living in SMSA's outside the central city has been increasing since 1920 with the acceleration occurring in the post-war decade (ACIR Report - Fiscal Balance in the American Federal System). The substantial Federal expenditures on highways did not begin until 1957. While there are spectacular instances of new highway construction generating suburbs, most typically highway improvements and new highway construction serve existing demands. The present highway needs of the Nation are already great enough; there is no slack for road building to serve currently non-existent travel demands.

Our comments on the first paragraph deal with the last portion of this paragraph. It is in this last sentence that the authors of the Staff Report reveal that this is not a Civil Rights question per se, but a question of poverty versus affluence. Insofar that poverty means black, then it becomes a civil rights question. But as we said before, the income gap between whites and Negroes is narrowing. Moynihan points out in the article previously cited, "The earnings of young married [Negro] couples are approaching parity with whites." If then the problem is not black versus white but poverty versus affluence, the civil rights aspects of the problem are disappearing.

Section I - 3rd paragraph (p. 2)

In this paragraph the authors contend that the primary users of suburban highways are suburbanites. It is hard to refute an allegation which amounts to saying that people use highways to go to their destinations. However, the case is a bit overstated by the Staff Report authors. While it is true that most of the trips on the Boston Beltway (Route 128) either originated or ended in the suburbs, only 38.2 percent were entirely between points linked by the beltway. Also, these 1957 statistics do not reflect the effect of the subsequent Massachusetts Turnpike extension from Route 128 into downtown Boston which has had a significant effect on the distribution of origins and destinations. Furthermore, the Report which the authors cite actually shows only origin and destination data for weekday trips during the months of October through January. Weekend and summertime travel patterns would be substantially different.

Section I - 4th paragraph (p. 2)

This paragraph suggests that Federal highway involvement needs to be examined with regard to civil rights.

Comments on this paragraph are included in Section I - 1st and 2nd paragraphs.

Section I - 5th paragraph (p. 3)

It is remarkable how the authors skip so lightly over one of the most important features of what Federal involvement in highways has done for the Negro as well as other groups affected by highway improvements-- the relocation assistance program. This program, designed to mitigate adverse affects of highway improvements, has the effect of replacing substandard housing with that which is decent, safe, sanitary and fit for human habitation. Its comprehensive nature has made it a model for the Governmentwide program now being considered by Congress. See chapter 5, Sections 501-511, Title 23, U.S.Code, H. R. 14898, 91st Cong., 1st Sess. and S. 1, 91st Cong., 1st Sess. (1970).

Section II - 2nd paragraph (p. 3)The Federally Financed Highway System

This phase of the report is a cursory, incomplete, and, in some respects, an inaccurate, garbled resume'. The most glaring and substantive defect is the fact that it sets forth an erroneous impression and concept by stating that the Interstate System as initially proposed in 1944 "was to be for intercity, long-haul purposes." whereas the 1956 Act calls for "equal attention to local as well as to interstate needs." The 1956 Act created no new concept. Legislative history firmly establishes that the Interstate System as initially proposed was designed to meet the most pressing traffic needs of the nation, taking into account all types of traffic movements, including local short-trip, intra-urban travel as well as intercity, as hereinafter discussed.

The first paragraph under item II refers to "Federal" primary and secondary highway systems. The word "Federal" more properly should read "Federal-aid" as there are no strictly Federal systems of highways which may be connoted by the use of the word "Federal."

Footnote 7 in the second paragraph refers to 23 U.S.C. 103(b) (1966). The reference to "1966" in the citation does not appear proper and should be omitted as it would normally indicate that this section was derived from an Act passed in 1966 which is not the case.

The first paragraph, page four, in the first sentence states that the Interstate System was "created" by the 1956 Act for purposes of "local and interstate commerce and national and civil defense." This statement is supported by footnote 10, which refers to 23 U.S.C. 103(d)(1) (1966). Aside from the questionable use of "1966" in the citation, the reference to section 103(d)(1) is in error. The proper citation appears to be 23 U.S.C. 101(b). Furthermore, the Interstate System was not created by the 1956 Act. The designation of the Interstate System was authorized and directed by the Federal-Aid Highway Act of 1944. The 1956 Act provided the financing for the already designated system.

The first sentence of the second paragraph, page four, reads:

The 1956 Act calls for equal attention to local as well as to interstate needs, while the Interstate System as initially proposed in 1944 was to be for intercity, long-haul purposes.

The source for this sentence is footnote 14, Helen Leavitt, Superhighway-Superhoax. Such source is not only unauthoritative but inappropriate, for reasons subsequently explained.

The above sentence is so worded as to give the erroneous impression that the Interstate System as initially proposed in 1944 was not designed to give consideration to local as well as interstate needs. Any such impression is directly contrary to the legislative history leading to enactment of the 1944 Act. This legislative history clearly establishes that the Interstate System in concept was to take into account local short-trip movements as well as intercity traffic, recognizing the pressing needs within and around large urban areas.

On January 12, 1944, the President of the United States transmitted to the Congress a report of the National Interregional Highway Committee, outlining and recommending a major system of interregional highways (House Document No. 379, 78th Congress, 2d Session). This report, entitled "Interregional Highways," was a sequel to a previous report entitled "Toll Roads and Free Roads," transmitted to the Congress on April 27, 1939 (House Document No. 272, 76th Congress, 1st Session), in response to a congressional directive to study the need of a select, limited system of main highways. These two reports represent the charter, so to speak, upon which the Interstate System authorized by the 1944 legislation was founded. They contain detailed statistics

based on traffic studies concerning the basic short-trip characteristics of highway travel, and the need for routes that would serve local as well as long-distance travel.

While it is true that Congress, in the enactment of the 1956 Act, set forth declarations of intent (23 U.S.C. 101(b)) referring to "local needs," such declarations merely affirmed without change the basic concept of the Interstate System as originally proposed in the 1944 Act.

The following authoritative sources are suggested in connection with any study of population growth translated to highway needs, and the past accomplishments of the Federal highway program in meeting such needs:

1970 National Highway Needs Report, 91st Cong.,  
2d Sess., February 1970, Committee Print (91-27)  
(House Committee on Public Works) See Appendix A.

Stewardship Report on Administration of the  
Federal-Aid Highway Program, 1956-1970,  
published by the Department of Transportation,  
Federal Highway Administration, April 1970  
(also appearing in report entitled "Report on  
the Status of the Federal-Aid Highway Program,"  
hearings before the Senate Subcommittee on  
Roads, 91st Cong., 2d Sess., April 15, 1970)  
See Appendix B .



The Staff Report, in reference to Title VIII, Fair Housing, Public Law 90-284, concludes that "because the Federal highway program relates to housing and urban development, the Federal Highway Administration is under an obligation to take affirmative action to administer the highway program in a way that will promote open housing." We submit that a closer look at this "obligation" should be taken in consideration of the provisions of Title VIII.

Title VIII provides for fair housing, not open housing. We are unaware of the staff's reasons for the substitution of terms. While the term "open housing" may be subject to a specific definition in the context of the staff's work, the term "fair housing", which goes to the heart of the FHWA's obligations, is clearly defined in Title VIII. (See especially sections 803 and 804.)

The provision of fair housing may generally be defined as those conditions pursuant to which no family or person is denied the right to buy or rent a dwelling because of race, color, religion, or national origin. A careful examination of all of the provisions of Title VIII will disclose that in order to adhere to the fair housing principles set forth therein, no Federal or State agency is required to provide either low-income dwellings or public housing. The principles established to assure fair housing apply to the disposal of housing, not to the creation of housing.

The implication of the staff's report seems to be that the principle of "open housing" carries a responsibility placed upon Federal and State agencies, under Title VIII, to provide housing, by new construction if necessary, for persons at all economic levels. We submit that this implication is not firmly based upon existing law.

The Department of Transportation does, however, follow an established policy of requiring the availability, by new construction if necessary, of replacement housing open to all persons regardless of race, color, religion, sex, or national origin, who are required to move from real property occupied as a dwelling on land acquired or to be acquired or to be acquired for either direct Federal or Federal-aid construction (See DOT Order 5620.1, June 24, 1970, Appendix C .) This policy must be complied with prior to the initial approval or endorsement of any project. As noted by the DOT Director of Civil Rights, the adoption of this affirmative policy made DOT the first to achieve full implementation of the fair housing provisions of the 1968 Civil Rights Act in all of our programs affecting housing and urban development. (See Mr. Richard F. Lally's letter to the Secretary of Transportation, dated January 8, 1970, Appendix D .)

III. The Highway Trust Fund and the Federal Highway Administration

The statement in this section will be reviewed seriatim, sentence by sentence, which will be shown by underscoring.

Section III - 1st paragraph (p. 5)

Construction of Federal-aid highways (both Interstate and ABC Systems) is financed by a special Highway Trust Fund established under the Highway Revenue Act of 1956. The Fund is administered by the Secretary of the Treasury. He is required to make an annual report to Congress on the financial condition of the fund, the results of the operations of the fund during the preceding fiscal year, and the expected conditions and operations during each fiscal year thereafter.

This paragraph is essentially correct but too general in nature to give anything more than a sophomoric idea of how the Highway Trust Fund operates.

The author starts misleading by using the word "construction" as the predicate for his attack on the highway program and its financing from the Highway Trust Fund without explaining what construction comprises. The Highway Act of 1956 amends Title 23, U.S.C., which defines "construction", and does not limit it to actual building of highways,<sup>6/</sup> but as "the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, and mapping . . . costs of rights-of-way, and elimination of hazards of railway grade crossings." The highway program is much broader in scope and the statutory authority for the Highway Trust Fund permits the payment of all expenses "which are attributable to Federal-aid highways."<sup>7/</sup> The scope of the Federal-aid highway program will be elaborated upon infra.

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<sup>6/</sup> Section 101(a) of Title 23.

<sup>7/</sup> Section 209(f)(1) of the Federal-Aid Highway Act of 1956.

The second sentence states that the Fund is administered by the Secretary of the Treasury. This is also misleading. The Secretary of the Treasury acts very much as a paymaster and only releases funds upon the receipt of a proper warrant. The Secretary of the Treasury does not administer the Federal-aid highway program. This is the function of the Federal Highway Administrator. The annual report submitted by the Secretary of the Treasury to the Congress covers the receipts of the Trust Fund, the expenditures, properly authorized and the financial results of the banking activities of the Secretary of the Treasury. A copy of the latest such report dated March 2, 1970, is attached as Appendix E.

Section III - 2nd paragraph (p. 5)

This method of financing differs significantly from ordinary financing of other Federal projects. Monies collected in the Trust Fund (approximately \$5 billion in fiscal 1969) from motor fuel taxes, taxes on commercial vehicles and auto accessories may be used only for the construction of highways and the administration of the highway program.

The second sentence in this statement is very misleading in stating that the monies collected in the Trust Fund are used "only for the construction of highways and the administration of the highway program." The same criticism in respect to the use of the word "construction" above is applicable. The Federal-aid highway program was the first national public works program in history to provide a means where displacees are provided adequate housing in

replacement for their existing homes.<sup>8/</sup> Highway beautification, which includes landscaping and scenic enhancement, billboard removal and junkyard screening is a function of the Federal-aid highway program.<sup>9/</sup> See Appendix B for the most recent report on the relocation of displaced persons and payments by the FHWA. Landscaping and scenic enhancement are paid for by Highway Trust funds. Billboard removal and junkyard screening are presently paid for from the General Revenue Fund, however there are proposals currently pending which provide for this to also be paid for from the Highway Trust Fund. See Senate Bill No. 4055. Locating and training minority group workers so that employment opportunities in the skilled trade will be available to them is another important part of the Federal-aid highway program. From these examples, it can be readily seen that it is grossly unfair to describe the Federal-aid highway program in terms of physical construction and to leave the impression that Trust Fund monies are spent only on physical construction of highways.

The first sentence in this statement is also erroneous in that there are a number of other Federal trust funds. See Appendix F attached. Therefore, the impression that the Trust Fund concept is restricted solely to the Federal-aid highway program is clearly erroneous and misleading when in fact it is a common form of financing in the Federal Government.

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<sup>8/</sup> Chapter 5, Title 23.

<sup>9/</sup> Section 131 and Section 319.

Section III - 3rd paragraph (p. 5)

Annual disbursements from the Trust Fund are made in accordance with an authorization schedule in the Highway Act of 1956, as amended. In contrast to normal Federal financing, therefore, highway funds are spent without annual Congressional authorization.

Aside from misleading the reader into believing that the Highway Trust Fund is a unique and unusual form of Federal financing, the last sentence in this paragraph is lacking in candor by what it does not say in respect to there being no annual Congressional authorizations. The author fails to make a distinction between "authorizations" and "appropriations". Congress authorizes appropriations biennially. This has been a long standing custom and relates to the time required to build a highway. However, funds are appropriated annually from the Highway Trust Fund which provides Congress a basis for annual review of the program. It is fundamental that Congressional control over Trust Fund derives from taxes not involving vested rights. The Comptroller General advised the Secretary of Labor that if Congress should appropriate money from the Highway Trust Fund to cover administrative expenses of the Department of Labor in administering the wage provisions of the Federal-Aid Highway Act of 1956 in interstate highway projects, it must be recognized that the latest expression of Congress is controlling, and a prior Congress could not preclude such appropriations by a later Congress from the Trust Fund.<sup>10/</sup>

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<sup>10/</sup> 36 Comp. Gen. 712 (1957). Also see Constitution of the United States, Article 1, section 9, clause 7, which provides "no money shall be drawn from the Treasury but in consequence of appropriations made by law ..."

The entire dissertation in the Staff Report on the Highway Trust Fund is so superficial and factually erroneous that a fair description cannot be given by merely referring to the Staff Report statements and correcting them. Therefore, the following description of the Trust Fund, its origins and philosophical basis.

#### I. Trust Fund Origins

In 1938 the Congress requested the Bureau of Public Roads to study the feasibility of a toll financed system of three east-west and three north-south super highways. The study entitled "Toll Roads and Free Roads" was submitted to Congress in 1939 and found that the suggested 14,000 mile toll road system would not be self-supporting. As a result, a 26,700 mile network of roads was proposed with the recommendation that the Federal Government share the construction cost at more than the traditional 50 percent Federal-aid rate.

Further studies and reports were submitted through the early 40's. Then Congress, in the Federal-Aid Highway Act of 1944, directed that there should be designated a national system of Interstate highways not exceeding 40,000 miles. That Act prescribed the following criteria in selecting routes for this system: importance to national defense, connector value between population and industry centers, importance to industry, and importance to rural and urban population. A recommendation for a 37,700 mile system was approved by the Federal Works Administrator on August 2, 1947. The remaining mileage of the 40,000 mile system was reserved for circumferential and distributing routes at urban areas.

In 1955 the additional 2,300 miles of urban Interstate routes were designated to provide alternate Interstate highway services into through, and around urban areas. The Federal-Aid Highway Act of 1956 authorized an additional 1,000 miles. Again, the Federal-Aid Highway Act of 1968 authorized another 1,500 miles, resulting in the presently authorized Interstate system totaling 42,500 miles.

A program of such magnitude would obviously require years to carry out and would entail the commitment of substantial equipment, manpower and concomitant investment. Such commitment would not have been possible without the certainty of the Trust Fund and the contractual authority provisions of the highway program legislation. Therefore, Congress through the Federal-Aid Highway Act of 1956, paired with the Highway Revenue Act of 1956, completely changed the official philosophy of financing the Federal share of highway costs. The previous attitude had been that Federal excise taxes on motor vehicles, motor fuels or other products closely associated with highway commerce were general revenues. Prior to the 1956 Act, gasoline and automotive excise taxes were thought no different than cigarette excise taxes. This policy was reversed and assigned to the Fund the proceeds of a group of old and new taxes on fuels and automotive products, and set up a Highway Trust Fund as a statutory trust in the United States Treasury revocable by any future Congress. It also authorizes loans to the Treasury at current interest from balances in the Trust Fund



which accumulate as authorized contracts for highway construction are performed and Federal reimbursements are called for in the course of the two-year period generally required for building a highway project.

The change of philosophy resulting in the creation of the Trust Fund grew out of the Nation's need for greater highway capacity. Commerce was strangling and better highways were needed. The highway building boom of the 20's and its objective of all-weather roads resulted in a system that had been built when most of the States still had a 35-mile-per-hour speed limit. The advent of modern high-speed vehicles made these roads obsolete. When the inadequacy of these roads became obvious in the 40's, we were plunged into World War II which practically stopped highway construction. The unbelievable industrial and economic expansion following the War made it obvious by 1950 that highway improvement had become too great a problem for the States to solve without assistance. Thus, the stage was set for an all-out Federal-State effort to remedy the situation.

In 1954, President Eisenhower appointed the "President's Advisory Committee On A National Highway Program," headed by General Lucius D. Clay to make recommendations. A program costing \$27 billion, of which \$25 billion was to be financed with funds supplied by the Federal gasoline taxes paid into a Highway Trust Fund, was recommended. This culminated in the Highway Revenue Act of 1956 and the Federal-Aid Highway Act of 1956, previously mentioned. Each of

these two Acts has been supplemented several times since 1956. From time to time, additional revenue has been provided for the Trust Fund, annual authorizations have been increased for both the ABC and the Interstate System programs, and the Interstate program has been extended to 1974. Apportionments for the Federal-aid program with which to reimburse the State highway departments are made from the Highway Trust Fund and the program is geared to the Fund's income capability.

## II. Trust Fund Underlying Philosophical Basis

The concept of highway user taxes set aside in a trust fund is not a new or novel concept. The idea can be traced back to Henry VIII, who in 1531 enacted special assessments in connection with the drainage of Rumney Marsh. Special benefit assessment has a long and honorable history in State and local governments in this country and in England. Many cities and urban districts provide special assessments for expressways, charging not only abutting property, but also, on a decreasing scale, properties going back some distance from the road facility. Such cities include Detroit, Milwaukee, Minneapolis, New York, and St. Paul. The general theory is that user taxes set highway financing apart from other government activities such as education, police and fire protection, welfare, unemployment relief, and defense, which are provided the citizenry as needed and for the good of all. The theory meets the general approval of tax authorities because it bears a closer

relation to the benefit principle than can usually be established in other areas of public finance and it gives diversification to the tax system and produces revenues with certainty and convenience. To justify this concept, one need only think of it in relation to the entire tax structure. The average citizen may weigh a State sales tax with its regressive features against the strongly progressive Federal income tax, a mildly progressive State income tax, property taxes levied more or less in proportion to tangible wealth, and excises aimed at luxury items; and from it all conclude that, though heavily taxed, he receives, on balance, reasonably fair treatment along with his fellow citizens.

Enhancing the concept of special benefit assessment, i.e., highway user taxes, is the economic theory that highway construction represents a productive investment and like other productive investments, it yields a dividend to the economy. Various attempts have been made to measure and quantify these benefits and to date no method with a high degree of precision has yet been found. However, the location and construction of major highway improvements induce investments which bring about reorganizations of land use and the strategic rearrangement of industrial plants, mercantile establishments, social services, and residences with respect to the highway network. These advantageous reorganizations, acting through the market mechanism by which supply, demand, and price are interrelated, bring about economies of scale that result in extra increments of production, i.e., gains in excess of the

measured transportation benefits. In determining how to pay for highway construction, the objective must be to select a system of taxation that tends to maximize the net total output. Currently a Highway Trust Fund of Highway User Taxes has worked well and contributed substantially to the increase of the Gross National Product. Likewise, it must be freely admitted that there are disadvantages or disbenefits. The outward movement of people and firms is likely to produce dislocations as well as having adverse environmental impact. However, able investigators have made studies which have given theoretical support to the proposition that highway improvements, if wisely located and designed, will produce total benefits greater than the reductions in transportation costs they occasion and other disbenefits.

As the Twentieth Century unfolded, attitudes toward the automobile dramatically changed. Instead of being the expensive toy of a few reckless adventurers, the motor car became a necessity for all classes of people -- rich man, poor man, worker and farmer. They built their lives and their plans -- sometimes even their dreams -- around the automobile.

Then in the mid-sixties history began to repeat itself like a needle stuck in a broken phonograph record. The old outcries against the automobile were revived by a small but loud minority. This time, however, they didn't stop at attacking the vehicle. They also denounced the road it rides on. They began to condemn the people who build highways and those who support highway programs. They embellished their

attack with sinister-sounding phrases like "the highway establishment" and "the highway lobby." Such an attack is exemplified in Helen Leavitt's book "Superhighway-Super Hoax".

The critics of the motor vehicle and of highway development don't seem to have any faith in the public's judgment in these matters. They claim it is inefficient to allow people to ride around as they please in private cars. The same argument that they use against the automobile could also be applied with equal force to many other aspects of our life. It could be used, for instance, against allowing Americans to live in private homes when they could be much more compactly housed in barracks. It could be used against the wide choice of brands and types of breakfast cereals, detergents, and even cat foods offered by supermarkets. There are many other examples.

But this is all part of living in a free country where the people have freedom of choice. In conclusion, the fact remains that unless something drastic is done to our cherished freedom, Americans will go on owning automobiles. Most of them will also go on demanding the highways that they pay heavy gasoline and vehicle taxes to build. The FHWA must continue to plan for the orderly construction of these highways.

Section III - 4th paragraph (pp. 5-6)

The trust fund approach to financing highway construction has some initial economic attraction. It seems to impose the cost of the construction on those who will use the highways. It should be noted, however, that the trust fund financing does not make an accurate allocation of costs. The contribution in taxes to the Trust Fund by highway users bears no necessary relation to their actual use of federally financed highways. For example, most Trust Fund monies are spent on the Interstate System, yet, most highway use is of roads other than the Interstate System.

This paragraph infers that the trust fund approach to highway financing is inequitable, thus, "...trust fund financing does not make an accurate allocation of costs," and, "The contribution in taxes to the Trust Fund by highway users bears no necessary relation to their actual use of Federally-financed highways."

These statements are misleading, and are based on a misinterpretation of referenced sources. The Highway Trust Fund was established by the Congress in 1956 to insure adequate financing for the greatly expanded program to complete the National System of Interstate and Defense Highways. In this regard it has been extremely successful. Measurable and visible progress is being made toward achieving the objectives of the Trust Fund, and it has wide public acceptance and approval.

In addition, the Trust Fund does, in fact, impose the cost of highway construction on those who will obtain the benefits of the improved highway. The Federal-aid highway program imposes no burden on the general revenues of the U.S. Treasury. The highway program is entirely user-financed.

However, there exists a substantial body of technical literature which concerns itself with the relative allocation of costs among individual classes, e.g., do automobile owners "subsidize" truckers, or are suburban travelers favored over rural traffic. In the end analysis, both the size of the highway program and the amount of user taxes are determined on a national basis by the Congress, and do not enter into the question of whether a specific highway facility should be improved at this time.

It is stated that "most Trust Fund monies are spent on the Interstate System, yet, most highway use is of roads other than the Interstate System." This is a temporary allocation of funds to cover initial construction of the System. When the Interstate System is complete it will comprise slightly more than 1 percent of all national roads and streets. It will, however, carry more than 20 percent of all vehicle-miles of traffic annually, and with its high percentage of truck traffic will account for substantially more than 20 percent of all highway user excise revenues on a national basis.

Section III, 5th paragraph (p. 6)

Moreover, it is supposed that highway users pay an amount of highway taxes based on a freely chosen amount of highway use; it should be borne in mind that the predominance of highways itself has meant that in most cases alternative modes of transportation have not come into being. In addition, there appears to be a serious question whether, given the ready availability of highway funds, adequate care is taken to determine that particular proposed highways actually are needed.

This paragraph states, "...it should be borne in mind that the predominance of highways itself has meant that in most cases alternative modes of transportation have not come into being."

This is a wholly unsupportable conclusion. Highway travel has been rapidly increasing over the past 25 years, and a companion tailoff in the use of other modes (except air) has also occurred. However, this overwhelming use of highways reflects only that the private automobile is more attractive to the general public than any other way to travel, because of its comfort, convenience, flexibility and privacy. Recent national surveys of preference for transportation mode have proven this popularity. The great majority of interviewees (88 percent) considered the private automobile to be the preferred method of travel for all but the longest trips, and only 3 percent would spend less on highway improvements.

The same paragraph says, "...there appears to be a serious question whether given the ready availability of highway funds, adequate care is taken to determine that particular proposed highways actually are needed."

This statement is clearly inaccurate. The process of developing a highway project involves a highly complex series of interconnected



operations, each having its own requirements for interagency coordination, economic, and technical justification, consideration of external impacts and opportunity for public participation. Every project which has proceeded to the stage of construction is clearly "needed" in terms of adequate provision for future travel increases. Moreover, even if a project is clearly "needed" from a travel demand standpoint, if it is not "wanted" by the local citizens as well, it is not provided. In recent years several proposed projects have been removed from the Interstate System for these reasons.

Section III, 6th paragraph (p. 6)

This in turn leads to the question of choosing between expenditures for highways and for other needs. Under ordinary circumstances, allocation of public resources for a given program is fully reviewed each year, and the amount to be allocated is determined on the basis of return and of competing needs. This is not the case, however, with respect to Federal highway funds. The decision made fourteen years ago that billions of dollars were to be set aside for the construction of highways has forestalled periodic review of the utility of these expenditures, and of their worth relative to competing social needs.

This paragraph implies that there is no review of the continuing need for a Federal-aid highway program, because of the Trust Fund financing arrangement.

This is wholly untrue. Every two years the Congress reviews the need for additional highway funds, through a series of hearings held by the Public Works Committees of both Houses. The opportunity for terminating the Highway Trust Fund by congressional action is also available. Each time the Federal-aid authorization bill has been enacted, the proposal to continue the Federal-aid highway program has been approved unanimously or nearly so. Few programs have had such solid and continuing support in the Congress. This indicates the general public awareness of the continuing need for improved highways.

Section III - 7th paragraph (p. 7)

The Department of Transportation is divided into different operating agencies which administer the various transportation programs. The Federal Highway Administration administers the highway program.

We do not want to be picayunish, however, the foregoing statement simply fails to provide a fair description of the Department of Transportation. Internally DOT consists of six modal administrations which are the operating elements. At the Secretarial level, DOT plans policy and coordinates its execution through the modal administrations in a manner designed to produce a balanced and coordinated transportation system. This concept is in keeping with the decentralization trend in modern business and makes the Department one of the most modern, efficient and far-sighted within the Federal bureaucracy.<sup>11/</sup>

The Department of Transportation is not divided into different operating agencies and functions, but is a single coordinated entity under the direction and control of the Secretary of Transportation who reports to the President as a cabinet level officer.

Section III - 8th paragraph (p.7)

The Federal Highway Administration is divided into three organizational layers: 1) The Washington office of the FHWA 2) the regional office (the Region II office is located in Baltimore) and 3) the Bureau of Public Roads Division office.

In the same vein, the above description is not fair to the Federal Highway Administration and fails to give the reader an accurate description of that organization. The principal characteristic of the FHWA is the substantial delegation of authority to Regional

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<sup>11/</sup> See Peter Drucker's book, The Age of Discontinuity, Chapter 10.

Administrators and Division Engineers in each State. A program of the size of the Federal-aid highway program could not be effectively administered without a close working relationship with the States. The essential nature of the program is a State-Federal partnership and some 8,000 to 9,000 projects are submitted by the States annually to the FHWA for approval. To process these and to avoid the kind of bottleneck in Washington that other Federal agencies have been criticized for, Regional Administrators and Division Engineers have been delegated substantial authority. Therefore, the FHWA is one of the leaders in the implementation of the concept of decentralization which is a national goal of the present Administration in its efforts to simplify Federal assistance to States and communities.<sup>12/</sup>

Section III - 9th paragraph (p. 7)

State highway departments to which Federal highway funds are channeled are responsible for constructing the projects. They are primarily responsible for drawing up the specific plans for the interstate highways within their boundaries. However, each project must be submitted to the Department of Transportation for approval before funds are granted.

We do not take issue with this statement except that it is incomplete. It should be borne in mind that the States and the States alone initiate projects, and all the highways, including the Interstate System are owned, operated and maintained by the States.

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<sup>12/</sup> See Statement of the President on Restructuring of Government Service Systems, March 27, 1969.

Section III - 10th paragraph (p. 7)

Highway money is allocated to the States according to a formula established by the Highway Act. Because a State is assured of this money, and because the Federal Government will pay 90 percent of the cost of a highway that is part of the Interstate System, a State has little incentive not to build as many miles of highway as the available funds will finance. The State highway department therefore may start with the question not whether, but where, to build.

The implication of this paragraph is that there is not a reasonable connection between the apportionment formula in Section 104 of Title 23 and the Nation's needs for highways. It is erroneously asserted that the State is assured of this money and has little incentive not to build as many miles of highways as the available money is financed. The "Revised Estimate of the Cost of Completing the National System of Interstate and Defense Highways," a copy of which is attached as Appendix C, shows that each State under the guidance of the Bureau of Public Roads of the FHWA participated in the preparation of an individual needs report consisting of maps showing the location of Interstate routes in that State, plates showing the engineering features and tables listing the design criteria, route, and section mileages, and estimated cost of each segment of the program down into major elements of construction. This was required and done in five separate reports submitted in 1958, 1961, 1965, 1968 and 1970. This procedure which insures that there will be a realistic apportionment of funds related to actual needs is required by Section 104(b)(5) of Title 23.

In connection with the Highway Needs Report, the Department of Transportation in connection with the 1970 Highway Needs Report will also consider the needs for Federal-aid to urban public transit, airports

and other terminals. "Regional Transportation Planning Manual 1970-1990, Manual A, General Instructions," copy of which is attached as Appendix H, provides the instructions pursuant to which the concerned Federal agencies and States will provide the data necessary to plan the Nation's transportation needs to the year 1990. Section 1651 of Title 49, Department of Transportation Act 1651(b)(1), provides that it is the responsibility of the Department of Transportation to facilitate the improvement of a coordinated transportation service. The above-cited Manual A will facilitate the Department's objective of providing a balanced transportation service by requiring that the needs for all modes be studied and developed simultaneously. Thus, the inference that the decision to spend money on highways is a one-sided not seriously considered matter is inaccurate and unfair.

Highway transportation is the dominant mode today and will continue to be the dominant mode into the foreseeable future. Therefore, it is neither illogical nor unjust for a major portion of Federal-aid to transportation to be spent on highways.

Section III - 11th paragraph (p. 8)

Because the Trust Fund provides highway money automatically, without the need for appropriations by Congress, the Federal Highway Administration has similarly little incentive to limit the amount of highway construction that takes place.

This statement, which is completely erroneous, cites Helen Leavitt's book "Superhighway-Super Hoax", Chapter 3, as authority. Herein is revealed a basic error by the author of the Staff Report, i.e., almost complete reliance upon one admittedly biased source.

According to the publisher's jacket, the author of "Superhighway-Super Hoax" is a freelance writer who became personally involved in a highway location dispute in the District of Columbia. She is described as a prime mover in the lawsuit that stopped District freeway construction in 1968, and as an active member of the local Democratic party in the District of Columbia. "Superhighway-Super Hoax" is a diatribe against the Federal-aid highway program and nowhere within its covers can be found a favorable statement about the Federal-aid highway program. Even a cursory reading of the book makes it obvious that it is not an attempt at scholarship or a reasoned analysis of the facts. That highways handled 98% of all person trips in urban areas of more than 50,000 population and 97% of all person miles of travel are by highway vehicle, and that virtually all movement of goods within urban areas is by truck and that of some 1,850 billion ton miles of goods movement in 1968; 430 billion or about 23% were by truck, and that highway transportation at the 1968 level of \$142 billion accounted for 83% of all transportation costs in the United States and 16% of the Gross National Product has failed to penetrate the consciousness of the author. The significance of these statistics is, of course, that highway transportation is a dominant mode of transportation and without transportation it would be impossible for society to continue with the present standards of living. Mass production of goods and

services requires a mass distribution system and, of course, a large population distributed over a Nation as large as ours is critically dependent upon a transportation system.

The author of the Staff Report's almost complete reliance on Leavitt's book shows very sloppy, if not feeble, scholarship. The sentence quoted above from the Staff Report which cites as its authority the Leavitt book is of course completely erroneous. First, highway trust funds are not provided automatically and, secondly, they are not provided without the need for appropriations by Congress. We have already pointed out the manner in which Trust Funds are biennially authorized and annually appropriated by Congress as required by the Constitution and the laws of the United States.<sup>13/</sup> To use such an erroneous statement as a premise for the conclusion that the FHWA has little incentive to limit the amount of highway construction that takes place is the only possible result that could be reached from relying on a biased source such as Leavitt's book, i.e., the author's source dictated his conclusions.

Federal participation in Federal-aid highway projects is a matter that is most carefully regulated and controlled. The Federal Highway Administration has made numerous regulatory issuances which provide guidance and circumscribe and limit the manner in which Federal funds shall be spent by the States. See Appendix I.

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<sup>13/</sup> Section 209(f), Title 2, Federal Highway Act of 1956. 70 Stat. 399, states "amounts in the [ ] and shall be available by appropriation acts . . ." Also footnote supra.



IV. Social Policy and the Planning and Location of Interstate Highways  
(pps. 8-11)

The report is incorrect and manifestly unfair to the States and the Federal Highway Administration in alledging that there "is a serious question whether the social effects of highways, for example their impact on the future patterns of employment and residence in a metropolitan area, are given meaningful consideration in the planning and location of a Federal highway project."

The social effects of highway planning and location are given great weight and consideration. The rules and policies promulgated by the Federal Highway Administration clearly and unequivocally require the State highway departments to consider a wide range of factors in determining the location of a Federal-aid highway to assure that the location and the design of the highway are consistent with local, State and Federal goals and objectives. For example, note the public hearing requirements and specifications contained in paragraphs 4, 6, 9 and 10 of PPM 20-8, Appendix J.

Attention is also directed to paragraph 3b of PPM 20-8 which permits Federal participation in construction costs only where preliminary engineering and/or rights-of-way acquisition were accomplished in accordance with Federal-aid requirements even though Federal funds did not participate in the costs incurred. In other words, the

States cannot escape Federal public hearing and location requirements by designing the highway and acquiring the right-of-way with its own funds and then request Federal participation in the costs of construction.

The report fails to mention the important and far reaching requirements of Section 204 of Public Law 89-754, the Demonstration Cities and Metropolitan Development Act of 1966 which requires the States, after June 30, 1967, to submit all applications for the planning or construction of a Federal-aid highway project (and other federally assisted projects) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used or the project constructed.

The application for Federal-aid when submitted to the Federal agency shall, with certain exceptions, be accompanied by the comments and recommendations of the areawide agency and a statement of the applicant that such comments and recommendations have been considered prior to formal submission of the application.

The report also neglects to discuss the provisions of Title IV of Public Law 90-577, the Intergovernmental Cooperation Act of 1968, which requires extensive coordination of federally assisted programs between significantly affected Federal agencies and coordinated with, and to the extent authorized by law, made part of the comprehensive local and areawide development planning. Section 401(c) of the Act specifically commands that "Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic develop-

ment, natural and human resources development, community facilities and the general improvement of living environments."

In view of these positive actions which are required to be taken before approval of a Federal-aid highway project can be obtained, it is most difficult to understand the statement made on page 10 of the report "...that the review of applications seems to be made principally with an eye to transportation - related issues, i.e., review of division engineers in the Planning and Program Office and officials in the fiscal office."

The procedures implementing Section 204 of Public Law 89-754 and Title IV of Public Law 90-577 are contained in IM 50-1-70, issued January 12, 1970, a copy of which is enclosed hereto as Appendix. The outline provided to this memorandum Exhibit 1, will indicate the process that is undertaken, before the State submits a request to the division engineer for location or design approval.

The report also erroneously indicates that the division engineer is in the Planning and Program Office. In each State, the District of Columbia and the Commonwealth of Puerto Rico, the Federal Highway Administration maintains an office in close association with the State agency responsible for the State's highway program. These offices are under the control and supervision of a division engineer.

Also, where the State proposes a project in an urban area of over 50,000 population, the division engineer may grant approval of the project in accordance with the provisions of IM 50-2-65. Applications received from the State are not forwarded to the Washington office for review except under the circumstances described in paragraph B5.

## V. Application of Civil Rights Requirements

The following material is presented to clarify, supplement and where necessary correct and rebut the statements on pages 12 through 14 of the Staff Report.

The Staff Report notes tht the DOT Title VI regulations prohibit the design and location of highways in such a manner as to require the relocation of any persons on the basis of race, color, or national origin. The Report also notes that the regulations offer no explanation, criteria, or guidelines to help a State determine whether a particular project will be in compliance.

The subject regulations establish relatively general guidelines for the entire Title VI program applicable to all administrations within the Department. Each administration exercises its own discretion for obtaining compliance. The FHWA has successfully relied on two primary means of accomplishing this end.

In January, 1969, the FHWA instituted a procedure for the conduct of two public hearings in connection with each Federal-aid highway project to assure adequate consideration of all major influences upon highway desing and location. Among the influences considered are (1) residential and neighborhood character and location, (2) religious institutions and practices, (3) replacement housing, (4) educational facilities, and (5) displacement of families and businesses. The public hearings afford a full opportunity for presenting views on

major highway design features including the social, economic, environmental, and other effects of alternate designs.

An investigation procedure, formerly administered by the FHWA and now centralized in DOT, assures the efficient and timely processing of Title VI design and location problems. On several occasions the investigation procedure has demonstrated that a proposed highway location or design, while not denying any person the access and use of the highway, would unfavorably disrupt established neighborhood patterns and minority business centers. On each occasion, the Federal-aid project was deferred until either an acceptable re-design could be developed or some other appropriate resolution of the problem reached.

Both the two hearing requirement and the investigation procedure have greatly assisted the FHWA and the State highway departments in becoming more aware of, and responding to, the elements of highway design and location which affect a community from a racial or national origin viewpoint. Without the experience which is now being acquired by both the Federal and State agencies in this area, we would seriously doubt the practical value of any "explanations, criteria, or guidelines" which could presently be developed for inclusion in the DOT regulations.

VI. Highway Construction in Baltimore County (pp 14-15)

At the request of the Assistant General Counsel of the United States Commission on Civil Rights, a listing of Federal funds was submitted by the FHWA Regional Administrator which he was able to identify as pertaining to road projects in Baltimore County, but, in so identifying them, perhaps the impression was created that these funds went to the Baltimore County government.

While it is true that the Federal Highway Administration has allocated to the State of Maryland "millions of dollars" over the last few years which have been used by the Maryland State Roads Commission for the construction of highways in Baltimore County, it is important to understand that this money was not paid by the Federal Highway Administration to Baltimore County. Rather, under title 23, U.S.C., the Federal Highway Administration has participated with Federal funds in Maryland road projects, some of which projects are <sup>in</sup> ~~not~~ Baltimore County. This distinction is considered necessary for the sake of clarity. Actually, during the period which was the subject of the Assistant General Counsel's inquiry (1968-1971), some funds allocated to the State of Maryland were issued by the Maryland State Roads Commission to reimburse Baltimore County for some construction on some secondary roads owned by Baltimore County but this sum only amounted to a relatively insignificant amount.

## Exhibit No. 25

Essex Community College is located in Eastern Baltimore County - It is the only two year school in the area (one is planned to go up in Dundalk in 1971 but is much smaller)

The cost is \$112 per semester lowest in County

Problem: if you live in Dundalk which is ~~approx.~~ about 8 miles <sup>away</sup> and you need to take a bus you must do one or the other

1) Catch a # 20 bus into the city and then walk 8 blocks for the # 35 ~~or~~  
 2) Catch # 20 then # 23, then # 35

~~70~~ In all cases it takes at least two hours ~~for~~ one way

Many blacks in Turners  
Station can not afford cars  
and the transportation system  
is absurd. Even Community  
College has a very low  
percentage of blacks even  
though its administration  
has tried to work out the  
problem

Mike Gulrago  
2608 Gray Mann Terrace  
Baltimore, Md.  
21222



## Exhibit No. 26

AUG 14 1970

2CF

Mr. George E. Cavrellis  
Director, Baltimore County  
Office of Planning & Zoning  
111 West Chesapeake Avenue  
Towson, Maryland 21284

Dear Mr. Cavrellis:

Thank you for your letter of May 22, 1970, which summarized the comments made by Baltimore County at the May meeting in our office.

While we find this information helpful, some of the responses to our questions with regard to the Eastern Area Park and the local planning process still require clarification. We ask, below, that certain of these questions be answered before we recommend removal of the Md. 63A-60 requisition condition and that you respond to the others before planning findings are made for any additional Metropolitan Development projects applied for by the County.

We address ourselves first to aspects of the local planning process. As you are aware, we must make a determination as to the adequacy of the local planning process and specifically, whether that process provides us with sufficient basis for making findings relating to project consistency. We have sought over the past couple of years through information requests and discussions to better understand the County planning process. However, a number of questions remain to be answered.

It is not clear to us what techniques were used in the County planning process to analyze the behavioral characteristics of the population (people's actions that are in conformity to the required standards and values of the community, e.g. patterns of activity established in response to standards of education, standards of home ownership and maintenance, standards of success and failure), how the needs implied by these characteristics were assessed and what activities have been programmed to meet specified needs. We are also concerned that the local process reflect the relevant aspects of the regional planning process. The interrelationship of these two levels of planning, particularly the social components (e.g. those issues that cannot be directly defined in terms of physical structures but establish the

constraints that ultimately shape the physical environment, i.e. juvenile delinquency and juvenile responsibility, racial prejudice and racial harmony, sound and unsound health in the community, loneliness and socializing, narcotics control or lack of control) is not explicit enough to aid in HUD's evaluation of funding requests for specific projects.

In order for the County planning process to be an effective guide to decision-making, the plan must: 1) set forth an analysis of County and county-related problems to be addressed in the planning process and provide a mechanism for ongoing evaluation of these problems; 2) it must present a statement of objectives and a system for setting priorities to achieve these objectives. The Plan should discuss the planning methodology used to establish priorities in light of the complex variables, conflicting objectives and scarce resources that confront the County; 3) the process must incorporate procedures which afford all County residents, and especially low-income and minority groups, the opportunity to actually participate in the preparation, implementation and revision of the plans; 4) the process must reflect at all stages the regional context within which it functions; 5) it must provide a basis for establishing development controls; 6) it must be legally adopted by appropriate government bodies; and 7) the process must be clearly expressed as a continuous function of problem definition and solution.

In light of these considerations, we raise the following issues for your response:

1. We do not have a statement of specific County problems to be addressed in the planning process. Those discussed in the Guide plan are the general condition of counties facing metropolitan development. However, the County should submit a detailed discussion of social problems, indicating the magnitude and nature of these issues. The problems should reflect the regional situation as it impacts on the County as well as those problems that can be said to be confined within County boundaries.

2. The stated goals for the County planning process are so general that it would be impossible to establish objectives or priorities based on them in any decision involving conflicts. How would the County decide whether a decision should be made which might "guarantee green space" in one area but not contribute to guaranteeing economic stability? How would the County resolve a conflict in which the contribution to economic stability might undermine the preservation of open space? The oversimplification of the goals statement prevents our understanding of how the complex and diverse needs of the County's populace are to be considered in any single decision or how the County analyzes the impact of a decision and what process will the County use to make objectives more precise and project the likelihood of implementation? How will it anticipate and resolve conflicts and inconsistencies among objectives?

3. What specific efforts have been made to include members of low-income and minority groups in the process of plan preparation, implementation and revision? Particularly, how have agencies and groups representative of low-income and minority people been involved in zoning and subdivision regulation decisions?

How effective have these efforts been? Please illustrate.

How does the County intend to make these efforts more effective in the future?

4. (See below)

5. What is the status of revised zoning and subdivision regulations? Will these regulations reinforce the principles set forth in the Guide plan? Please relate these regulations to the problem statement requested above indicating how they are expected to ameliorate or solve the problems.

6. What is the projected date for the official adoption of the Guide plan and sector plans by the County Planning Board? Is adoption by the County Council required? If so, when is this likely to occur? We request that the sector plans and supporting documentation be submitted to this office as they are prepared.

4 & 7. Baltimore County should submit a work program covering 3 years which will indicate the planning activities to be undertaken and the fiscal and staff resources to be allocated to these activities. A preface to the work program should be included which discusses the specific relationships between the goals and objectives of the Regional Planning Council as articulated in its overall program design and the goals and objectives of Baltimore County's planning program.

With regard to the Eastern Area Park project, we feel that your letter raises a number of difficulties that prevent a definite resolution of the access problem. However, we wish to call the following to your attention:

1. The Park will eventually serve a newly established community slated for development near the Park boundaries.
2. The Park, upon development, will serve a substantial number of low-income persons in the immediate vicinity and could be of benefit to low-income persons throughout the Eastern area, other parts of Baltimore County, and the entire Baltimore Region.

3. Citizen participation is a major part of any adequate planning process, including the implementation stage. At our recent meeting with you in my office it was stated that the "guts" of citizen participation comes at the development of the specific recreation sites.

In light of these facts, we ask that you prepare a statement providing us with certain information concerning the process to be followed in developing the Eastern Area Park. Specifically, the statement should address the following aspects of the process:

1. Identification of the characteristics and needs of the population that the park will serve over time (i.e. the residents of the immediate vicinity, the community proposed for future development on the peninsula).
2. A discussion of how a representative sample of these citizens would be involved in the planning for the development stages of the Park.
3. In conjunction with the Regional Planning Council, a discussion of short and long-range alternative solutions to the access problem locally and/or regionally. This discussion should include the population without cars that could be served if public transportation were available.

We trust that you will give these matters your immediate attention. If we can provide further clarification, please contact us.

Sincerely,

Samuel H. Hawthorn  
Assistant Regional Administrator  
for Program Coordination and Services

Copies to:

Mr. Frederick Dewberry, County Development Coordinator  
Mr. Hubert Snyder, Department of Parks and Recreation  
Mr. Robert Young, Regional Planning Commission

cc:

2C Hawthorn 816

2CP Henson 829

2CP Hobbs 820

2M Parker 884

2CP Tutman 820

MPS Rogers 7234

2CP Planning 870

Reg. File

Chron

2CP:Henson/Hobbs:sfe:8/12/70 2625

## BALTIMORE COUNTY OFFICE OF PLANNING AND ZONING

County  
 COUNTY OFFICE BUILDING  
 111 W. CHESAPEAKE AVE.  
 BALTIMORE  
 BALTIMORE, MD. 21204  
 35000

May 22, 1970

MURGE E. GAVRELIS  
 CTOP  
 v. Ward D. Hardesty  
 COMMISSIONER  
 Planning

Mr. Samuel H. Hawthorn  
 Assistant Regional Administrator for Program  
 Coordination & Services  
 Department of Housing and Urban Development  
 Region II  
 Curtis Building  
 6th and Walnut Streets  
 Philadelphia, Pennsylvania 19106

Dear Mr. Hawthorn:

This letter is a follow-up to the meeting held in your office between representatives of your staff and of Baltimore County and the Regional Planning Council. First of all, let me express my appreciation for extending to us in Baltimore County the opportunity for face to face discussion on and clarification of a series of issues relating to our proposed Eastern Area Park. We found the discussion to be helpful.

I have reviewed materials prepared by this office in conjunction with our application for the Eastern Area Park. Nowhere do I find that we in Planning stated that the Park facility would serve "community functions". All of our justification deals with service on an area or "town" level. Our letter of September 2, 1969 to Mr. Hubert Snyder, Director of Recreation and Parks, did mention that the Guideplan included the Eastern Area Park on it and that the Guideplan was showing town and community parks. Frankly, we were somewhat taken aback at our meeting with you when a community function was assigned to the Park by your staff.

The Eastern Area Park will offer some measure of service to close-by residents. Obviously, its waterfront orientation will serve a much larger area and a wider range of recreational opportunities than are possible in our more localized facilities at the neighborhood or community level. The service area of the Park in its broadest aspect has been well documented by the Regional Planning Council in their reply to you dated April 17, 1970. Additional comment is not required on this aspect of the Park's service.

May 22, 1970

Our meeting did indicate that the Eastern Area Park does serve an area on the Back River Neck Peninsula within which minority and low income groups reside. For certain kinds of waterfront or water related recreation opportunities, the Eastern Area Park can and will meet the needs of the people residing on Back River Neck Peninsula - the area shown on the Guideplan as the Essex Town Area. Other facilities exist or will be provided in the Essex Town Area on a walk-to basis to meet the needs for recreational opportunities close to home. These are shown on an accompanying draft of the Sector Plan for this area and ought to respond to your questions relative to how Baltimore County does provide recreational facilities for all of its people. In planning these facilities, we try not to think of race or income but, rather, what are the needs for play space and parks in a given area. The plans themselves, in the words of Hubert Snyder, attempt to concentrate on the things which unite people rather than on those which divide people.

I am transmitting two maps from our Population Characteristics Atlas which is based on the 1960 census. Please note that the Back River Neck Peninsula (the Eastern Town Area) was one of two in the County in 1960 which had census tracts with more than 20% of its families with incomes under \$3,000 (see Figure 15). Please note also that the Eastern Area had census tracts which had more than 10% of the population in a non-white category (see Figure 12). The needs of low-income or minority racial groups are being met by our Park and Recreation proposal on both a neighborhood and an area basis. Again see the Sector Plan proposals relative to school recreation centers or parks and compare them with Figures 12 and 15.

The remaining issue requiring comment seems to be transportation and how low income or minority groups would get to the Eastern Area Park. Please refer to the Guideplan which shows a future mass transit system, one leg of which extends from the city to the center of Essex. Such a mass transit system would require a fairly complex and efficient surface bus system providing transit linkages between places of residence and mass transit lines themselves. In the long run, one could expect a connecting bus system running the length of the Back River Neck Peninsula to the Essex mass transit line. When implemented, this would provide service not only for people on the Back River Neck Peninsula to the Park, it would also provide linkages from other areas, including Baltimore City, to the Park. Mr. Snyder assures me that group use of our parks has been made possible by the use of school bus companies, who can, and do, provide transportation to our park facilities at a reasonable fee. Beyond these possibilities for transit, the answers must await a regional determination and interaction by our Metropolitan Transit Authority in determining the economics of and the routes for a regional surface transit system. I can make no commitments beyond those mentioned above.

Mr. Samuel H. Hawthorn - Page 3

May 22, 1970

I hope that this letter now clarifies and provides answers to the questions raised by the Planning Staff at your meeting. Please advise me if any additional information is required.

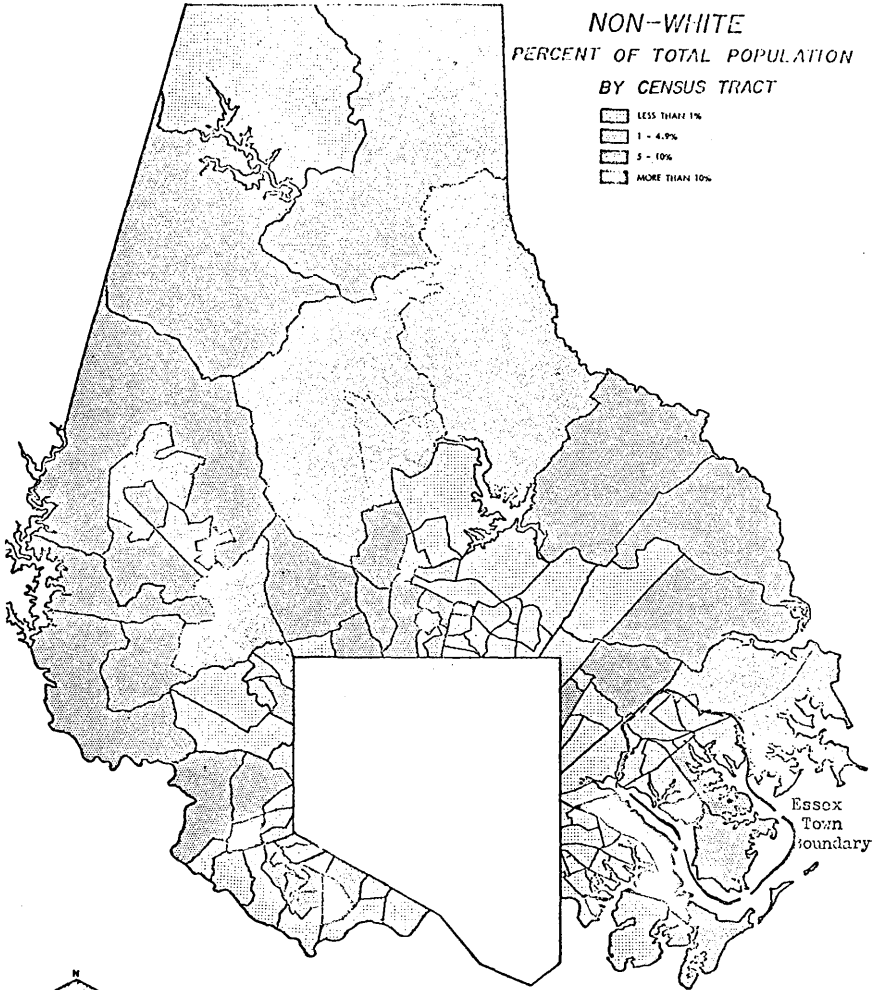
Sincerely yours,

  
George E. Gavrilis  
Director of Planning

GEG:msh

enclosures

cc: Mr. Frederick Dewberry  
Mr. Hubert Snyder  
Mr. Robert Young







SOURCE: 1960 U. S. CENSUS OF POPULATION

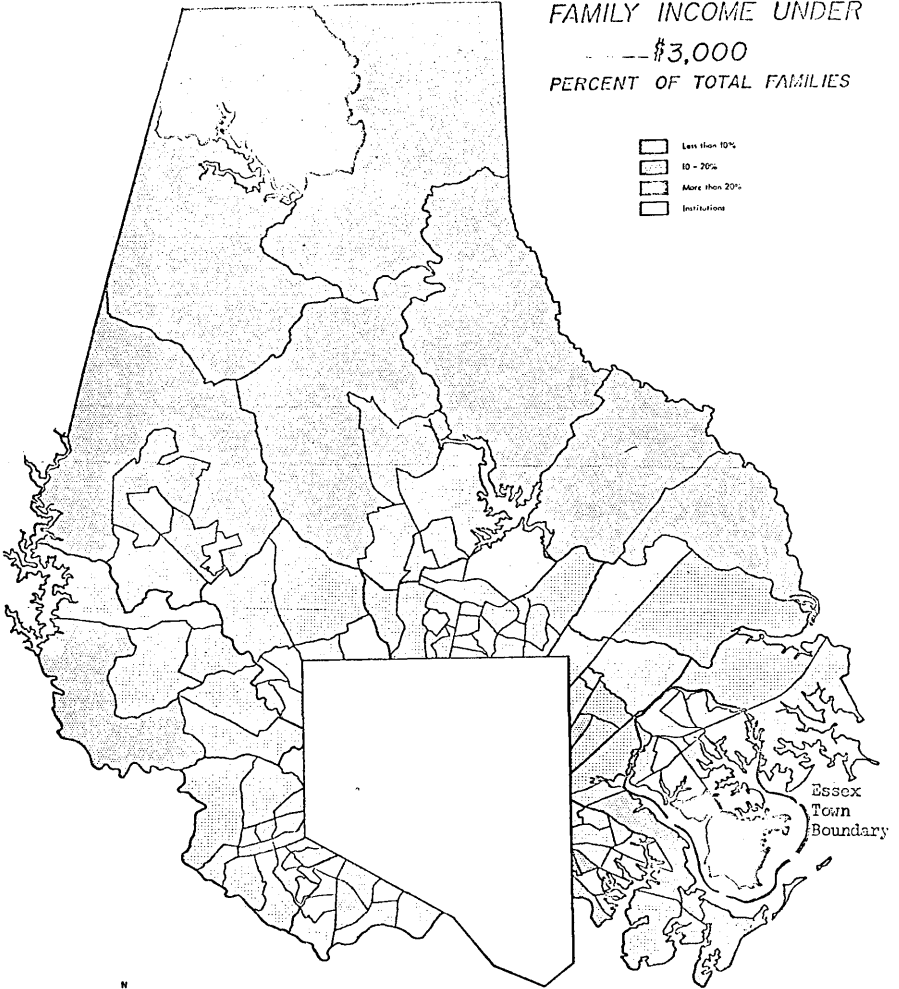


BALTIMORE COUNTY OFFICE OF PLANNING AND ZONING



FAMILY INCOME UNDER  
\$3,000  
PERCENT OF TOTAL FAMILIES

-  Less than 10%
-  10 - 20%
-  More than 20%
-  Institutions



Essex  
Town  
Boundary



SOURCE: 1970 U. S. CENSUS OF POPULATION

BALTIMORE COUNTY OFFICE OF PLANNING AND ZONING

*Exhibit No. 27*

**UNITED STATES COMMISSION ON CIVIL RIGHTS**

**STAFF REPORT**

**NEW TOWNS**

i

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## I. ELEMENTS AND FUNCTION OF A NEW TOWN

### A. Definition of Goals of New Towns

"New community" means any large scale planned development that mingles different types of uses -- residential, commercial, industrial, and recreational. Strictly speaking, a "new town" is a new community which, because of its size and diversity, has achieved a high degree of self-sufficiency. The difference between "new towns" and less self-sufficient new communities is one of degree, and the two terms are at times used interchangeably in this paper.

Although the new town concept had its origins in the utopian philosophies of the 18th century and earlier, most commentators trace its modern day origin to the English dissatisfaction with the industrial cities of the 19th century. The "garden city" concept developed in that period had as its basic tenet that urban problems are insoluble within the framework of the metropolis. Ebenezer Howard, an author and originator, first expounded his theory in 1898. Howard's original concept was basically for an inner residential area of 1,000 acres, with a population of 30,000, surrounded by a belt of farms. The farm area would have a population of 2,000 on approximately 5,000 acres of land. Howard's plans were sketchy, but they

did provide for industrial and commercial development for the residential areas, and were based on the theory that the urban and rural areas should be interdependent.<sup>1/</sup> The development of Letchworth and Welwyn in 1909 were the first application of Howard's thesis.<sup>2/</sup>

Since that time, the English Government has played an active role in the planning and construction of new towns, seeking balanced development of different types of new towns. This has been characteristic of the experience of many Western European countries as well.<sup>3/</sup>

In the United States, the Government has not been involved extensively in the development of new communities, except for the construction of special purpose communities such as Boulder City, Nevada or Los Alamos, New Mexico, built in connection with atomic energy and hydroelectric installations. In part, for this reason the United States generally has seen the planning and construction of less self-sufficient new communities, rather than of new towns.<sup>4/</sup>

<sup>1/</sup> William Peterson, The Ideological Origins of Britain's New Towns, 34 American Institute of Planners Journal 160-161 (1968).

<sup>2/</sup> Id. at 161.

<sup>3/</sup> John Garvey, Jr., What Can Europe Teach Us About Growth?, 7 Nation's Cities 13-18, 31 (1969). Hereinafter cited as Garvey/.

<sup>4/</sup> Edward P. Eichler and Marshall Kaplan, The Community Builders 24 (1967). Hereinafter cited as Eichler/.

The English and the United States' experience, however, appear to reflect substantially similar planning ideals, such as the following:<sup>5/</sup>

Multipurpose development. The new town should have an overall plan of development which includes provision for industrial, business, and residential development on a balanced scheme. The industrial development should not be keyed to one industry or to a certain type of industry, but rather should be diversified. Diversification of industry will help to provide a broader tax base and also attract a wider variety of residents.

A proper mix of different income housing. New towns should provide low- and moderate-income housing as well as high-income housing, with due regard for the need to have a sufficient tax base to support the services which are necessary to a community.<sup>6/</sup> Care also should be taken that the low-income housing is of good quality.<sup>7/</sup>

<sup>5/</sup> The enumeration of goals is a synthesis of the objectives enumerated by different authors. See Gladstone, New Towns Roles in Urban Growth Explored, 23 Journal of Housing 29, 30-33 (1966) [Hereinafter cited as Gladstone]; and Advisory Commission on Intergovernmental Relations, Urban and Rural America: Policies for Future Growth 63-64 (1968). [Hereinafter cited as Urban and Rural America].

<sup>6/</sup> Id. at 30.

<sup>7/</sup> Mayer, Greenbelt Towns Revisited, 24 The Journal of Housing 151, 152 (1967). [Hereinafter cited as Greenbelt Towns Revisited].

Respect for the natural topography of the area. This concept was originally enunciated in the Radburn plan;<sup>8/</sup> basically it seeks to use the natural character of the land to enhance the aesthetic value of the community.

Attraction of industry and business. An essential part of being a whole community is the presence of industry and commercial enterprises to furnish employment and services to the citizens of the community.<sup>9/</sup> There should be a balance of blue-and-white collar jobs. There also should be a sufficient number of shopping establishments to meet the community's needs.

Sufficient size. The new town should be of sufficient size to be a viable community, but not so large as to produce the problems endemic to large cities.<sup>10/</sup>

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<sup>8/</sup> "The concept, developed [in the design of Radburn, New Jersey] by Clarence S. Stein and Henry Wright in 1929 introduced the superblock unpierced by through-traffic; complete separation of pedestrian and motor car, the internal social recreational park on land gained by the cluster principle." National Committee on Urban Growth Policy, The New City 98 (D. Canty ed. 1969) [Hereinafter cited as The New City].

<sup>9/</sup> Greenbelt Towns Revisited, supra note 7, at 151,156.

<sup>10/</sup> Urban and Rural America, supra note 5, at 64.

B. The Need for New Towns.

Seventy percent of the Nation's approximately 200 million population is concentrated in urban areas. <sup>11/</sup> The population is growing at a pace never before experienced, and, if present patterns continue, most of the population growth -- 80 percent of it -- will occur inside metropolitan areas. The central city population will grow only about 13 percent by 1985, while the suburban rings will grow by 106 percent. That is, 89 percent of <sup>12/</sup> the metropolitan growth will be in the suburbs.

In order to meet the United States' housing needs it will be necessary to build at least 2 to 2.25 million housing units a year. The National Commission on Urban Problems has stated that of these needed units

at least 500,000 units a year exclusive of housing for the elderly should house the low and moderate-income families who at present costs and incomes cannot afford to rent or buy decent, safe and sanitary housing. <sup>13/</sup>

In order to meet these needs, planning and development on a large scale may be necessary. The following section of this paper will seek to evaluate the potential of the new town as a means of meeting this need.

<sup>11/</sup> Gladstone, supra note 5, at 31.

<sup>12/</sup> National Commission on Urban Problems, Building the American City 42 (1968) /Hereinafter cited as Building The American City/.

<sup>13/</sup> Id. at 180.



II. NEW TOWNS AND NEW COMMUNITIES IN THE UNITED STATES

The company towns which were built mainly between 1830 and 1900 were an outgrowth of the industrial revolution and were built by industrial companies which were more concerned with the needs of the company than with enlightened planning. Two of the more significant examples of company towns were Pullman, Illinois and Kingsport, Tennessee.<sup>14/</sup>

When developers entered the community construction field, their intention was to create suburbs completely cut off from the industrial process. The developers felt this would avoid the problems that had beset company towns. Palos Verdes Estate in Los Angeles County, built in 1923, was the most significant of the early real estate communities.<sup>15/</sup>

<sup>14/</sup> Generally, company towns have not been a major element in the American tradition of city planning. However, Kingsport "marked perhaps the greatest advance in planning a company town. Its features include a diverse industrial base, an early planning body utilizing private zoning regulations, and initially a wholly democratic council-manager form of local government operating under a model city charter. However, the physical plan and the generally inadequate permanent zoning restrictions retarded the healthy, balanced development of Kingsport." Urban and Rural America, supra note 5 at 68,69.

<sup>15/</sup> "Unique planning features and comprehensive protection deed restrictions -- characterized by stability of land-use, separation of residential and business areas, and a continuous planning function -- make these real estate communities significant improvements over the company town idea." Id. at 69.

The garden city movement also caught hold in the United States -- Radburn in New Jersey -- and was characterized by the preservation of open space through interior parks and gardens, and the use of the "superblock" with extensive use of footpaths. <sup>16/</sup>

The Presidential Executive order <sup>17/</sup> which in 1935 created the Resettlement Administration, included a provision for greenbelt towns. Greenbelt, Maryland, Greendale, Wisconsin, and Greenhills, Ohio were built by the Federal Government in the latter half of the 1930's in order both to create employment and to help develop techniques of planned urban development. <sup>18/</sup>

Basically, the Federal Government's goal was to provide modestly priced housing in a planned setting, including a greenbelt area which would surround the developed residential area. The goal was to make the greenbelt towns self-sufficient, with shopping centers, local government, and employment opportunities within the towns.

None of the original greenbelt towns developed into a self-sustained entity, both because the populations were not large enough to support an integrated shopping-entertainment center, and because

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<sup>16/</sup> Id. at 69-71.

<sup>17/</sup> Exec. Order No. 7027 (April 30, 1935), see S. Rep. No. 312 81st Cong., 1st Sess. 1241 (1949).

<sup>18/</sup> Greenbelt Towns Revisited, supra note 7 at 12, 20.

the towns were unable to attract industry.<sup>19/</sup> Moreover, the greenbelt towns were unable to provide housing for low-and-moderate-income people to the extent originally intended. Since there was no mechanism to control the price of property on resale, prices rose progressively. In Greenbelt, Maryland, land prices rose yearly an average of 250 percent or an overall increase of 8000 percent. The greenbelt experience thus suggests that unless there is an effective mechanism to keep price levels down, new towns will not meet the needs of low income families.

The extent of new community development across the country today is difficult to determine. It has been estimated that there are only slightly more than 50 new communities, incorporating significant residential, commercial, and industrial features, in all of the United States.<sup>20/</sup>

An illustrative listing of 52 new community projects which were underway in 18 States in 1968 is presented in Appendix A.<sup>21/</sup> There is a wide variety of styles and types in the new communities being constructed across the Nation. Most combine single family houses with garden and high-rise apartments. Shopping centers and industrial parks often are designed around a core of buildings, malls, and walkways, surrounded by parking space. The larger new communities generally

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<sup>19/</sup> *Id.* at 154, 160. Moreover, the rural-urban integration plan did not survive in any of the towns both because there were inadequate markets for the farmer's goods, and because the rise in land prices and tax assessments made it economically unfeasible to continue farming. *Id.* at 80-86.

<sup>20/</sup> *Urban and Rural American*, *supra* note 5, at 77.

<sup>21/</sup> *Id.* It may be noted that many of the new communities are located in California.

favor the neighborhood and village approach, with residences, schools, and churches grouped around a small commercial and activity center; this facilitates efficient and economic development by stages.<sup>22/</sup> The two new towns in the Washington area are Columbia, Maryland and Reston, Virginia.

Columbia, Maryland. The Rouse Company is building Columbia, Maryland on approximately 15,000 acres in the corridor between Baltimore and Washington. The projected population of 110,000 to be attained by 1980, will be housed in a wide variety of apartments and homes. Rents will vary from about \$120 to approximately \$335 per month; home prices will range from approximately \$18,000 to over \$60,000. There are 4,900 acres reserved for industrial and commercial uses and industrial parks, 500 acres reserved for commercial and office use, and 5,200 acres reserved for permanent open space, lake, and parks. There are approximately 7,400 acres reserved for residential sites.

The planning of Columbia is being done on a continuous basis, with attention being given to experience as the community develops.<sup>23/</sup> Basic to planning at Columbia is the "concept of housing cluster, neighborhood, village and town as a system of overlapping communities."<sup>24/</sup>

<sup>22/</sup> Urban and Rural America, supra note 5, at 77.

<sup>23/</sup> Hoppenfeld, A Sketch of the Planning-Building Process for Columbia, Maryland, 33 American Institute Planning Journal 402-403 /Hereinafter cited as Hoppenfeld/.

<sup>24/</sup> Id. at 406.

Basically, each neighborhood center consists of an elementary school supplemented by a day care center, a small store, and a multi-purpose meeting room. In addition there is a swimming pool, park and playground areas. Village centers, each with a secondary school as its hub, will be formed by the clustering of several neighborhood centers. These village centers will range in population from 10,000 to 15,000. The third level in the plan of community overlap is the town center of Columbia itself.<sup>25/</sup>

One of the objectives which the planners of Columbia considered important was that there be a balance of housing types; that there be an economically and racially balanced community.

The Columbia Interfaith Housing Corporation is to build 300 new homes for low-to middle-income people, using \$4.4 million in Federal aid.<sup>26/</sup> Ninety-nine of the 300 units have been completed, and the rest are under construction. The families living in the housing have incomes ranging from \$6,000 to \$8,000. There is an income limit of \$10,000 for a family of seven or more people.<sup>27/</sup> Blacks comprise about 20 to 25 percent of the residents in this housing.<sup>28/</sup> The Rouse Company also is planning to build housing

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<sup>25/</sup> Id. at 406-408.

<sup>26/</sup> The Evening Sun (Baltimore) March 27, 1970 at C4, Col. 1.

<sup>27/</sup> Rents in the houses now being built are to be \$98 a month for one bedroom, \$115 a month for two bedrooms, \$129.25 a month for three bedrooms, and \$148 a month for four bedroom town houses; the rent includes all utilities. Id.

<sup>28/</sup> Id.

subsidized under the "Section 235"<sup>29/</sup> program. The Section 235 units, unlike the housing described above, will not be concentrated in certain areas, but will be interspersed with the other housing in the community.

The reaction of Columbia residents reportedly has been favorable to the open occupancy policy of the Rouse Company and to the construction of low-and moderate-income housing though it is reported that there has been opposition in surrounding Howard County.<sup>30/</sup>

At the present time there are 33 industries in Columbia, employing 4,500 persons. Commercial establishments employ an additional 3,800 persons. The location of industry and commercial establishments in Columbia is said to be approximately 3 years ahead of the projected pace.<sup>31/</sup> General Electric Company is building a \$250 million manufacturing and distributing center on 1,100 acres in Columbia, which will have up to 12,000 employees when it is completed in the late 1970's.<sup>32/</sup> While the original master plan called for 60,000 jobs in Columbia, the addition of the General Electric plant has caused the projected employment figures to be adjusted upwards

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<sup>29/</sup> This is a Federal program intended to enable low-or-moderate-income families to purchase a home. The Federal Government makes monthly payments to the mortgagee to reduce interest costs to as low as one percent. Housing and Urban Development Act 12 U.S.C.A. § 1715 z(c), (2). (1968).

<sup>30/</sup> Interview with Ray Bird, President, Interfaith Housing Corp., in Baltimore, Maryland, May 14, 1970.

<sup>31/</sup> Interview with John Shallcross, Director, Industrial Relations and Manpower Development. The Rouse Company, in Columbia, Maryland, Apr. 30, 1970. [Hereinafter cited as Shallcross/].

<sup>32/</sup> A City Growing Alongside A Growing City 3 Columbia Today 16, 17-18 (1970).

to 72,000, 42,000 of these to be industrial jobs. The planners anticipate that 60 percent of the jobs will be taken by female <sup>33/</sup> workers.

To facilitate transportation within Columbia, the Rouse Company has instituted a mini-bus system to take care of the immediate needs of the Columbia residents. The company is developing a transportation system which will take care of the future transportation needs of the town. <sup>34/</sup>

Reston, Virginia. Reston is being built on approximately 7,000 acres in western Fairfax County, Virginia. The initiating developer is Robert E. Simon, Jr.

It is projected that there will be a total of about 24,000 housing units, to be completed in the early 1970's. These will include apartment houses, detached houses, and town houses. One thousand acres were set aside for industrial development, with provision also made for recreational areas, including golf courses and swimming pools. The master plan calls for seven villages, each with a population of 10,000. The residential area will be developed along the cluster development principle, with homes built in clusters that conform to the contours of the land, rather than in the traditional grid pattern. The villages are to be built so that residents will be able to walk to any section of the village, thus reducing the automobile traffic within the town. <sup>35/</sup>

<sup>33/</sup> Shallcross, supra note 31.

<sup>34/</sup> A Space Age Transit System for A New Town, 84 The American City 160 (1969). The Department of Transportation funded the planning and analysis stage; The Bendix Corporation will do the study and analysis.

<sup>35/</sup> Eichler, supra note 4, at 79-86; and Milton Viorst, Reston 9 Horizon 35, 37 (1967).

To insure that the community will not change its essential character, restrictions have been put into the deeds of sale which prohibit certain actions by the new owners, e.g., making additions without the approval of an administrative board.

Reston's attempts to attract industry have not been as successful as those of Columbia. Reston has made provision for low cost housing. However, as in Columbia, the majority of the housing will be predominantly higher income housing.

There are two related problems of new town development which warrant special consideration here. These are the financing of new town development, and the need of the new town for industry to provide an adequate economic base.

A. Financing The New Town.

Perhaps the major problem facing new town developers is financing land acquisition, the site development and initial housing, until return on the investment is realized.<sup>36/</sup>

In the case of Columbia, Maryland, the cost of the approximately 11,640 acres originally purchased was about \$16,900,000. In Reston the cost of 7,180 acres was approximately \$13,600,000.<sup>37/</sup>

<sup>36/</sup> Building the American City, supra note 12, at 178.

<sup>37/</sup> Urban and Rural America, supra note 5, at 87. Other examples: New Orleans East, \$27,680,000 for 32,000 acres; Westlake Village, \$27 million for 11,500 acres; Camarillo Ranch, \$18 million for 4,700 acres.



Other initial costs include planning and market analysis, streets and sidewalks, sewer and water lines, shopping centers, and community centers.<sup>38/</sup> The cost of land and the initial improvements for

Columbia required the Rouse Company to borrow \$48,500,000. It was 5 years after the original acquisition of land before the first 100 houses in Columbia were sold and the first 262 apartment units available for rent.<sup>39/</sup>

The New Communities Act of 1968<sup>40/</sup> is in part a response to the problem of financing the new town. The act authorizes the Federal Government to guarantee up to \$50 million of bonds, debentures, or notes issued by a developer in order to secure financing.<sup>41/</sup> There is no minimum size requirement for the amount of land to be developed, though size is one factor in determining whether the developer will be given a guarantee.<sup>42/</sup> To be eligible, the developer must have a comprehensive plan which provides for sound land use patterns, and which includes a proper amount of housing for families of low-and moderate-income.<sup>43/</sup> The developer's plan also must assure that shopping, school, recreational, transportation, and other facilities will be provided adequate to satisfy the needs of the community.<sup>44/</sup>

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<sup>38/</sup> Id. at 87-88.

<sup>39/</sup> Id. at 88. The Rouse Corporation borrowed \$23.5 million from the Connecticut General Life Insurance Company in 1963; \$25 million from Chase Manhattan Bank, Teachers Insurance and the Annuity Association of America.

<sup>40/</sup> 42 U.S.C.A. § 3901 (1968).

<sup>41/</sup> 42 U.S.C.A. § 3902, 3904 (1968).

<sup>42/</sup> 42 U.S.C.A. § 3903(4) (1968).

<sup>43/</sup> 42 U.S.C.A. § 3903(1), (2), (3) (1968).

<sup>44/</sup> 42 U.S.C.A. § 3903(3)(b) (1968).

Western European countries have attempted to meet the financial problems of new town development by means of governmental participation in construction and planning. This is supplemented by governmental policies which provide for transportation facilities, relocation of new industry in the new community's area, and sharing of revenues between the new community and the central government.<sup>45/</sup>

An increasingly significant source of new community development capital is the large corporation.

In some cases, corporations enter the field in part as a matter of product sales stimulation. For example, Westinghouse, developing through a subsidiary the new community of Coral Springs, Florida, refers to the community as "an urban living laboratory" for innovation in home products and systems.<sup>46/</sup>

Simply as part of its program of continuing expansion and diversification, International Telephone and Telegraph Corporation purchased Levitt and Sons, one of the Nation's largest and most successful homebuilders.<sup>47/</sup> Kaiser Aluminum, seeking to stimulate a market for aluminum products in homebuilding and other urban development, has formed a land development subsidiary, Westwood Properties.<sup>48/</sup>

<sup>45/</sup> See Section III, *infra*.

<sup>46/</sup> *Urban and Rural America*, *supra* note 5, at 80.

<sup>47/</sup> *Id.*

<sup>48/</sup> *Id.* at 81.

The Gulf Oil Company, one of the largest investors in the Reston, Virginia New Town, has taken over control of the development through a subsidiary.<sup>49/</sup>

B. The New Town's Need for Industry.

As suggested above, the economic base of a new town may have a direct effect on its ability to achieve the goals generally set by new town planners and developers.

For example, because the greenbelt communities did not have sufficient tax base to support necessary public services, it was found necessary to abandon some of the originally intended, less economic uses, such as farming.<sup>50/</sup>

The planners of Columbia have recognized the need to have an adequate tax base and planned that approximately 20 to 25 percent of the land be reserved for industrial development.<sup>51/</sup>

Sufficient industry also is necessary to provide employment for the residents of the community. Unable to attract industry, the greenbelt communities became very similar to bedroom communities.<sup>52/</sup>

Nonetheless, even with sufficient employment opportunity, people in the United States often seem to reside some distance from their place of employment. It is clear that there always will be interaction between existing metropolitan areas, near which most new communities in the United States have located.<sup>53/</sup>

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<sup>49/</sup> Id.

<sup>50/</sup> Greenbelt Towns Revisited supra note 7, at 22-23.

<sup>51/</sup> Hoppenfeld, supra note 23, at 399, 408.

<sup>52/</sup> Greenbelt Towns Revisited, supra note 7, at 151, 156-157.

<sup>53/</sup> Morris, Prospects for Coexistence, 7 Nation's Cities 39-41 (1969) /Hereinafter cited as Morris/.

The planners of Columbia have recognized that one-half of the employees of those industries in Columbia will commute from communities outside of Columbia.<sup>54/</sup>

It should be noted that such interaction is not confined to the area of employment. A similar need arises with respect to the sharing of certain governmental services,<sup>55/</sup> to the provision of adequate markets and recreational facilities for the residents of both areas,<sup>56/</sup> and also to cooperation in the solving of common problems.<sup>57/</sup>

### III. EUROPEAN NEW TOWN DEVELOPMENT COMPARISON

Following extensive destruction of British towns during the Second World War the British central government, in conjunction with big cities and surrounding counties, commissioned the development of comprehensive plans to meet postwar rebuilding needs for the major city regions. These plans were strategies for balanced reconstruction of metropolitan areas, and included a new towns and town expansion program. A legislative program was enacted after the war, which included the following elements:

<sup>54/</sup> Shallcross, supra note 31.

<sup>55/</sup> Morris, supra note 53, at 40. "The new communities in many cases will be required to work out agreements with the existing city for water and sewerage."

<sup>56/</sup> Id. at 40-41. "Even with full development, when the new towns have achieved their planned populations, the older city will be essential to the full life that the new town residents will expect from an urban community."

<sup>57/</sup> Id. at 40. The author feels that proper planning in the construction of new housing will facilitate the alleviation of the ills of the ghetto.

The 1946 Distribution of Industry Act. Firms locating in "developing areas" are eligible for Government grants, which contribute significant amounts of money for the construction of new manufacturing plant and machinery, the training of employees, and also annual premiums for salaries of employees.<sup>58/</sup>

The 1947 Town and Country Planning Act. County and city councils are given various powers for the planning and control of urban development.<sup>59/</sup>

The 1946 New Towns Act (re-enacted with modifications in 1962). The Minister of Housing and Local Government is empowered to designate an area for development as a new town.<sup>60/</sup>

The Minister establishes a corporation to plan and build the new town. The act gives the corporation compulsory purchase (eminent domain) powers over land needed for the new town. (The corporation pays the true market value of the land for the use to which it will be put.) The corporation, in consultation with local authorities and many other interests, prepares and publishes a master plan for the new town. The master plan then is submitted to the Minister for approval, which, when granted, authorizes the advance of the necessary development loans by the Government.<sup>61/</sup>

<sup>58/</sup> W. Thomas, Britain's Postwar Achievement in National Committee on Urban Growth Policy, The New City 101, 102 (D. Canty ed. 1969).

<sup>59/</sup> Id.

<sup>60/</sup> Id. "The purposes and population of the proposed new town are set out and a public hearing into any objections then held."

<sup>61/</sup> Id. at 103-104.

Four of London area new towns have been substantially completed and have passed into the ownership of the Commission for New Towns. <sup>62/</sup>

The population of these new towns is quite similar to the national population in terms of income and social makeup; only the very rich and the very poor are underrepresented. <sup>63/</sup>

A commentator has described English new town growth as follows:

The new towns program has been expanded substantially in the last six years... . These later new towns with ultimate populations ranging from 80,000 to 500,000, will take a sizable share of the larger population growth predicted for the major city-regions; they will provide homes and work together for more families from the still crowded inner-city districts; and they will create economic growth points in carefully selected areas.... <sup>64/</sup>

Other European countries have new town programs similar to that of England in that there is major governmental involvement in the creation of the communities. The approach has differed in these countries. <sup>65/</sup> Some have utilized new towns to control growth in existing

<sup>62/</sup> Id. at 106. "The commission is the central government agency set up to take over completed new towns from their development corporations and to manage their assets until a permanent decision is made about disposal."

<sup>63/</sup> Id. The population is 148,000; there are 48,000 new houses (public and private).

<sup>64/</sup> Id. at 107.

<sup>65/</sup> Garvey, supra note 3, at 15-16. "Stockholm's most successful efforts have been in the development of five "sub-communities or district centers." The independent suburbs or "sleeping towns" feature major shopping facilities, all connected by rapid transit, but are light on industry. There are three new towns in Finland, one, Tapiola, is winning international attention for its principles and achievements; in addition, there has been developed a comprehensive developmental plan for the Uusima Province for the completion of four other new towns by 2010.

Denmark's concept of new towns is "city sections," "the sections are to be linked up with the existing metropolitan area in such a way that the region functions as an integrated whole, permitting easy access to the city center." "The concept is based up a concept of a great traffic axis, along which are placed large centers with employment and supporting populations."

metropolitan area; others have used new towns to decentralize existing population concentrations. In Israel, the rebirth of the town of Beersheba is a prime example of new town techniques being used to rebuild a city.<sup>66/</sup> The essence of the foreign experience, whatever the motivation for its use, has been the determination of a regional or national plan for land development and population distribution to achieve identified social goals.

#### CONCLUDING COMMENT

The new town experience in the United States and elsewhere has shown that the new town can achieve some social goals. These goals have primarily related to planning techniques and better utilization of natural resources. Other social goals such as alleviating the congestion of the central cities, providing housing for moderate-and-low income persons, and providing an integrated racial environment have not been fully met by the new town.

Even if a large commitment of national resources was made to the building of new towns, there is little indication from the past experience of England, where there has been substantial effort, that a large portion of our urbanization would occur in new towns.<sup>67/</sup> Those

66/ Israel New Town Honored by American Jury, 27 Journal of Housing 188 (1970)

67/ Alonso, The Mirage of New Towns, 19 The Public Interest 3, 5 (1970). "As of December 1967, after 20 years of sustained effort, the population of British New towns had grown by only 554,373, or only 1% of the National Population. During 1967 the population growth of the new towns was less than 10% of yearly British population growth, that is 34,577."

who advocate the new town as the panacea for the problems of urban growth are overlooking the historical experience of the Greenbelt towns, and the pattern of growth in the United States. <sup>68/</sup>

The new town additionally does not solve many of the problems of providing low-and moderate-income housing that traditional development has also failed to solve. Building costs today are such that the phrase "low cost housing" is a misnomer. Apparently, housing can only be built for low-income people with the aid of various Federal programs. Private construction of moderate income housing, although possible, is plagued by the reality that the housing, because of spiralling prices, does not remain on resale accessible to persons of moderate means.

The Columbia experience does, however, indicate some success in achieving a racially integrated living situation. This development deserves further exploration to determine the ingredients that resulted in the achievement and to see if these ingredients have applicability to only one new town or can be utilized in other housing situations.

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<sup>68/</sup> Id. at 5-16. Even with the projected population growth, the 200 smallest metropolitan areas could absorb the increase of 100 million by each taking a half million people. Efficiency costs for the new communities will not be more advantageous than those for existing cities of the same size. The territory to be occupied by urban growth is relatively small so that the argument that new towns will help preserve the countryside lacks force.



## APPENDIX A

## NEW COMMUNITY DEVELOPMENTS, MARCH 1968

New communities	Location	Acres	Projected housing units	Projected population	Housing units rented or sold
<b>Arizona:</b>					
Litchfield Park	Maricopa County	13,000	22,000	75,000	150
Lake Havasu City	Nevada County	13,000	—	50,000	820
Tucson Green Valley	Pima County	10,000	—	25,000	500
San City 1	Maricopa County	14,000	—	75,000	—
Arkansas: Maumelle	Pulaski County	5,300	—	80,000	—
<b>California:</b>					
El Dorado Hills	Sacramento County	9,900	20,000	75,000	400
Foster City	San Mateo County	2,700	11,000	35,000	9,000
Rossmore Leisure World 1	Contra Costa County	2,100	10,000	20,000	—
Valencia	Los Angeles County	4,300	—	30,000	380
Diamond Bar	do.	8,000	20,000	75,000	2,500
Porter Ranch	do.	4,100	12,000	45,000	—
Mountain Park	do.	7,150	—	60,000	—
Crummer Ranch	Los Angeles and Ventura Counties	6,300	—	50,000	—
Westlake Village	do.	11,500	—	100,000	—
Conejo Village	Ventura County	11,000	—	87,000	—
Irvine Ranch	Orange County	33,000	—	300,000	1,000
		\$80,000			
Rossmore Leisure World 1	do.	2,465	18,000	30,000	6,000
Laguna Niguel	do.	7,100	—	90,000	—
Mission Viejo	do.	11,000	—	50,000	—
		\$50,000			
San Carlos 2	San Diego County	5,000	9,000	35,000	2,000
Rancho Bernardo	do.	5,400	11,000	33,000	3,000
University City 2	do.	13,000	—	—	—
California City	Kern County	101,120	—	600,000	—
Rancho California	Riverside County	87,000	—	400,000	—
<b>Colorado:</b>					
Montbello 1	Denver	7,000	—	—	—
Colorado City	Pueblo County	5,000	—	30,000	—
Pikes Peak Park 2	El Paso County	4,300	—	30,000	—
North Glen	Adams County	2,528	—	20,000	6,100
Delaware: Mill Creek	North of Wilmington	1,300	5,000	13,000	—
<b>Florida:</b>					
Miami Lakes	Dade County	3,000	6,000	25,000	—
Casavert Princeton	Brevard County	2,500	—	43,000	—
Port Charlotte 1	Charlotte County	82,700	—	100,000	6,000
Palm Beach Lakes	Palm Beach County	7,000	25,000	70,000	—
Lakigh Acres	Lee County	60,000	—	80,000	6,000
Daltona 1	Volusia County	15,000	41,000	75,000	100
Coral Springs	Broward County	10,400	—	60,000	—
Spring Hill	Hernando County	17,000	—	50,000	100
Georgia: Chapel Hill	Atlanta	1,100	2,900	12,000	—
<b>Illinois:</b>					
Elk Grove	Cook County	3,000	10,000	35,000	—
Oak Brook	De Page County	3,600	—	25,000	—
Kentucky: Oxmoor	West of Louisville	1,000	—	15,000	—
Louisiana: New Orleans East	East of New Orleans	32,000	—	100,000	930
<b>Maryland:</b>					
Columbia	Howard County	14,100	29,000	110,000	300
Joppatowns	Harford County	1,300	3,000	10,000	1,600
Northampton	Prince George's County	2,300	8,000	25,000	—
Minnesota: Jonathan	Hennepin County	2,200	—	50,000	—
Massachusetts: New Seabury 1	Barnstable County	3,000	3,750	16,000	100
New Mexico: Paradise Hills	West of Albuquerque	8,500	—	60,000	—
New York: Sterling Forest	Orange County	20,500	—	—	—
Oregon: Somerset West	West of Portland	6,600	12,000	40,000	—
<b>Texas:</b>					
Clear Lake City	South of Houston	15,000	40,000	150,000	—
Horizon City	El Paso County	65,000	—	100,000	—
Virginia: Reston	Fairfax County	6,750	24,885	75,000	1,000

— Information not available.

1 Primarily a retirement community.

2 Partially or wholly annexed to an adjacent municipality.

3 Total.

Source: "House and Home," February 1964, p. 125, as modified by information from Edward P. Eichler and Marshall Kaplan, "The Community Builders" (Berkeley and Los Angeles: University of California Press, 1967), Appendix I, p. 10; unpublished survey conducted by Jeanne M. Davis, Economic Research Service, U.S. Department of Agriculture; and unpublished information from the Land and Facilities Development Administration, U.S. Department of Housing and Urban Development.

*Exhibit No. 28*

STATEMENT  
ON BEHALF OF THE GENERAL ELECTRIC COMPANY, COLUMBIA, MD.  
U.S. COMMISSION ON CIVIL RIGHTS  
AUGUST 19, 1970

My name is David J. Dillon. I am Manager of the Columbia Relations and Utilities Operation for the General Electric Company at Columbia, Maryland. In this capacity I have responsibility for the employee and community relations activities at General Electric's Appliance Park - East and for the operation of its plant utilities. The General Electric Company's activities with regard to equal employment opportunity and minority relations at the Columbia facility fall within my organization.

I am pleased to appear before the commission and sincerely hope that our testimony will be of help to you in your work. I would like to acquaint you with General Electric's Appliance Park - East and its posture on equal employment opportunity and minority relations (EO/MR).

Appliance Park - East is currently under construction near the new town of Columbia, Maryland. It is located approximately 15 miles south of the city of Baltimore, east of Route 29. It is bordered on the east by the new Interstate 95, on the north by the Little Patuxent Parkway which is State Road 175 and on the west by Snowden River Parkway. The plant site is approximately 6 miles from the downtown area of the new city of Columbia.

Several years ago, it became apparent to the management of the Appliance and Television group (that part of the General Electric Company with which Appliance Park - East is associated) that additional manufacturing facilities were required if we were to meet the future needs of the growing major appliance business. A subsequent decision was made to construct a new major manufacturing facility. We determined the criteria for site selection and they were: a location with 1,000 acres of land, served by at least one major railroad, easy access to major highways, the availability of adequate power, a potential for supplying up to 5 million gallons per day of water, a healthy business climate and an adequate supply of labor. Since the new facility was to represent added manufacturing capacity for major appliances such as electric ranges, air conditioners, home laundry equipment and refrigerators, it was decided that this additional capacity should be located in the northeastern part of the country, the largest market served by the Appliance and Television Group. The presence of a proposed regional warehouse on the site, in addition to manufacturing facilities, emphasized the need for a northeastern location from which this new warehouse could serve this large segment of the market.

Looking at the criteria which we had established for the selection of the site, it soon became apparent that the State of Maryland and more specifically the Baltimore area most closely met our needs. In the course of our search, the officials of the Rouse Company and the B&O/C&O Railroad

learned of our interest in the Baltimore area. They worked aggressively to assemble a land tract near Columbia and to solve numerous obstacles, including rail service.

The Columbia area with its social, educational and cultural attractions presented a positive environment in which to locate our plant. Additionally, the presence of truly open housing in the City of Columbia was important to us in that our ability to attract and retain minority professional employees would be enhanced with the availability of this type of housing.

A site layout of the proposed Appliance Park - East is attached (Exhibit A). The buildings currently under construction are outlined in red while the others are outlined in blue. We presently have under construction a 750,000 square foot building for the manufacture of electric ranges, a one million foot square regional warehouse and a 350,000 foot square building for the manufacture of air conditioning products. We would expect all three of these buildings to be in operation by the end of 1971, with production beginning in the Range Building and operations beginning in the Warehouse by the end of the first quarter of 1971 and production of air conditioners starting late in 1971. Our future plans are to develop the site by adding additional manufacturing buildings as plant capacity in other major appliance facilities reaches its limitations. We would expect that by the end of the 1970's that we would have added manufacturing facilities for home laundry equipment, dishwashers and refrigerators.

The General Electric Company has had a commitment to equal employment opportunity since 1934 when it was first written into Company policy by the then president, Gerard Swope. From that time until the present, including General Electric's participation as an original Plans for Progress company, EEO progress has been made. In 1968, however, it became evident that greater emphasis and increased attention to this important area was required. A Company study entitled "Our Future Business Environment: Developing Trends in Changing Institutions" cited the urban minority problem as "the dominant one on the domestic, social, political and economic scene for the next ten years". This study served to stimulate greater corporate action.

In order to add corporate emphasis to the problem which was developed in this study, a new industrial relations component was organized at corporate level in 1968 under Virgil B. Day, a Vice President of the General Electric Company. Included in this new component was the responsibility at the corporate level for equal employment/minority relations plans, programs and policies. To perform the role assigned to Corporate Industrial Relations in this area, an Equal Employment Opportunity/Minority Relations component was established at the corporate level on January 1, 1969. In this component was focused the Company's new intensified effort to hire and train, and more importantly, to provide upward mobility for the

minority citizens of the United States. At about the same time, December 10, 1969 specifically, the General Electric Company's policy on equal employment opportunity and affirmative action was revised and strengthened. This new policy assigned responsibility to operating managers for carrying out the equal opportunity practices and programs in accordance with the policy and in accordance with applicable law. The policy has been distributed to all General Electric managers and they in turn have acknowledged receipt and have committed in writing to its application.

The overall corporate goal in equal employment opportunity and minority relations must be a sustaining system that results in true equality at all levels of the organization. Such a goal can only be achieved through a total corporate commitment. To help assure this commitment, three steps have been taken. First, the communication to the whole company of top management's serious commitment; second, the installation of a measurement system so that progress and performance can be evaluated; and thirdly, managers have available to them a corporate-wide component for guidance, counsel and assistance.

The first step, the communication of top management's commitment to EO/MR progress, came through the reissuance of the aforementioned strengthened policy on equal employment opportunity and affirmative action and by the making of a film by Mr. Fred J. Borch, Chairman of the Board

and Chief Executive Officer of the General Electric Company. In this film, Mr. Borch personally underscores the seriousness with which the corporate executive office takes the question of EO/MR. It also provides the opportunity for him as Chief Executive Officer to provide the rationale for corporate action. And lastly, it stresses the need for measurement of corporate and managerial performance in this area.

The second step, the General Electric measurement system in EO/MR, goes several steps further by providing that EO/MR progress be a formal part of the manager's reviews that are scheduled with Division General Managers and Group Executives at the corporate executive office level. This one action of formalizing the performance in the area of EO/MR provided a major step toward effective and pervasive implementation of the company's overall commitment.

On a more personal level, one of the measures in my current position is that of carrying out the company's commitment to equal employment and minority relations progress at Appliance Park - East. I would say that this is one of two or three major indicators of my performance and the quality of this performance will have a direct bearing on my future progress with the company.

The third element, in addition to communication and measurement is that of guidance and counsel and this is presently being provided to local

management through the Corporate Equal Opportunity/Minority Relations Operation headquartered in New York City.

In substance then the corporate and local commitment to equal employment opportunity is specifically stated in Company Policy, has been reiterated personally to all General Electric managers through the Borch film and each manager's performance in this area is being closely audited and has a major bearing on his career growth. (See Exhibit B: General Electric's Commitment to Equal Opportunity/Minority Relations)

It is within this framework of EO/MR commitment that Appliance Park - East will develop. We expect that by the end of 1970 General Electric at Appliance Park - East would employ approximately 200 people, most of whom will be in the professional and technical category with responsibility for installation of manufacturing equipment and processes. Initial production is scheduled to start in the first quarter of 1971. As we gradually build up our work force we anticipate that by year-end 1971 we will have approximately 1500 to 2000 employees and by the end of 1972 we will have approximately 2500 to 3000 employees.

We are convinced that the Baltimore area can provide the numbers and types of employees that we will need to operate Appliance Park - East effectively. We have defined our labor market as roughly a 15 mile radius



of the plant site. A 15 mile radius of the plant takes in much of Howard, Baltimore, Montgomery and Anne Arundel counties as well as a major portion of the city of Baltimore. For purposes of labor market evaluation and statistical reporting, we consider ourselves as part of the Baltimore metropolitan area, which as you know, is the city of Baltimore and the five surrounding counties.

It is in this labor market that we expect to draw the vast majority of potential General Electric employees. Insofar as minority employment is concerned, we fully expect that minority employment at Appliance Park - East will roughly approximate the minority population in the labor market area.

In order to acquaint the minority community with Appliance Park - East and to stimulate minority applicant interest, we have already made contact with the local Urban League, NAACP, Howard County Human Relations Commission, the Voluntary Council on Equal Employment Opportunity and other similar organizations.

For all practical purposes, we have had General Electric, Appliance and Television Group employees on site in Columbia since approximately the first of the year. As of 8/7/70 we had seventy-one employees on our payroll. Nine percent of the managers, 12% of the professionals, 17% of

office-clerical and 17% of apprentices are minority. The minority employees have responsibility in factory supervision, industrial engineering, systems programming, facilities engineering and employee relations. We expect that this record of affirmative action in the hiring of minorities will continue, and in fact, will increase as our work force builds up in the years to come.

In addition to the recruiting and employment considerations, General Electric Company managers have carefully analyzed the related subjects of training, transportation and housing.

On August 10, 1970 the Apprentice Training Program at Appliance Park - East began operations. Until Company facilities are available, the Maryland and Howard County Vocational Education Departments have made the Howard Vocational Technical School available to us. The Apprentice Training Program is designed to produce journeyman Tool and Die makers and Maintenance Mechanics through a combination of job training and educational activities over the course of 3-1/2 years. We have started with six young men, one of whom is minority. On August 31, 1970 we intend to add six more trainees, one of whom will also be minority. I might add that extraordinary effort was required to recruit minority candidates for the Apprentice Training Program.

Currently in progress is a Supervisor's Development Program for employees who will be assigned to positions in factory supervision. The focal point of this training is to improve human relations skills with special emphasis on the supervisory role in his relations with minority employees. Over forty hours is devoted to the Supervisors' Development Program and all potential factory supervisors will be required to complete this training before assignment to the job.

Current plans also provide for a full day of orientation and job training for all factory employees. This orientation is designed to acquaint the new employee with General Electric Company, his job and his new surroundings. The objective is to ease the transition into a highly structured and demanding production job by slowly introducing the employee to his new role. In an attempt to overcome some of today's problem with retention and turnover, a formal program of new employee follow-up and counseling will be a significant part of our total employee relations program. Hopefully, through orientation, training and follow-up we will be successful in keeping turnover to a minimum.

The challenge of effective utilization of the so-called "hard-core" employee is one we will be giving further study. In our Chicago operations and at the Aircraft Engine Group's Lynn, Massachusetts operations, effective use has been made of Department of Labor manpower programs

(MA-4, MA-5) designed to provide job readiness training, on the job training and follow-up to individuals in the hard-core category. By the end of this year, we will make a decision at Appliance Park - East on this training. There is little question that we will participate in it. Questions yet to be resolved are whether we shall be an individual contractor or a member of an employers consortium. The timing and number of trainees is also under investigation. General Electric at Columbia will meet its responsibilities in hiring the hard-core. On the Corporate level, the General Electric Company has hired over 4000 disadvantaged individuals in the past twelve months and over 10,000 in the last three years.

Many questions have been raised concerning transportation and employment at Appliance Park - East. There is no public transportation to our plant. It has been our experience throughout the Company though that employees prefer private transportation and in fact, at our urban centered Chicago facility where public transportation is readily available, parking lots have been expanded. At Appliance Park - East, for example, parking lots will be built providing a parking space for every 1.4 employees. We further predict that employees at Appliance Park - East will use private transportation especially in view of the excellent highway access to the plant.

There are indications, however, that some center-city residents cannot or will not travel to seek employment opportunities. If this be the case and further, if transportation results in a lower than expected minority applicant flow, we will bring the recruiting office to the neighborhood. This can be accomplished through MSES, CEP or store front employment centers.

Our experience indicates that once hired, the individual will, sometimes with our help, find suitable transportation. Again, if this is not the case, we must look further. Several steps can be taken short of G.E. providing transportation. We can encourage and stimulate bus companies to provide service; we can work through CEP for subsidized D.O.T. transportation; we may even be able to stimulate a minority enterprise which can meet the transportation needs.

We do not predict transportation to be a problem. If experience shows that it is, we will take the necessary steps in an attempt to overcome the problem.

As a matter of interest, earlier this year several Columbia area employers, including General Electric, provided a subsidized bus service from Catonsville (the end of the Baltimore bus line) to Columbia on a trial basis. The trial period ran for ten weeks and was temporarily

abandoned due to a lack of riders. The operator of this special bus run retains the appropriate approvals for this route and if warranted could resume the service. Carter's Bus Service, incidentally, is a minority owned business.

As with transportation, housing is also sometimes referred to as a problem for Appliance Park - East. You will recall that we expect to draw most of our employees from within a 15 mile radius of the plant. We do not expect that potential employees will need to move their residence in order to work for us, therefore, we do not predict housing as an obstacle to factory employment.

On the other hand, our professional staff is often relocated from other locations. Here the Columbia complex is of great benefit to us and is unquestionably a recruiting asset. This is especially true for the minority professional in that Columbia represents a truly open housing community.

Even though we do not anticipate housing to be an employment obstacle, we have a sincere interest in the availability of low income housing in Howard County and the Baltimore area. In many company locations, General Electric has participated in community programs concerned with housing. In Louisville, Kentucky, General Electric

Company has assumed a leadership role in Housing Now, Inc. This is a non-profit, community organization which has been successful in arranging the financing and construction of \$14 million of low income housing units. At the Lynn, Massachusetts operations of the Company, a Minority Housing Council is in place to aid black employees and potential employees in finding adequate housing in the North Shore area of Massachusetts. And at the Corporate level, the Company has made an investment commitment of \$500,000 in the National Corporation for Housing Partnerships - a federally chartered private corporation designed to stimulate construction and rehabilitation of low and moderate income housing in the United States.

As we learn more about Howard County and the Baltimore area and as we become better acquainted with community programs whose objective is to stimulate housing programs, we will participate in those activities in which our manpower and organization resources can be of assistance to the community.

The growth of Appliance Park - East will take place over a ten year period. This will give us an opportunity to assess the questions of transportation and housing at varying levels of the facility's development. By maintaining a close watch we hope to anticipate problems and

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work toward their solution, thereby avoiding last minute and often times ill-advised actions.

Gentlemen, the challenge we have at Appliance Park - East to provide a constructive program in Minority Relations is receiving the highest managerial priority. We have corporate and local support, and personal motivation to succeed. We believe we can make progress in this very difficult area.

David J. Dillon



**GENERAL**  **ELECTRIC**  
COMPANY

APPLIANCE PARK—EAST, COLUMBIA, MARYLAND 21043 . . . AREA CODE 301, TELEPHONE 730-4000

**APPLIANCE AND  
TELEVISION GROUP**

August 17, 1970

Mr. John Powell, General Counsel  
U. S. Commission on Civil Rights  
Washington, D. C.

Dear Mr. Powell:

We are pleased to submit the enclosed General Electric Company statement and its attachments for the U. S. Commission on Civil Rights' use with respect to our appearance before the Commission on August 19, 1970. We feel this statement will provide the Commissioners with greater background on General Electric's equal employment opportunity and minority relations program locally and at the Corporate level.

Very truly yours,

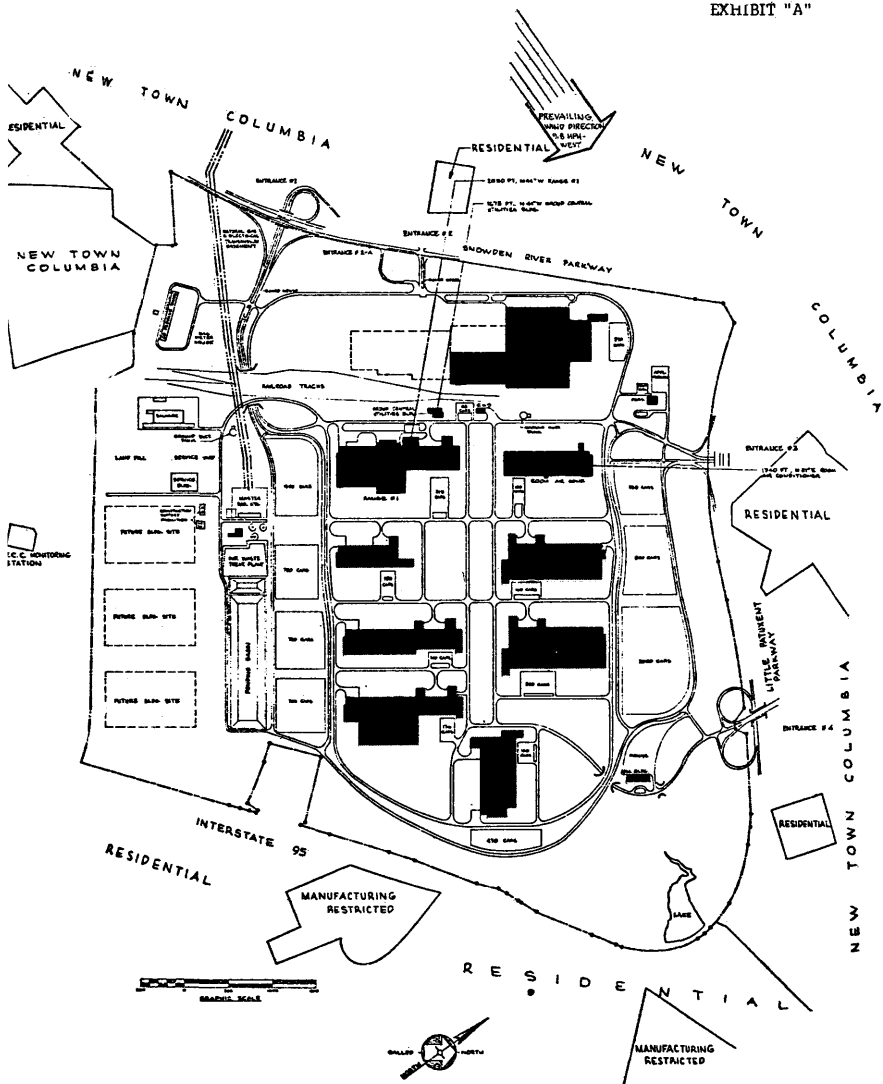


D. J. Dillon, Manager  
Relations & Utilities Operation

DJD/dch  
Enclosure

cc: Mr. C. A. Barreca

EXHIBIT "A"



GENERAL ELECTRIC'S COMMITMENT  
TO  
EQUAL OPPORTUNITY / MINORITY RELATIONS

A Systems Analysis Approach To  
Social Responsibility Programs

Corporate Industrial Relations  
July, 1970

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- A. EC/MR Staff: Organization Chart
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## A. EQUAL OPPORTUNITY/MINORITY RELATIONS

## A NEW EMPHASIS

"We can no longer delay action.

"We cannot -- as a society -- bear the cost of chaos in the lives of millions of our citizens.

"let me make this unmistakably plain. General Electric, and the entire Company, must face up to a new corporate responsibility. All employees should understand and cooperate with the Company's efforts in accepting this responsibility.

"The successful manager of tomorrow will be the individual who can effectively manage the new work force in our changing environment. He will be the manager who can convince all employees and our community neighbors that our actions are in the long term best interests of all employees, the business, and the country.

"Society will measure General Electric and all industry on this basis. The Corporate Executive Office, in turn, will measure all levels of General Electric management and supervision in the same way."

Fred J. Borch, Chairman of the  
Board and Chief Executive Officer,  
General Electric Company

With these words, addressed to General Electric management, Mr. Borch opened a new phase in the Company's efforts to provide true equality of opportunity in employment and promotion throughout its operations. These efforts dated back at least to the early 1930's when then-president Gerard Swope put in writing the Company's policy on equal employment opportunity, and extended through the establishment of Plans for Progress in the early 1960's, with General Electric being one of the original nine founding companies. Yet progress toward the desired goal of true equality had been, as Mr. Borch said, "painfully slow." Certainly, the past rate of progress would prove inadequate to satisfy the new requirements of the government, the new expectations of the public and the minority community, and new business needs.

During 1968 two company studies had noted the growing urgency for increased corporate action on this front. An environmental review of trends in the Seventies, "Our Future Business Environment: Developing Trends and Changing Institutions," had cited the urban/minority problem as "the dominant one on the domestic social, political and economic scene for the next ten years." And the In-Depth Study of Employee and Union Relations reported to the Employee Relations Review Board in August, 1968, that one of the fourteen major Relations needs of the future was increased attention to minority relations and the problems of preparing hard-core unemployed and disadvantaged people for productive lives.

In September, 1968, therefore, this work was designated, for the first time, as a separate corporate-level responsibility in a new Industrial Relations component under Virgil B. Day.\* The main thrust of this new effort was to coordinate the diverse, on-going activities in this area; elevate them to a new level of priority and intensity; catalyze the development of needed new policies and additional innovative programs; and ensure the relevance of this total activity to the company's short- and long-term business needs. The objective, then, was to create a climate, both inside the company and in the communities in which it operates, which would optimize management's ability to meet both its business and social responsibilities.

#### The Need for a Heightened Emphasis

As the environmental study noted, a whole complex of forces is changing the parameters of doing business and causing the public to revise its "charter of expectations" of companies. In the field of equal opportunity and minority relations, in particular, a combination of dangers and opportunities is impelling companies to more serious and sustained efforts. General Electric, as this country's fourth largest manufacturing company, inescapably finds itself under the impact of all these interacting forces.

First and foremost, corporate action to emphasize equal opportunity and attend to minority problems is morally, socially and constitutionally right. The moral obligation on a corporation to help realize society's ideals is an inescapable one. And the benefits of a truly free, open and pluralistic society are shared by all companies, and should be sought by them as the necessary foundation for corporate success.

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\* For the sake of simplicity and historical narrative, Company organization and component titles are cited as they were at the time these events occurred.

Second is the opportunity to realize more adequately the full potential of this country's manpower resources. Every forecast indicates that, despite a large increase in the work force during the next ten years, there will be continuing tight labor markets and intense competition for available skills, particularly in the professional, technical and managerial ranks. We cannot afford, therefore -- either as a society or as a company -- to overlook or underutilize the potential of any individual. In particular, companies have much to gain from developing the skills of the minority work force, which has traditionally experienced above-average rates of unemployment and underemployment, and which is still grossly over-represented in the lower skilled areas of employment.\*

This opportunity for enlarging the pool of trained manpower will be particularly marked in the next decade when there will be marked increases in the minority segment of the labor force. By 1975, as Dr. Seymour Wolfbein of Temple University has noted, "at the earlier ages, nonwhites are going to make up one out of every seven workers in the U.S." If minority manpower resources were developed to the point where their share of each occupational category was equivalent to their overall percentage in the labor force, large numbers of additional white collar and skilled workers would become available. For example, on this assumption, the labor force of 1975 would have 605,000 more professional and technical workers, 765,000 more managers, and 441,000 more skilled craftsmen. (And there would, of course, be corresponding decreases among the lower skill, "dead-end" occupations.)

There is thus a real opportunity to enlarge and upgrade the work force to a very substantial degree, to meet the growth of public and private demand, and to satisfy individual aspirations as well as organizational needs. And the organization that learns to tap these new manpower sources and to utilize them most effectively will gain a significant edge over its competitors.

A further benefit will come from the development and enlargement of market opportunities for companies' goods and services. Nonwhite personal income is projected to increase relatively faster than whites' through 1975, and to represent a market of some \$52 billion in that year. Here again there is the potential for an even greater increase: if minorities' per capita income was brought up to the whites' level, an additional \$36 billion would come to this market (i. e. , it would amount to \$88 billion in 1975).

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\* Similar arguments could be made with respect to women in the work force; and equality of opportunity must transcend barriers of sex as well as of race. This document is, however, predominantly concerned with equal employment opportunity in the minority relations area.

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To the extent that enlargement of the work force comes from employment of those who have been on welfare or considered "hard-core unemployed," we can contribute to a relative reduction of welfare rolls and taxes, and to an increase in our nation's economic growth. It has been calculated, for instance, that each person who is taken off the welfare rolls and onto a payroll:

- adds approximately \$10,000 to Gross National Product;
- gains \$3,400 in purchasing power;
- reduces welfare expenditures by some \$1,300.

It is necessary to consider such factors in any cost/benefit analysis of the undoubtedly huge sums of money that will be required for resolution of the urban/minority crisis, in urban renewal projects, education expenditures, manpower development programs, transportation systems, etc. It is possible, too, to enumerate such "second-order" benefits as reduced crime, improved education (and so higher productivity), and better health, all of which should be reckoned as offsets against the initial cost of public and private programs.

Finally, through commitment to action in this arena can come a revitalization of the private enterprise system. The parameters of doing business and the public's expectations are indeed changing, so a process of self-renewal is vital for business to adapt to new aspirations, new markets and new opportunities. When the prime requirement of business has been the production of goods for the consumer market, companies have provided them in abundance. When the call has been for weapons to win a war or for systems to get a man to the moon, business has responded with equal success. Now there is a new dimension to business' responsibilities: to help meet the rising demands for equality and social justice, and to join in a broad effort to renew our cities and preserve our environment.



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Collectively, business has the opportunity, in successfully meeting this challenge, to confirm private enterprises's claim to continued social relevance, and to enhance its public reputation, both here and abroad. Specifically, General Electric can set an example of corporate leadership that can win for it an enviable and rewarding image among all segments of the public.

On the negative side, there is a range of dangers and potential penalties which also impel a company to action on this front. The principal danger lies in the threat of a polarized society divided into warring camps -- white vs. nonwhite; affluent vs. poor; urban vs. suburban. No company can for long maintain its operations -- let alone flourish and grow -- in a society scarred by riots, disruptions and boycotts. Both minority progress and private enterprise can flourish only in the conditions of an open society, free from turmoil and repression.

Clearly, the company must try to protect and enhance its current human and plant investment in urban areas, and to preserve a climate in which these facilities can operate effectively. In 50 key cities General Electric has approximately 130,000 employees. We have too much at stake in the cities to write them -- or our investment -- off. Morally, we cannot escape the problem: physically, we cannot run away from it -- for there is no "safe" urban area to run to.

A second major threat stems from the possibility of punitive action by government against inadequate corporate performance. Companies have a legal as well as a moral obligation to provide equality of opportunity. The moral obligation derives from the fact that a corporation, as a dynamic institution of society, has a responsibility to reflect in its conduct the social and ethical as well as the economic, values that society cherishes: and equality and individual dignity are two of the basic building-blocks of American society. The legal obligation is represented by the need to meet the requirements of the law and of government compliance reviews.

One can perhaps legitimately debate the exact extent of corporate involvement in the solution of urban/minority problems on the basis of business needs and social responsibility. But about obeying the law and meeting federal, state and municipal requirements there can be no debate. Every employer with more than 25 employees is covered by Title VII of the Civil Rights Act of 1964, administered by the Equal Employment Opportunity Commission (EEOC). General Electric, like other government contractors, is also bound by terms of Executive Order 11246, administered by the Labor Department's Office of Federal Contract Compliance (OFCC). Most states have comparable legislation on their books; and more and more cities are passing ordinances on EEO performance of business and industry.

The law of the land, embodying the public consensus on the social, moral and economic issue of equal employment opportunity, is very explicit on the obligations of a corporation in this regard. What is now required is more than a generalized policy of non-discrimination: the requirement extends to specific programs of "affirmative action," a positive outreach into the minority community and into the ranks of the hard-core unemployed. Nor is the mere opening up of entry-level jobs considered an adequate discharge of this legal responsibility: promotion of "upward mobility" into the ranks of white collar, professional and managerial personnel is considered an essential part of affirmative action plans. In its Order #4 issued early in 1970, the OFCC spelled out the affirmative action requirement of establishing written minority employment goals in all work force categories, from managerial to unskilled.

Whatever the development of government policy on integration in education may be, there is no doubt that there will be steady and unremitting pressure on companies and unions alike to ensure integration in employment. Compliance reviews to ensure application of equal opportunity programs have become more frequent and demanding in recent years, and seem likely to continue so for the foreseeable future. Computer studies of companies, industries and communities are being used by review officers to raise the level of corporate commitments; and Congressional "watch-dog" committees are insisting on vigorous enforcement by the various agencies.

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The penalty for failure to pass a compliance review can be severe. Government-dictated programs and quotas will almost certainly be imposed on a delinquent company; there will be a serious loss of public image; and there can be a loss of Federal defense contracts and other government business. In a multi-department company such as General Electric the penalties cannot be restricted to a particular component; the consequences of an adverse compliance review inevitably are Company-wide in their impact, so that one component's failure can, for instance, result in another's loss of business.

The loss of corporate leadership reputation is by no means the least of the threats confronting a company in this situation. Quite clearly the public now is placing a great deal of faith in business' ability to contribute to the solution of urban/minority problems. In a turnaround from the past thirty years of almost exclusive reliance on governmental programs, the danger is that the pendulum may swing too far the other way. The public may come to expect more of business than it is really equipped to do in the social arena. Public impatience for quick results may lead to pressure for any solutions, rather than good solutions; and inability to bring about quick results may lead to an equally violent reaction the other way, with demands for government control of employment and training practices, plant site location, promotion opportunities, and the like.

The problem of public expectations is apt to be heightened with two particular segments of the public. On the one hand, there is the growing militancy and impatience of the minority community, a demand for action, not promises -- now. Any company that is perceived as uncommitted, inactive or only half-hearted in its efforts, may well become the target of product and labor boycotts, or even of more violent action. On the other hand, the best college graduates, whose professional and managerial talents will be so competitively sought by government, education and nonprofit institutions as well as by business, seem to want to be associated with "socially involved" organizations, and in particular to expect a high degree of commitment to the practice of equal opportunity. A reputation among these graduates for less than complete involvement and dedication will show up adversely in any organization's college recruiting efforts.

#### Establishment of the EO/MR Component

To perform the role assigned to Corporate Industrial Relations in this area, an Equal Opportunity/Minority Relations component (EO/MR) was established January 1, 1969, with Frank J. Toner as Manager. In this component was focused the company's new, intensified effort to hire and train and, more importantly, to provide upward mobility for the minority citizens of the United States.

There was no thought that the new component should, or could, accomplish this task single-handedly. The scope of the effort required, taking into consideration the external as well as the internal aspects of the challenge, was clearly too vast to be undertaken by one centralized component. The intention was rather to have a small professional staff that would work with the Corporate Executive Office in developing new policies and programs, and with other Staff and Operating components in implementing these policies and programs.\* At the Corporate level, this component would work with Employee Relations on EO/MR matters in the hourly and nonexempt work force; with Management Manpower Development in the area of professional and managerial employees; and with Marketing and Public Affairs in matters involving external relationships.

In explaining the broad purpose of his component, Frank Toner told a management group in January, 1969:

"Our major objective in this component is to work with you and your associates and others in the operating departments to create a constructive climate in the broad area of equal opportunity and minority employment practices. By constructive climate I mean one which optimizes management's ability to meet both its business and social obligations. Basically, this involves not just getting the people hired, trained and advanced, so as to meet the business needs; but, going beyond that, to utilizing the tremendous leadership and leverage which a company like ours can bring to bear -- in helping in a meaningful way to solve the root causes of this pressing social problem."

An immediate task was to identify the principal areas in which decisions and/or research had to be undertaken quickly. Among these were the following:

- re-evaluating the question of "quotas" or "targets;"
- reviewing standards used in operations for recruiting, testing, motivating, training and upgrading minority employees;
- developing meaningful measurements for management so that individual and component performance could be evaluated;

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\* See Appendix A for organization as of June 1, 1970

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- auditing components' affirmative action programs for compliance with government requirements and, beyond that, for adequacy in relation to manpower needs;
- providing a clearinghouse on new research and application of knowledge in this area;
- developing and maintaining constructive relationships with leaders of national organizations such as the Urban League, Opportunities Industrialization Centers (OIC), Congress of Racial Equality (CORE), National Association for the Advancement of Colored People (NAACP), as well as with new elements in the minority power structure;
- identifying the best opportunities for external involvement to provide effective help for communities faced with urban/hard-core problems (economic development, education, housing, etc.);
- recommending guidelines for dealing with disruptions and civil disorders;
- providing advice and counsel to operating components on compliance reviews and complaint cases.

The nature and extent of even this preliminary list of tasks prompted a decision to undertake a systems analysis of the total company action and response. Only from such a comprehensive and thoroughgoing analysis, it was felt, could there be any degree of assurance that the resultant programs would prove adequate, over the long term, to deal with the magnitude of the challenge.

B. CHALLENGE AND RESPONSE:  
A SYSTEMS ANALYSIS APPROACH

There are two characteristics of the EO/MR problem which virtually demand that any program of solutions must, to be adequate, be preceded by a systems analysis of the problem. In the first place, there is virtually no aspect of the company's operations that is untouched by its impact: because it is a "people problem," it pervades every function and every location. Second, there is a strong and necessary connection between the external and internal aspects of the problem: because the problem originated in society at large, the search for solutions cannot stop at the plant gate, but must extend into the community.

It was logical to approach this problem in the same light, and with the same urgency, as any business problem facing the company. The obvious need was to apply in this area the normal management formula: establish objectives, goals, policies, alternatives, priorities and (above all) measurements.

This section of the report describes the process of this analysis, stage by stage, from identification of the problem to approval and implementation of programs. The next section summarizes the results of the analysis, in terms of the principal recommendations and guidelines for future action.

The Policy/Advisory/Minority Panels

The analytical process was advanced through the efforts of three groups, established to assist the EO/MR component in charting the future direction of Company programs. \* These groups were:

1. an executive-level Policy Panel, to ensure that recommended policies and programs were relevant to key business needs (short-range and long-range);
2. an Advisory Panel of key Staff and Operating personnel, to bring to this analysis the broadest possible spectrum of experience and awareness of current operational programs;

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\* See Appendix B for membership of these Panels

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3. a panel of minority professionals, to evaluate recommendations for new policies and programs from the point of view of minority interests.

The Policy Panel, under the chairmanship of Herman L. Weiss, consists of three Group Executives, three Corporate Staff Officers and three Division General Managers. As stated by Mr. Borch in a letter announcing its establishment, this Panel is responsible for covering:

- "1. The feasibility and appropriateness of recommended new policies, programs and measurements designed to help operating components achieve their objectives in the equal opportunity and minority relations area.
- "2. Recommended long-range goals that assure a proper balance between future business trends and needs, and current operating performance in implementing sound, affirmative action programs."

The caliber of this Panel's membership is a reflection of the importance and pervasiveness of the problem, and a recognition of the fact that, in total, the needed changes will amount to little short of a restructuring of the manpower system of the company and a reorientation of many external relationships. The intent has been to ensure that these basic changes will maintain a "fit" into overall business plans, and so merit and hold top management support.

The Advisory Panel consisted of ten Corporate Staff and twelve field personnel, nearly all of them connected with the Relations function. The field personnel were selected from major General Electric population centers to ensure broad geographic and urban coverage, and to tap the available knowledge about innovative programs in a variety of plants and communities. The members of this Panel, together with the EO/MR Staff, made up the principal working group in the systems analysis, heading up the task forces that were responsible for the research and recommendations that flowed from this analysis.

Studies (including the environmental study in this research -- see below) have shown how important it is, in planning and implementing minority programs, to have substantial representation from the minority community in the decision-making process. It was to secure that needed

representation, and to ensure that all recommendations were considered from the viewpoint of minority interests, that the Minority Panel was established. In addition to minority employees working on specific task forces, there were sixteen minority professionals on this Panel, charged with responsibility for making recommendations on their own initiative and for reviewing recommendations of the Advisory Panel.

#### Overview of the Flow Process (see chart p. 13)

The systems analysis process started, in January and February, 1969, with an attempt to define, in fairly precise terms, the total EO/MR problem confronting the company. As regards the intent was to identify the internal and external challenges -- and opportunities -- and to assess the probable risks of corporate action. In terms of the external threats and opportunities, the analysis identified the factors discussed earlier in this report. The internal factors included present and future manpower needs, minority representation and upward mobility, interpersonal relations (including the possibility of white employee "backlash"), problems of training, motivation, turnover and productivity.

As a result of this preliminary analysis, the Advisory Panel organized itself into a series of task forces -- eventually 27 in number -- to deal with specific problems in six major areas:

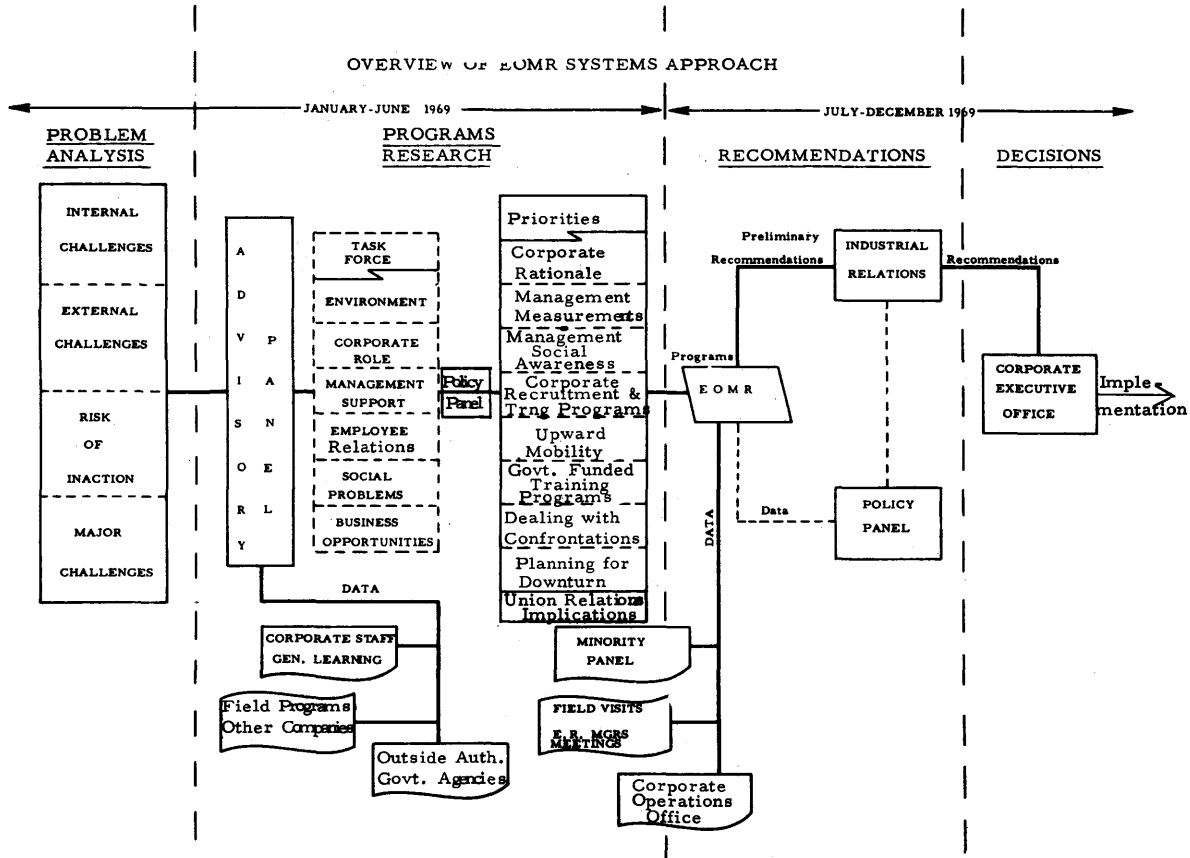
#### Advisory Panel Task Forces

##### 1. Environment

- |  |                          |
|--|--------------------------|
| -- Future minority environment study - short and long range trends   | W. K. Reed<br>Chairman   |
| -- Evaluation of what other companies are doing (including major competitors) -- Outside research on what works -- Update and catalog what GE is doing | J. B. Clarke<br>Chairman |
| -- Development of contacts with key leaders in the black community - National vs. local involvement - Other minority leadership contacts               | G. R. Fugal<br>Chairman  |



OVERVIEW OF EOMR SYSTEMS APPROACH



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- Guidelines for dealing with confrontations - Identification of possible sources and issues of confrontation - Corporate response, relations with police, etc. W. K. Reed  
Chairman

## 2. Corporate Role

- Guidelines for Affirmative Action - Review and update Policy #5.4 - National vs. local responsibilities L. G. Cheek  
Chairman
- Guidelines on Compliance Reviews - Federal, state and local complaint investigations - National vs. local responsibilities L. R. Bauer  
Chairman
- Guidelines for dealing with disruptions, riots and civil disorders E. N. Deck  
Chairman
- Opportunities to utilize corporate advertising, TV, radio, for improving social responsibility image W. C. Hart  
Chairman
- Development of corporate rationale, philosophy, "theory of the case" for gaining management and employee understanding, involvement, participations R. G. Ripston  
Chairman
- Current legislation in EO/MR area -- Legal implications; recommendations and guides on present and proposed legislation T. F. Hilbert  
Chairman
- Role of corporation in solving social problems - Specific opportunities for General Electric in next ten years W. A. Lewis  
Chairman
- Application of EO/MR programs, practices and plans to the single plant or Department location R. L. Howes  
Chairman

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### 3. Management Support

- Reports to management and government agencies, locally and nationally G. R. Fugal  
Chairman
- Management training in social awareness, human relations, interpersonal relationships - Who will be involved - Instructors - Cost - Communications - Need for General Electric course vs. outside courses F. R. Kaimer  
Chairman
- Management measurements in the Equal Opportunity/ Minority Relations area - Evaluation of quotas or targets C. C. Hudson  
Chairman

### 4. Employee Relations

- Minority work force profile - Characteristics - Future manpower projections - available skills - Opportunities for improved productivity J. A. Nunn  
Chairman
- Policy position on Union Relations implications - Non-discrimination clause - Impact of EO/MR activities on non-union plants - Negotiations with militant organizations - Providing statistical information to unions and militant organizations - Contract proposals C. R. Grebey  
Chairman
- Standards used in Operations for recruiting, testing, training, motivating and upgrading minorities (hourly, non-exempt, first line management) C. B. Dates  
Chairman
- Affirmative action programs for identifying, recruiting, training, promotion of minority people to professional and managerial positions - Emphasis on measurements W. E. Herrmann  
Chairman
- Participation in government training programs - National MA-4, 5, contracts - NAB relationships - Relationships with key government officials to anticipate future direction F. A. Thorn  
Chairman

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- Affirmative action objectives, plans and measurements for corporate training programs in recruiting, hiring and training of minorities W. H. Connor  
Chairman
- Planning for an economic downturn - Problems of minority layoffs - Possible new government/business training programs J. A. Nunn  
F. H. Black  
Chairmen

#### 5. Social Problems

- Black entrepreneurship - Black capitalism - Purchasing - Sub-Contracting - Management consulting - Opportunities to support black businesses - Tax incentives - Relationships with black banks - Establishing black dealers and distributors J. D. Evans  
Chairman
- Corporate contributions to minority educational institutions - Grants, local operating contributions - Tuition refund application for minority needs - New educational incentive programs - High school equivalency - GE educational involvement at high school and college level to influence career and curriculum development B. W. Saterlee  
Chairman
- Finding solutions to the housing problem - Difficulties in getting housing for black professionals - How a location can help - What should company position be - Housing problems of other employee groups B. B. Ballance  
Chairman

#### 6. Business Opportunities

- Systems solutions to urban problems - Application of GE technology and resources - Model Cities D. E. Trumbull  
Chairman
- Business opportunities in solving social problems J. R. Roberts  
Chairman

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The purpose of these task forces was to provide answers, in the form of recommended policies and programs, to seven key questions that were related to, and should precede, the sort of total corporate involvement that was envisaged. These questions were:

- What is the present and future minority environment and the predicted impact on the short- and long-term growth and profitability of the company.
- What leadership role should General Electric take in relationship to the progress being made by other companies (e.g., in National Alliance of Businessmen/Plans for Progress)?
- How do you get management and employee understanding and support for the company's approach to EO/MR programs?
- What policies, plans, programs and measurements are required within the company to effectively manage this new work force in a changing environment?
- To what extent will the company be willing to make short-term investments that impact on profitability to contribute to longer term needs of the company and the nation?
- What role should General Electric play in solving the external problems that afflict minorities and create a disadvantaged work force (e.g., education, housing, transportation)?
- What are the business opportunities for General Electric in this changing environment?

In seeking answers to these questions, the Advisory Panel task forces availed themselves of ideas and information from a wide variety of sources -- from other Corporate Staff components and General Learning; from new programs and experience at plant locations; from the experience of other companies; from an analysis of government programs and policies; and from ideas offered by authorities in the minority community, education, research organizations, business and government.

The Policy Panel was formally established March 20, 1969, and at its first meeting on May 28 reviewed the organization and progress to date of the Advisory Panel and EO/MR component. A principal result of this meeting was the identification of nine priorities:

1. Corporate rationale
2. Management measurements
3. Management social awareness training
4. Corporate recruitment and training programs
5. Upward mobility
6. Government funding for training programs
7. Dealing with confrontations and disorders
8. Planning to deal with an economic downturn
9. Union relations implications (since 1969 was a year for company-union negotiations)\*

While still recognizing the need for a thorough analysis of the whole spectrum of problems, the Policy Panel felt that problems in these nine areas had an immediacy about them that required a speeding-up of the research, recommendations and decision-making. At a subsequent meeting (July 1) the Panel further reviewed and expedited the work of four task forces -- those on compliance reviews; government funding; dealing with confrontations; and management measurements -- whose recommendations were discussed with, and approved by, the Corporate Executive Office (July 28).

While these areas were singled out for accelerated treatment, the remaining task forces completed their research and reported out their findings and recommendations to a combined meeting of the full Advisory Panel and EO/MR component (September 2-3, 1969). In the meantime Frank Toner and his staff had been receiving additional inputs from:

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\* At the invitation of Corporate Employee Relations, the EO/MR Staff reviewed their plans and progress with major unions' national negotiating committees in an effort to minimize the chances of friction on these issues.

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- the Minority Panel, which met for the first time June 12 to review and comment on Advisory Panel plans;
- a company-wide meeting of Employee Relations Managers (June 11) at which, for the first time in company history, a full day was devoted to discussion of EO/MR problems and plans;
- a series of field visits that eventually extended to some 25 Divisions, covering 75 Departments and approximately 190,000 employees, to gather first-hand knowledge of local problems and experience;
- meetings with Corporate Staff Officers and Group Executives in the Corporate Operations Office's reviews of EO/MR progress.

The month of September was taken up with a final review of task force recommendations, both by the Minority Panel and by Industrial Relations staff, and with synthesizing the total output into a coherent and comprehensive plan for General Electric's long-term EO/MR commitment.

This overall plan, together with the salient findings leading up to it, was then reviewed with the Policy Panel on October 2, and won their endorsement. Thus, after nine months of intensive effort, the stage was set for final approval by the Corporate Executive Office (except where this had already been obtained) and for the critical implementation phase.

#### The Approach to Implementation

The overall corporate goal in EC/MR is, as it must be, the creation of a self-sustaining system that results in true equality of opportunity at all levels of the organization. Clearly, such a goal can only be achieved by a system-wide application of the corporate commitment: it can not be achieved by a single staff component, nor even by a limited number of operating components, no matter how energetic and valid their efforts may be.

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That is why the implementation phase of this systems approach is so critical: the overall plan, however good, could be quite ineffective unless it is taken up and implemented by managers at all levels of the organization. To help assure the success of this implementation, three elements are considered vital. First is the communication to the whole company of top management's serious commitment, to be reinforced by statements of local management's commitment. Second, is the installation of a measurement system so that specific goals can be set, programs developed and progress and performance evaluated. Finally, if managers are to be measured on their performance, they must be given the guidance, counsel and assistance that they will require.

The communication of top management's commitment to EO/MR progress came through the reissuance of a strengthened Policy on "Equal Employment Opportunity and Affirmative Action"<sup>12</sup> and by the making of an F. J. Borch film. The Borch film was prompted by the perceived need to:

- make widely available a personal statement by Mr. Borch, to underscore the seriousness of the Corporate Executive Office's intentions;
- relate this commitment to business needs, both giving the rationale for corporate action and balancing EO/MR action against the need to meet other business problems;
- stress the need for measurement of corporate and managerial performance in this area.

Included in the film were a dialogue among Messrs. Borch, Day and Toner, and vignettes of actual employee statements (though acted out by professional actors), raising questions or giving opinions, to which Mr. Borch responded. The film was distributed to operating Divisions in December, 1969, accompanied by guidelines suggesting its possible uses and discussion topics, and reiterating the vital requirement that the local manager "add his personal commitment, to that of Mr. Borch, to the need for dedication, initiative, planning and progress" in this field.

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\* See Appendix C and next section.



Since, generally, managers' motivation and performance is spurred by measurement and evaluation, it was felt that the only way of achieving the desired momentum in EO/MR progress would be to make this activity a required part of the regular business review process. Accordingly, the EO/MR Measurement Format, \* designed by one of the Advisory Panel task forces, was distributed in-line from Group Executives to Division and Department General Managers, and scheduled for inclusion in the Session II (Manpower) Reviews conducted annually in each component. The essential ingredient in this Measurement Format was the requirement that each component should establish goals for EO/MR progress, develop affirmative action plans for ensuring progress, and report on results achieved against these goals. In this way it was possible to ensure that the EO/MR performance of every manager and every component would be subject to in-line review, from the smallest component to the company-as-a-whole. By this one action a major step was taken toward effective and pervasive implementation of the overall plan.

A supplement to this management measurement system is provided by Corporate Industrial Relations' responsibility for auditing performance (see Policy 5.4, Appendix C). Because of the company-wide implications of an adverse compliance review or complaint case settlement, some reservation of authority was considered necessary; and the EO/MR staff is required to review continuously all affirmative action plans to ensure the adequacy and the effective implementation of these plans throughout the company.

However, the more positive contribution to be made by this component is to be found in the third prerequisite for implementation -- offering the needed guidance, counsel and assistance to help managers achieve the desired level of performance. The task force recommendations, which are summarized in the next section, provide a wealth of ideas on which managers can draw in designing and implementing their own programs. Much remains to be done -- indeed, only a start has been made -- on getting many of these new ideas and new programs into the mainstream of General Electric operations. But the principal accomplishment of this systems analysis of the EO/MR problem is that it has succeeded in establishing, not only a firm foundation, but the conceptual framework for future progress.

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\* See Appendix D and next section.

### C. SUMMARY OF PRINCIPAL TASK FORCE CONCLUSIONS AND RECOMMENDATIONS

It is not, of course, possible to do more than touch on relatively few conclusions and recommendations that came from the 27 task forces after nine months work. Rather than attempting to deal with each task force report separately, this summary deals with the principal findings under the six main headings of research activity, and then gives brief answers to the seven key questions that were raised at the start of this effort (p. 18).

#### Environment

A major conclusion of the Future Minority Environment Study\* was that present conditions on the minority relations front are too volatile to persist for any length of time: changes in the situation are inevitable, and make specific long-term predictions hazardous, if not impossible. However, this very instability and uncertainty means that leadership decisions, in both white and minority communities, will have a deterministic effect on the outcome. As the study noted, "To reduce it to a single specific instance, General Electric's managerial decisions and actions can be effective in helping to shape the minority environment in which the company will have to operate."

This study, which is designed to provide an environmental framework for EC/MR planning in the company, reported on outside authorities' appraisal of seven forces for change in this environment: population growth, the "youth wave," urban/suburban divisions, growing minority militancy, the swing from integration, the struggle for economic and political power, and the divided reaction in the white community. It also summarized the general guidelines offered by these experts for approaches to a solution of minority problems:

- The approach to a solution must be as complex and comprehensive as the problem itself, involving a total effort by all institutions of our society.

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\* A summary of this study is included as Appendix E.

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- Solutions must be sought mainly in terms of specific economic, political and social needs, rather than in purely racial terms -- though the problem of racism (white or black) has to be faced up to directly.
- Priority needs to be given to the areas of employment, education and housing.
- The immediate goal is no longer integration per se, but equality in an open, pluralistic society.
- Solutions must both recognize the need for short-term "separateness," and preserve the long-term option of integration.
- Commitment and action by white leadership must play a key role in bringing about needed institutional changes.

In commenting on business-government relations in this area, the study noted the growing government pressure on companies and unions to provide equal employment opportunity; increased attention to sex discrimination, as a second wave following immediately behind the minority problem; and increasing reliance on private sector involvement in solving urban/minority problems.

In addition to this study's use in EC/MR and manpower planning, the Policy and Advisory Panels recommended that it should be incorporated in manager development programs and be made a part of each manager's individual social awareness program. Further, since this environment is so volatile, there is an obvious need for continuous monitoring and periodic updating of the forecast of trends.

The findings of this study served to underscore the recommendations of two other task forces -- those on developing contacts with minority leaders, and on dealing with confrontations. More individual and sustained relations with leaders in the minority community will have to be developed, at the local as well as the national level, if the predicted social and institutional changes are to be accomplished with a minimum of friction. Cooperative leadership decisions are much to be preferred to unilateral white action. But company managers will need more help and guidance in identifying minority leaders and in the sensitive process of developing these relationships.

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At the same time, the predicted growth in minority militancy increases the likelihood of confrontations with radical organizations and individuals, including white student radicals. Recommendations in this area have already started to be implemented, following their approval by the Corporate Executive Office, including:

- establishment of a "clearinghouse" of information on groups, issues and events from which possible confrontations may materialize;
- distribution to the field of guidelines on how to handle, and contain, such confrontations;
- development of local "warning systems" to anticipate potential trouble-spots.

#### Corporate Role

Equally basic with the identification of environmental trends was the need to establish the rationale for corporate action on urban/minority problems -- and to communicate this to all managers and other employees. The fundamentals of this rationale have been laid out in the section of this report, "The Need for a Heightened Emphasis" (pp. 2-7), and (in part) in the statement of Company Policy (Appendix C). The communication of the rationale is being accomplished by issuance of the Policy, use of the Borch film, executive and management presentations, and publication of this report. Clearly, there must be a clear and explicit understanding of the reasons why General Electric is acting if managers and employees are to accept what is to be done.

The new Policy 5.4 is, of course, only the latest in a series of policy statements dating back to Gerard Swope's days, but it has been considerably strengthened to meet today's governmental and public requirements. Specifically, the strengthening of its terms are to be found in:

- the extension, beyond non-discrimination, to a policy of "affirmative action to seek out individuals whose potential has not been developed, with the objective of assisting them to meet (job related) standards;"

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- specification of managerial responsibility for complying with the Policy and the law;
- the establishment of an annual measurement of performance in each component;
- provision for audit by EO/MR staff.

The combined effect of the Borch film, the strengthened Policy and the new measurement format should, it is hoped, make clear to the organization, not only the direction that corporate action will take, but also (in some detail) the terms in which that action should be implemented.

Further details have been provided by the guidelines for compliance reviews, the subject of another task force. There is abundant evidence of more aggressive enforcement by state and municipal agencies, and by the EEOC and the OFCC, most recently in OFCC's Order #4 spelling out the operational definition of "affirmative action." Guidelines on sex discrimination have also been issued by these governmental agencies. Additional General Electric guidelines have, therefore, been issued to the field on the significance of this new Order #4 and of its first application in a compliance review at McDonnell-Douglas and the implications for the Company in the sex discrimination area.

The corporate role is not, of course, limited to the provision of employment opportunities, training and upward mobility. As other task forces recommended, there are many other ways in which General Electric can use the resources and leverage available to it to contribute toward solving this social problem. For instance:

- a portion of the current purchasing dollars spent on goods and services can be channeled to minority enterprises;
- some of the cash assets could be held in minority-owned banks;
- new facilities are scheduled to be constructed in the next decade, and urban/minority considerations might be factored into decisions on location;
- a larger percentage of the advertising budget could be placed in minority-owned publications, and company advertisements could increase their minority representation.

In addition, the section on "Social Problems" (see below) discussed ways in which the company can work to ensure "open housing" practices in local real estate operations, and use its educational and charitable contributions as adjuncts to its other efforts.

### Management Support

The heart of the management support programs -- and, in many ways, of the whole systems approach -- is the proposal for an EC/MR measurement system. This measurement system is based on two essential and fundamental requirements for success:

1. recognition of the fact that the internal and external aspects of the problem are inextricably interwoven;
2. implementation of programs on a system-wide basis.

As a result, a component's programs are to be evaluated under six broad headings:\*

1. Community climate: an analysis of community minority population and unemployment rates, and of the state of local minority relations and leadership; enumeration of community relations programs dealing with urban/minority problems.
2. Management involvement and leadership: action on communication of company policy, on establishing written goals and objectives and on recognition of individual accomplishments.
3. Minority recruiting: analysis of interviews and hires, total and minority; special programs for recruiting minority professionals.

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\* See Appendix D for details

4. Employment, placement and orientation: analysis of total/minority employment, by category; five-year projections of plant work force, placement of disadvantaged persons, and use of government funding to offset training costs.
5. Developing and upgrading: five-year projections of total/minority managers, sales personnel, exempt employees; special programs to identify and develop minority talent; assistance to minority employees on housing problems.
6. Government review: analysis of compliance review(s) and complaint cases, if any; innovative approaches to affirmative action.

This proposal was one of the first to be approved by the Corporate Executive Office and (as described on p. 21) is already implemented.

Clearly, if managers are to be evaluated on their EO/MR performance, they have a right to expect the level and quality of support needed to enable them to achieve the desired performance. In part, this support will take the form of innovative programs, developed in this research effort and subsequently, which can be applied or adapted to local needs. There is, however, also a need for more complete reporting of minority employment statistics, and for better training to enable managers to deal effectively with the new work force.

So far as manager education is concerned, there was a clear finding that a variety of "social awareness" programs should be developed to gain middle and lower management understanding of minority problems. Successful implementation of the company's EO/MR commitment entails moving management's efforts from merely obeying orders to an awareness of the underlying problems and a dedication to the development of creative solutions. A strong recommendation was made, therefore, for developing a series of "learning modules" for first-line supervisors and managers. An important consideration in this education process is the fact that much of the training will have application beyond the minority work force, and will help managers solve broader human relations problems. These efforts should do much to improve the motivation and productivity of all employees.

### Employee Relations

In the employee relations area, a frequent finding was that what was needed to be done by way of attending to minority problems was also needed to improve the working of the manpower system for all employees. For instance, the hard-core unemployed have a special need for orientation to the world of work and job-requirements; but in attending to this need it was found possible to improve the orientation process for all employees, and so to contribute to lower turnover and higher productivity. Similarly, in seeking to develop a more adequate inventory of minority employees' talents and abilities, one can also produce a better work force profile of the total work force, and so upgrade the overall quality of manpower planning.

Summarizing the task force recommendations is perhaps most difficult in this area because of their number and variety. In addition to the orientation and work force profile proposals just mentioned, the principal areas covered were:

Re-Evaluation of testing and standards: The quality of standards for employment vary greatly in the company, from being largely irrelevant to closely related to job requirements; and in some cases local standards are "screening out" candidates for employment, while the new environment requires "screening in." One recommendation was, therefore, for a review of the relevancy of all employment standards (with audit by corporate staff), and for continued efforts to validate all tests.

Government training contracts: Recruiting, and training hard-core unemployed is significantly more costly than ordinary training programs. However, government funding (e.g., through MA-5 contracts) offers a source of reimbursement for these extra costs; and, provided reasonable caution is exercised, there is no reason why company components should not enter into these contractual relationships. The task force recommended that General Electric should seek out these contracts in view of the necessity of tapping this manpower source to meet future work force needs. However, it was stressed that contract proposals should be submitted on a component by component, rather than on a company-wide, basis; and that they should be reviewed at the corporate level before submission.

One innovative proposal in this area emerged from studies on how to mitigate the impact on hard-core/minority employees of an economic downturn, which might be expected to hit most severely at the latest



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hired. The proposed program, however, would be available to all employees on layoff. Essentially, it would be a modification of existing MA-5 contracts (hence it was termed the "MA-X proposal") to encourage employees to capitalize on the layoff period by training to acquire higher skills for jobs that will be predictably available in the subsequent upturn. Such a program should probably include at least two elements:

1. some sort of financial aid beyond unemployment compensation, to take care of out-of-pocket expenses and to provide an incentive for participation in the program;
2. development of training programs that would be truly meaningful in terms of future, predictable job requirements.

The proposal has been endorsed by the Corporate Executive Office and widely discussed with government officials. The advantages of such a program are many:

- it would help to retain labor which is surplus during a downturn, but which is expected to be scarce as soon as the downturn is over;
- it would help build scarce labor skills;
- it would provide strong motivation for the development of more systematic manpower planning programs;
- it would ease the economic and psychological distress of layoffs, and minimize the possibility of confrontations and riots.

Upward mobility: The projected shift of the work force toward more salaried, professional employees, combined with the increasing urgency of the minority demand for "upward mobility," means that a major corporate effort must be made to place minority employees in professional, technical and managerial positions, and in the more highly skilled ranks of the hourly work force. It will no longer be sufficient, from either a societal or company point of view, to move the ghetto inhabitant off the street and into dead-end jobs. If no progression up the corporate ladder is perceptible, then the existing minority work force could very well lose motivation.

The first requirement is managerial awareness that this must be a "target" action area: and both the revised Policy and the measurement

format seek to focus attention on this problem. Although the task force found that about half the "roadblocks" in development and upgrading applied to all employees, the special problems affecting minority employees require special efforts to correct them. Specifically, for instance:

- an immediate inventory of the skills and development potential of minority personnel (it is worth noting that one company survey showed that black hourly employees tend to be somewhat better educated than their white counterparts);
- a review of candidates for promotion and/or management development courses for appropriate inclusion of minority employees;
- accelerated placement of minority employees in high-level professional positions (e. g. , lawyers, economists, scientists, doctors), especially in new, expanding businesses;
- use of professional black manpower companies.

Professional recruiting: A key recommendation here called for the establishment of a Manufacturing Technician Training Program, to provide a means of entry into General Electric for graduates of two-year colleges or technical schools, or for four-year college graduates whose qualifications are below the company standards. This should prove to be one of the strongest means of augmenting the number of minority employees on entry-level professional programs.

One reason frequently cited for the low percentage of minorities on these programs is that they are not pursuing studies which prepare them for professional positions in industry. Addressing itself to this problem, a task force recommended that the company try to influence students to seek business careers by reaching them earlier in their schooling. A further effort should also be made to extend recruiting to additional black colleges; to provide summer jobs for minority students and their instructors; and to give recruiters the alternatives of placing candidates in the professional programs, the technician program, or directly on assignments. However, with current career choices at black colleges still indicating a heavy preponderance against business, open market recruiting will be needed, over the short-term at least, if the minority percentages of professional and managerial positions are to be substantially increased.

### Social Problems

The interrelatedness of the internal and external aspects of the urban/minority problem is perhaps best revealed in the report of the task force on housing. While a general problem exists regarding the availability and cost of housing, the problem of finding desirable housing increases for certain minority groups and is especially severe for black professionals. This lack of housing opportunities is a major limiting factor on the company's ability to attract minority professionals, and to implement the needed upward mobility programs.

A conscious effort has, therefore, to be made to deal with this problem by working, at each location, with local real estate, banking and construction firms to assist minority professionals in finding suitable housing. The company's position in support of "open housing" practices should be made clear in the community, and each component should have good working relationships with local agencies such as the Human Rights Commission Urban League and NAACP. At the corporate level, employee transfer and home purchase policies should be reviewed with an eye to liberalizing benefits (e. g., availability of loans) for employees. Locally, Employee Relations Managers should review the community situation to identify potential problem areas, e. g., reluctant landlords and real estate agents, special lending practices, etc. Since the company spends \$25 million a year in real estate commissions, we should use this leverage to support realtors who endorse and implement the requirements of open housing laws.

A further example of the interrelatedness of internal and external solutions is to be found in the area of educational opportunity. In both the educational programs of the company and the contributions of the General Electric Foundation, there are substantial contributions to be made to the self-development of minorities. The task force found that the Foundation has vehicles in place to provide corporate support to minority educational institutions and culturally deprived individuals through urban/disadvantaged education program grants. There is a need, however, to keep managers informed of the Foundation's philosophy and programs and to enlist their participation in seeking out programs worthy of support. Similarly, within the terms of existing policy on financial support of educational and charitable contributions, individual components could do more to support minority education programs at the local level.

These and other similar efforts should tend to improve the quality of the urban work force from which many General Electric plants must recruit their employees. A parallel effort, to assist disadvantaged persons when they come on the company payroll, would be to extend the tuition refund concept to cover sub-college level programs; and steps have already been taken in that direction through the new Individual Development Program.

A third area of activity "outside the plant walls" is the encouragement of minority businesses ventures. While the main thrust of economic development will be through improved employment opportunities, individually- or collectively-owned\* ventures can be extremely valuable in providing minorities with further opportunities for sharing in economic progress; in strengthening minority attitudes, motivation and self-image; and in developing managerial talent. "Black capitalism" (or "green power") has become a rallying point for a wide variety of programs and viewpoints, white and black, conservative and radical.

The task force recommended that the main source of capital for these ventures should come from financial institutions, the government and community consortia, rather than from companies like General Electric. However, this would not altogether rule out a company role such as in providing "seed money" for administrative organizations or in making prudential investments. And a great deal of support can be provided to new minority ventures through supplying technical assistance and/or managerial know-how.

Additional assistance can be provided -- and business needs served -- by depositing company funds in minority banks and by opening up opportunities for supplying and subcontracting by minority-owned businesses. Corporate Manufacturing should develop guidelines for such purchasing arrangements, including consideration of helping minority businesses to become competitive in all aspects of the bid (quality, price, delivery, etc.)

In any of these assistance programs there should be no thought of patronizing minority businesses or of propping up marginal firms. There is, however, a real need to broaden and strengthen the economic base of the minority community, and there are obvious opportunities to foster this development without impairing the effectiveness of company operations.

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\*As, for instance, in the activities of Community Development Corporations.

### Business Opportunities

Some components are already involved in transportation, medical and education businesses which are contributing to the solution of urban/minority problems. And, in the larger sense (as already noted), company business opportunities will expand as minority income levels are raised and purchasing power increased.

Construction and educational services seem to offer the best new prospects for General Electric to help solve social problems on a solid profit-making basis. Two areas have emerged so far as attractive possibilities, because they can provide widespread employment opportunities, and because they contribute to minority progress. These are:

1. housing sub-assemblies, a concept now under development by Urban Systems Programs Department;
2. industrial training and education packages, similar to those being produced by General Learning Corporation.

Aside from these particular possibilities, there should be a general alertness to the emergence of other opportunities. As the nation re-directs its resources in a reordering of national priorities, so General Electric should be prepared to make comparable changes in corporate emphasis to align itself with new marketing opportunities.

### Answers to Key Questions

Another way of looking at the results of the task force reports is to synthesize, from their recommendations, answers to the seven key questions these task forces were asked to discuss.

1. What is the present and future minority environment and the predicted impact on the short- and long-term growth and profitability of the company? The state of race relations is highly volatile, changing under the impact of demographic forces, new minority aspirations and divided reaction in the white community. The potential explosiveness of this environment is unsettling at best, damaging at worst, for General Electric and the whole private enterprise system. If events are allowed to trend toward social polarization and disturbances, the impact on any company must be negative in the extreme, disrupting markets, curtailing labor force growth, and impeding profitability. However, as the environ-

ment study pointed out, leadership decisions can still shape events in a more constructive fashion, to the benefit of the minority community and society, and to the long-term growth and profit of business.

2. What leadership role should General Electric take in relationship to the progress being made by other companies? In terms of minority employment and promotion, General Electric has no option but to reach or maintain at least parity with comparable companies. Leadership should be sought, not so much in this quantitative arena, as in the quality of imagination and innovation shown in the total spectrum of programs addressed to the overall urban/minority problem, inside and outside plant walls.
  
3. How do you get management and employee understanding and support for the company's approach to EO/MR programs? The first prerequisites are a clear statement of top management commitment (e. g., the F. J. Borch film) and a strengthened and clarified statement of corporate policy. Both these steps have already been taken. Distribution of the minority environment study and of the rationale for corporate action can do much to improve understanding of the societal problem and of the reasons for the company's involvement in seeking solutions to it. For the future, this basis of support can be strengthened by implementing the EO/MR measurements system, and by developing "social awareness" modules for incorporation in education and development programs.
  
4. What policies, plans, programs and measurements are required within the company to effectively manage this new work force in a changing environment? Taken together, the recommendations of the task forces -- particularly those in the areas of "Management Support" and "Employee Relations" -- can provide managers with the information, tools and techniques they need. It is worth noting again that, by these means, managers will be able to motivate and manage more effectively, not just the new minority work force, but the changing work force as a whole, with its new needs and aspirations.
  
5. To what extent will the company be willing to make short-term investments that impact on profitability to contribute to longer-term needs of the company and the nation? The short answer is that we really have no alternative to do both. If we are to enlarge and up-

grade our future work force, protect and develop future markets and maintain a stable environment, we must now make investments in business-like solutions to these major social problems.

6. What role should General Electric play in solving the external problems that afflict minorities and create a disadvantaged work force? The strong conclusion was that, since the basic problems arise in society at large, corporate programs must not cease at the plant gate, but must extend into the community to help shape environmental trends constructively. Society and the government are looking, more and more, to the private sector for solutions to urban environmental problems; and General Electric must respond in areas where it possesses technical and managerial competence.
  
7. What are the business opportunities for General Electric in this changing environment? We must recognize the shift in governmental budgets toward increased financing of urban environmental programs. General Electric should anticipate these trends, and assign leadership responsibility for evaluating marketing opportunities to appropriate components such as Corporate Planning, Urban Systems Programs and General Learning Corporation.

## D. TOWARD A SELF-SUSTAINING SYSTEM

As this new and heightened commitment to equal opportunity is translated into specific action, progress has been made in the four priority areas in which recommended programs had already been approved by the Corporate Executive Office (p. 18):

- The new guidelines on compliance reviews and affirmative action have already proved their worth in anticipating, for the most part, the more stringent requirements contained in OFCC's Order #4. The lead time gained by this anticipatory action has enabled operating components to engage in rational planning, and minimized the possibility of being stampeded into hasty, ill-considered reaction.
  
- A more aggressive attitude on the use of government funding for training the hard-core unemployed has been exhibited by a number of locations as a result of the new corporate policy in this area. Several workshops have been conducted to explain the terms and conditions of this funding, and to give instruction on preparing the proposal, and developing a program. As a result of these moves, several new contracts have been signed -- or are being investigated -- at a variety of locations. As recommended by the task force, these contracts are being entered into by components on a local basis, subject to review at the corporate level.
  
- the confrontations clearinghouse has provided valuable information on sources of developing trouble (including those on issues other than minority relations). Here again, advance warning -- and a pooling of information and experience -- is enabling components to do a better job of anticipatory planning to deal with possible confrontations, and so of avoiding the twin pitfalls of over-reaction and unwise commitments in meeting demands.
  
- the new measurement system has been given its first testing (as discussed more fully below) and proved its usefulness.



Already a new momentum and sense of purpose is evident in the organization, and the stage has been set for a broad-based implementation of the other task force recommendations.

#### The Measurement Format: A First Test

In the late winter and early spring of 1970 the annual reviews of components' manpower planning -- Session II of the business reviews -- were conducted, starting at the Department level and proceeding through Divisions and Groups to the corporate level. This year, for the first time, the new EO/MR measurement format was incorporated as an integral part of these reviews.

The reviews have provided managers with their first real opportunity to consider (as last year's systems approach did) the total scope of the minority relations problem and the whole range of their components' response to the problem. The momentum generated by 1969's company-wide focus on the problem is already showing up in higher minority employment ratios, improved training programs and new community ventures. And the future orientation of the measurement format focuses attention on establishing objectives, goals and criteria by which future progress can be measured. The second round of experience with these reviews, in 1971, should thus be even more helpful because benchmarks will have been established, criteria will be sharper, and new programs will be in place.

The first reviews showed that, notwithstanding the company-wide strike during the last quarter of 1969, some gratifying progress had been made. In purely quantitative terms, the rate of over-all minority additions to the company work force accelerated; and, importantly, movement into professional and managerial ranks became quite noticeable. In qualitative terms the progress was even more encouraging and, in many ways, more important. The importance of this qualitative improvement is that (1) it indicates a developing serious commitment to action which will, in turn affect future quantitative progress; and (2) it is evidence of a recognition that the problem is of such scope and complexity that it cannot be solved solely on the basis of employment statistics. The reviews revealed many examples, to illustrate this point, of innovative programs dealing with training, education, housing, minority business support, social awareness programs and charitable contributions.

It also became apparent in the course of these reviews that the major problems being encountered by operating components fell into five main categories -- all of them areas in which one or more task forces had produced recommendations. These main categories were:

1. Recruiting and retention:

Great difficulty was being experienced in recruiting minority graduates for managerial and professional positions. Relationships with black colleges were not well developed; relatively few students at these colleges were qualified for, or interested in, business careers; competition for black graduates was, and continues to be, intense. Much, it is felt, can be done to ease this problem by, for instance, building up one-for-one contacts with presidents of black colleges; early identification of potential recruits at the junior college level; greater use of black recruiters and black recruiting agencies; and expansion of cooperative and scholarship programs. While each component should establish its own recruiting goals, there is an obvious need for these recruiting efforts to be coordinated on a company-wide basis by Corporate Management Manpower Development, to obviate conflicts and overlap so far as possible.

Even after recruiting, however, there remains the problem of retention. Mention has already been made (p. 31) of the "open housing" problem, but within the plant special efforts have to be made to ensure constructive peer relationships (partly through the use of social awareness programs) and challenging job assignments. Neither of these points can be left to chance, for they are vital both to retaining those now on the payroll and to setting an example which will attract others. Similarly, it is essential to make explicit the potential for advancement, otherwise motivation will be lacking; and to ensure that this potential is realized, otherwise "upward mobility" will be dismissed as a sham.

2. Upward mobility:

The problem of upward mobility is intensified both by the external pressure from government and minorities to achieve rapid progress on this front, and by the small base of currently employed (and qualified) minority personnel who could be promoted. A much more thorough inventory and examination of minority employees' talents is a prerequisite to further action, so that underutilized talent can be more effectively employed, unrealized potential can be developed (by courses, special assignments, etc.), and specific job opportunities

pinpointed for all minority employees. The current tight labor markets (especially for skilled and professional workers) combined with the pressure for equal employment opportunity (from minorities and women), are causing businesses to re-examine, most critically, traditional job requirements and classifications. In many cases these requirements are found to be not only barriers to promotion, but impediments to the smooth functioning of the overall manpower planning system. To meet manpower requirements, as well as to provide upward mobility, a shift in policy from "screening out" to "screening in" is most certainly called for.

3. Management/union/employee understanding:

The nub of this problem is the communication of the corporate rationale and management commitment, and the design of educational modules to develop managerial and employee "social awareness" -- both matters which have been touched on earlier in this report. The new Policy, the Eorch film, the minority environment study, a proposed EC/MR brochure, this report itself -- all are aimed, in part, at this problem of getting understanding that corporate action and commitment must be "for real." In the final analysis it is the managerial measurement system that must drive this point home by recognizing and rewarding outstanding individual contributions. A separate and special need is ensuring that union officials are kept informed about EC/MR plans since many programs of employment, training and promotion will be affected by labor-management contractual agreements.

4. Effective utilization of the new work force:

The problems of orienting, motivating and effectively employing those who, until recently, were considered "unemployable" are too well known to need repeating here. However, experience has shown that many of these problems can be overcome through:

- better manpower planning systems;
- improved orientation programs;
- individual counselling;
- relevant job standards;

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- job redesign;
- basic and remedial education;
- supervisory training;
- use of government funds (to offset extra training costs);

The payoff from such programs is to be found in improved production, reduced turnover and absenteeism, lower costs. And though the programs are initially designed to meet the needs of a segment of the work force, analysis shows that many of these programs (in principle, if not in detail) should be applied to all employees. There is ample evidence of a shift in wants, needs and aspirations among youth, so the "new work force" is a far more inclusive term than designating minorities and former hard-core unemployed.

EO/MR community involvement:

There is a growing recognition of the need for the company to aid solutions to minority problems outside the plant as well as on the shop floor or in the office. However, there is still uncertainty as to where it may be both appropriate and useful to apply corporate resources and leverage to community and social action programs. The task force recommendations included many suggestions on using the company's purchasing, banking, subcontracting, real estate and contributions practices in this arena. The proposed MA-X training program also would represent a worthwhile community involvement program, as would various forms of support (managerial, technical, financial) for minority businesses. Since the task forces reported, the Nixon Administration has announced its MESBIC program (Minority Enterprise Small Business Investment Companies), and additional studies are being conducted to determine the opportunities for General Electric to engage in such government-business partnerships.

One of these five major problem areas revealed in Session II reviews unexpected: all have been studied by at least one task force in last year's systems approach. Combining the EO/MR goals established by the components in these reviews with the programs recommended by the task forces should provide both the focus and the impetus for future progress.

Beyond Tomorrow

The essential ingredients for success in any corporate response to this overwhelming social problem must be:

1. top management commitment and leadership;
2. a systematic approach to comprehensive programs;
3. grass-roots involvement and implementation of programs;
4. goal-setting and measurement.

There can now be little room left for doubt about the depth and sincerity of General Electric's top management commitment. Mr. Borch has made "unmistakably plain" the need for company-wide action and has given his leadership and support to a measurement program designed to build into the management system an on-going process of EC/MR goal-setting, review and evaluation.

This report documents the corporate action on the second ingredient for success. The year-long period of study and recommendations has produced a redesigned system of manpower planning and development and community involvement that represents a businesslike action program on the new work force and social needs.

From here on, most of the thrust must come from the operating components of the company. The establishment of specific goals and the implementation of programs can never be successfully imposed on a component, but must flow from the planning to meet its business needs and social responsibilities. Top management leadership is aimed at developing commitment by managers at the local level; and the measurement system is designed to ensure implementation throughout the organization.

Much can still, of course, be done at the corporate level. Corporate Industrial Relations, and the EC/MR component in particular, is responsible for:

- monitoring trends in the minority environment;
- catalyzing and coordinating company-wide programs;

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- preparing reports to management and government;
- providing advice and counsel on new programs, compliance requirements, complaint cases;
- auditing and evaluating component performance.

All Corporate Staff components share in a responsibility to increase the representation and upward mobility of minorities on their own staffs, and so to set a leadership example to functional components in the field. In particular, Corporate Management Manpower Development -- with its current responsibility for college relations, recruiting and management development programs -- obviously has a key role to play in helping operating components tackle the problems of minority professionals and managers, upward mobility and social awareness. Corporate Employee Relations must take the leadership in designing work force profiles and inventories, in ensuring that personnel practices are geared to the needs of the new hourly and nonexempt work force, and in working with national unions to gain their understanding and support for the Company's EC/MR plans.

Beyond the Relations components, other Corporate Staff can identify specific points at which they can contribute to the total Company effort. Some examples of such contributions are:

<u>Corporate Staff Component</u>	<u>EC/MR Responsibility</u>
Manufacturing	<ul style="list-style-type: none"> <li>- Manufacturing technician program (p. 30)</li> <li>- Purchasing &amp; subcontracting to minority businesses</li> <li>- Recruiting of minority apprentices</li> </ul>
Marketing & Public Affairs	<ul style="list-style-type: none"> <li>- Corporate advertising on social responsibility themes</li> <li>- Contributions to urban/minority organizations</li> </ul>
Research & Development } Engineering }	<ul style="list-style-type: none"> <li>- Leadership in professional associations</li> <li>- Relations with black technical colleges and institutes</li> </ul>
Finance	<ul style="list-style-type: none"> <li>- Work with minority banks</li> <li>- Assistance to minority businesses</li> </ul>
Corporate Planning	<ul style="list-style-type: none"> <li>- Review of new urban/minority business opportunities</li> </ul>

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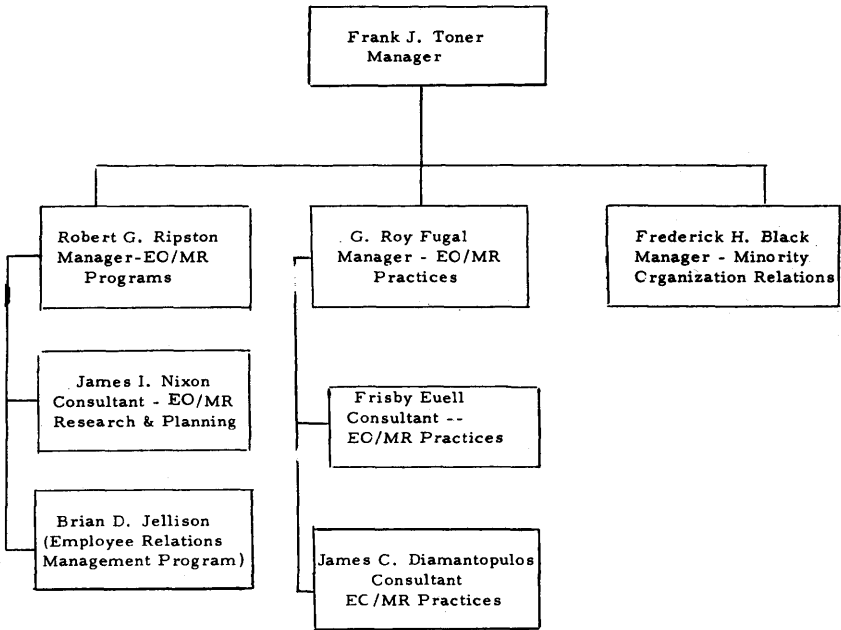
This catalogue of responsibilities serves only to underscore, once again, the fact that nothing less than a sustained and company-wide effort will be sufficient to meet our corporate responsibilities.

Of course, it is recognized that despite some encouraging results, but for a massive change, we will need concerted efforts on many fronts -- government at the national and local level -- industry -- education -- people in our communities and the minority groups themselves.

The over-all corporate goal remains "the creation of a self-sustaining system that results in true equality of opportunity at all levels of the organization" (p. 19). That goal can only be attained inside the company, when the manpower planning and development system operates, as a matter of course, to ensure that each employee is evaluated solely in terms of his individual potential and performance; that individual potential is developed and utilized to its fullest; that no artificial barriers stand in the way of upward mobility. To attain this goal, the company must be prepared to sustain programs of "outreach" and "affirmative action" for many years to come, for the social backlog of unfinished business is enormous. Only such a long-term commitment, matched by immediate (short-term) action, makes social -- and business -- sense in the business environment of the seventies.

APPENDIX A

Equal Opportunity/Minority Relations Staff:  
Organization Chart\*



\*As of 6/1/70



APPENDIX BMembership of Policy/Advisory/Minority PanelsA. Policy Panel

Herman L. Weiss, (Chairman) Vice Chairman of the Board  
and Executive Officer  
Virgil B. Day, Vice President - Industrial Relations  
Joseph H. Gauss, Vice President and General Manager,  
Air Conditioning and Group Support Division  
Roy L. Johnson, Vice President, Management Manpower  
Development  
Robert W. Lewis, Vice President and Group Executive,  
Power Transmission & Distribution Group  
Fred C. MacFee, Jr., Vice President and General Manager,  
Aircraft Engine Operating Division  
Philip D. Moore, Vice President - Employee Relations  
Mark Morton, Vice President & Group Executive,  
Aerospace Group  
Donald D. Scarff, Vice President & Group Executive,  
Consumer Products Group  
Clement E. Sutton, Jr., Vice President & General Manager,  
Industrial & Marine Turbine Division

-- Frank J. Toner, Policy/Advisory Panel Coordinator

B. Advisory Panel

B. B. Ballance	Electronic Components Division, Syracuse
Louis R. Bauer	Power Protection & Conversion Division, Phila.
Louis G. Cheek	Aircraft Engine Operating Division, Cincinnati
John B. Clarke	Refrigerator Products Division, Louisville
Willard H. Connor	Corporate Manufacturing
Charles B. Dates	Missile & Space Division, Philadelphia
Edward N. Deck	Corporate Employee Relations
Jack D. Evans	Lamp Division, Cleveland
G. Roy Fugal	Corporate Industrial Relations
C. Raymond Grebey	Corporate Employee Relations
William C. Hart	Corporate Marketing & Public Affairs
William E. Herrmann	Corporate Management Manpower Development
Thomas F. Hilbert	Corporate Legal
R. Laurence Howes	Portable Color TV Department, Portsmouth, Va.
Carl C. Hudson	Large Steam Turbine-Generator Div., Schenectady

B. Advisory Panel (Cont'd)

Fred R. Kaimer	Refrigerator Products Division, Chicago
Will A. Lewis	General Learning Corporation
John A. Nunn	Corporate Employee Relations
William K. Reed	Corporate Industrial Relations
James R. Roberts	Corporate Planning
Britton W. Saterlee	Nuclear Energy Division, San Jose
Frank A. Thorn	Industrial & Marine Turbine Division, West Lynn
David E. Trumbull	Corporate Engineering

-- Robert G. Ripston, Advisory Panel Project Director

C. Minority Panel

Thermond E. Adams	Knolls Atomic Power Laboratory, Schenectady
John W. Blanton	Advanced Technology Programs Dept., Cincinnati
Ronald E. Brooks	Corporate Research & Development, Schenectady
Calvin Conliffe	Development Technology Operation, Cincinnati
Whaleland Cross	Aircraft Engine Group, West Lynn
Waldron Giles	Urban Systems Department, Philadelphia
Cephus Grier	Housewares Division, New York
James H. Gude	Semiconductor Products Department, Auburn, N. Y.
Al Hill	Lamp Division, Cleveland
Arthur J. Wells	Lamp Division, Cleveland
Sterling Macer	Appliance Component Division, Fort Wayne
James I. Nixon	Knolls Atomic Power Laboratory, Schenectady
Philip Robinson	Louisville Relations & Utilities Operation
Sarah A. Smith (Mrs.)	Missile & Space Division, Philadelphia
Robert Warr	Electronic Systems Division, Syracuse

-- Frederick H. Black, Minority Panel Project Director

Revised Policy #5.4 - Acknowledgment

TO: \_\_\_\_\_ (Next higher level Manager)

This will confirm that I have reviewed Policy #5.4 on Equal Employment Opportunity and Affirmative Action, dated December 10, 1969, and will apply it in my component.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

cc: \_\_\_\_\_  
(Appropriate Employee Relations Manager)

APPENDIX C  
**GENERAL ELECTRIC**  
 ORGANIZATION AND POLICY GUIDE

PAGE: 1 of 2

**POLICY**

Issued by: Corporate Executive Office

TAB: Employee Relations  
(for filing purposes)

NO.: 54

ISSUED: 12/10/69

SUPERSEDES: 12/13/65

## EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

**NEED FOR A POLICY**

General Electric is committed to equality of opportunity, a basic goal of a free society. Profitable, responsible growth, and the business success of the General Electric Company, as well as the personal growth of individuals, result from enhancing and utilizing the abilities of individuals to the fullest extent practical within the framework of the business environment. By hiring, compensating, training, promoting and in all ways providing fair treatment to employees on the basis of merit, the effectiveness of the Company's operations can be maintained while enhancing both the nation's economic progress and that of individuals.

To further this goal, there is need for a Company Policy concerning Equal Employment Opportunity and Affirmative Action.

Beyond just equality of opportunity, however, there currently is a national problem of relative deprivation for some citizens, concurrent with prosperity for the great majority. Industry, as an important segment of the nation's economy, often can make many vital business contributions to the solution of these problems. Within the Company there is a determination to take voluntary, positive, business-oriented action which will contribute to the reduction of this national problem, as well as to further Company progress. A related determination is to assure that managers and employees at all locations, as a basic minimum, comply with both the spirit and intent of federal, state and local legislation, government regulation and executive orders in providing equal opportunity without regard to race, color, religion, national origin, sex or age.

Thus, there is a continuing and urgent need for managers to take affirmative action in providing Equal Employment Opportunities. Managers must assure, through action and teaching, that positive steps are being taken to comply with this Policy, to meet the requirements of law, and the stated objectives of the Company for continued profitable, responsible growth and success.

**STATEMENT OF POLICY**

It is the policy of the General Electric Company to provide employment, training, compensation, promotion and other conditions of employment without regard to race, color, religion, national origin, sex or age, except where age or sex are essential, bona fide occupational requirements.

In addition, while it is the policy to apply appropriate job related standards to the conditions of employment and to maintain such standards at a level consistent with the healthy growth of the Company's business in a highly competitive economy, it is also the policy to take affirmative action to seek out individuals whose potential has not been developed, with the objective of assisting them to meet these standards. Affirmative action will include finding additional sources of applicants who can become qualified, utilizing appropriate training which will assist these individuals towards full qualification, and developing programs to assure upward mobility for qualified individuals.

A major goal of the Company is also to become a civic leader in programs and activities which enhance equal employment opportunities within the various communities in which the Company operates and throughout the Nation.

**APPLICATION OF POLICY**

Each manager is responsible for the application of this Policy within his component. This includes initiating or supporting programs and practices designed to develop understanding, acceptance, commitment and compliance within the framework of this Policy. All employees and specifically each manager will be responsible for complying with all the requirements and laws of the government, and in applying this Policy to achieve Company objectives.

Specifically, each Manager will be responsible for:

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**Equal Employment Opportunity and Affirmative Action**

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- Making certain that individuals in his components who make or recommend employment and other personnel decisions are fully aware and comply with this Company Policy
- Notifying both applicants and sources of applicants that the Company is an "Equal Opportunity Employer"
- Taking affirmative steps to encourage the application and qualification of individuals for available job openings
- Assuring that promotion and development opportunities at all levels within his component are made without regard to race, religion, color, national origin, sex or age, except where sex or age are essential bona fide occupational requirements
- Cooperating with compliance reviews by appropriate government agencies
- Demonstrating leadership among other responsible business and civic leaders in observing the spirit and intent of federal, state and local laws concerning nondiscrimination.

Each Division General Manager, Department General Manager and Corporate Staff Officer will assure that this Policy on Equal Employment Opportunity and Affirmative Action is appropriately communicated and uniformly applied by all levels of management.

At least once each year progress and performance in the area of Equal Opportunity and Affirmative Action will be measured for each Department, Division, Group, Corporate Staff, as well as the Company as a whole.

#### RESERVATIONS OF AUTHORITY

Presidential Executive Order requires affirmative action plans within the Company. These must be updated yearly. Copies of these plans should be sent to Corporate Industrial Relations Staff – Equal Opportunity/Minority Relations (EOMR). Corporate EOMR working with Corporate Employee Relations and Management Manpower Development has responsibility for auditing performance under this Policy. Proposed EOMR actions or programs which could have significant effects on the Company's public posture, as well as any proposed settlement or agreement resulting from a compliance review shall be reviewed with Corporate EOMR and appropriate Corporate Staff.

#### RESPONSIBILITY OF OPERATIONS

Division General Managers, Department General Managers and Corporate Staff Officers are responsible for measuring progress and assuring that effective equal employment opportunity practices and programs are developed in accordance with this Policy and implemented for their component. Advice and counsel should be obtained from Corporate Industrial Relations, Employee Relations, Management Manpower Development and other functional components as appropriate during various phases of designing, revising, documenting and implementing the component's Equal Employment Opportunity/Affirmative Action plans and programs. Compliance reviews and complaint cases initiated by governmental agencies at the operating level should be communicated to Corporate EOMR for appropriate advice and counsel.

#### RESPONSIBILITY OF CORPORATE FUNCTIONAL COMPONENTS

Corporate Industrial Relations Staff (EOMR), working with Corporate Employee Relations and Management Manpower Development has responsibility for the following:

- Providing advice and counsel on the interpretation and implementation of this Policy
- Reviewing proposed plans and programs and preparing written recommendations to operating components and/or the Corporate Executive Office
- Recommending policy to the Corporate Executive Office
- Searching out and evaluating new concepts and approaches in the field of equal employment opportunity/minority relations
- Working with Company components in appraising the effectiveness of equal employment opportunity/minority relations programs and practices, as well as recommending changes through appropriate management channels
- Auditing effectiveness and recommending needed changes in affirmative action programs of operating and staff components
- Developing guides, criteria, measurements and needed communications to staff and field.

Other Corporate staff components are responsible, as appropriate, for developing, recommending and supporting effective plans and programs in their specific areas of responsibility which will further the Company's Equal Opportunity/Affirmative Action programs.

APPENDIX DEQUAL OPPORTUNITY/MINORITY RELATIONSMEASUREMENT FORMATINSTRUCTIONS

1. Most of the statistics requested are similar to those required by the Government so they should be available. Estimate 5 year projections from business plans and past progress.
2. Each Department should complete the attached format and use the information for answering the "Agenda" items during Session II discussions. The information will then be consolidated for the Division, and then the Group. Session II discussions will be conducted "in line" - not by Plant city. Where a Department has several plants, it is suggested that each plant fill out the "Format" and then the information be consolidated for the Department. Information about many small sales offices can be consolidated at Headquarters.
4. In multi-Department and Division locations, the organization having Area responsibility should complete Part I, Analysis of Community Climate. This should be reviewed and reconciled with components in the area, noting exceptions or differences where appropriate.
5. Use the "Format" as the basis for answering the "Agenda" items. Since time will be limited, discuss major trends, programs and accomplishments. Don't get bogged down in detail. Give an overview. Discuss plans for obtaining future progress.
6. Send a copy of completed format for your Department to F. J. Toner, Manager-EO/MR, Room 1609, 570 Lexington Avenue, New York, N. Y. 10022.
7. Available to assist you are:
 

Frank J. Toner - Dial Comm 8\*222-2362  
 Robert G. Ripston - Dial Comm 8\*222-3302  
 Frederick H. Black - Dial Comm 8\*222-3391  
 G. Roy Fugal - Dial Comm 8\*222-3338  
 Frisby Euell - Dial Comm 8\*222-3620
8. In the near future you will receive a formalized version (along the lines of the attached) of a "Measurement Form" to assist you in your Session II discussions and review. Meanwhile, it might be helpful to you if you will obtain the information along the lines of the attached. Suggested modifications should be sent to Robert G. Ripston, Room 1609, 570 Lexington Avenue, New York, N. Y. 10022.

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FORMAT  
Equal Opportunity Minority Relations  
Session II Measurements - Department/Division  
Part I Analysis of Community Climate

Statistics

Name of Plant City \_\_\_\_\_ Population in Labor Market Area \_\_\_\_\_

Department \_\_\_\_\_ \* Labor Force in Labor Market Area \_\_\_\_\_

Present and Projected Population Growth in Community (SMAS)

<u>Year</u>	<u>% Negro</u>	<u>% Minority</u>	<u>Total Labor Market Population in Numbers</u>
1969	_____	_____	_____
1970	_____	_____	_____
1971	_____	_____	_____
1972	_____	_____	_____
1973	_____	_____	_____
1974	_____	_____	_____

Current Unemployment Rate: Total % Unemployed in Community \_\_\_\_\_  
 % of Non-White Unemployed \_\_\_\_\_

Qualitative Community Analysis

- A. Give a brief summary of the Minority situation in this community, during 1969. What are the major priority needs in the Community? What role is General Electric playing?
  - B. List the more significant programs and activities related to EO/MR which the Company and/or its employees are involved in this community. What leadership role has local management taken?
  - C. List the minority organizations active in this community with a brief assessment of leadership.
  - D. How does General Electric's performance compare with that of other major employers in this community (i. e., other Plans for Progress Companies, NAB, with regard to such things as minority employment, community participation, etc.)?
  - E. Support to minority business in your community
    - a. Estimate the number of purchasing dollars given to minority \$ \_\_\_\_\_ enterprise in 1969.
    - b. If deposits have been made in minority banking institutions \$ \_\_\_\_\_ in 1969, estimate the total dollars deposited.
- \* The Labor Force is the number of people employed in the Labor Market area (estimate if necessary).

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- c. What other programs and assistance have been developed to aid minority enterprise?

Part II Management Involvement and Leadership

1. When and how has the Corporate Policy on EO/MR been communicated at this Department or location?
2. Have written EO/MR objectives and goals been included in the overall business goals, budgeting and long-range planning processes? Please attach or give examples.
3. Has responsibility for implementing EO/MR objectives and Affirmative Action Plans been assigned? Has responsibility been defined in managerial and supervisory position guides? Describe briefly.
4. In what manner has the fulfillment of EO/MR responsibility been audited and measured?
5. Describe any programs (i. e., cross-cultural - Social Awareness Training) designed to improve managers', supervisors', and employees' understanding of the Company's EO/MR objectives.
6. Are managerial and employee EO/MR accomplishments encouraged and recognized? Give examples.

Part III Minority Recruiting

Statistics

<u>Number of Applicants Interviewed in 1969</u>	<u>All Minority</u>	<u>Total</u>	<u>% Minority to Total</u>
Exempt	_____	_____	_____
Non-exempt	_____	_____	_____
Hourly	_____	_____	_____
Total	_____	_____	_____
<u>Number of Persons Hired in 1969</u>			
Exempt	_____	_____	_____
Non-exempt	_____	_____	_____
Hourly	_____	_____	_____
Total	_____	_____	_____

List the special programs and sources for candidates that have been utilized to encourage the recruiting of Minority Professionals and other salaried people. What have been the results (i. e., schools, colleges, employee referrals, advertising, etc.)?

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Part IV Employment, Placement and Orientation

<u>Employment Statistics</u>						
A. 1969	Total #	#	#	% of	% of	** Minority
<u>* Employment Category</u>	<u>of all</u>	<u># of</u>	<u>of</u>	<u>Minorities</u>	<u>Females</u>	<u>** Minority</u>
	<u>Employees</u>	<u>Negro</u>	<u>Other</u>	<u>to total in</u>	<u>to total in</u>	<u>Participation</u>
			<u>Minorities</u>	<u>Category</u>	<u>Category</u>	<u>Index</u>
Managers and Officials	_____	_____	_____	_____	_____	_____
Professionals	_____	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____	_____
Office and Clerical:	_____	_____	_____	_____	_____	_____
Technicians	_____	_____	_____	_____	_____	_____
Skilled (Craftsmen)	_____	_____	_____	_____	_____	_____
All Other Employees	_____	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____	_____

\*\* Minority Participation Index =  $\frac{\text{Percentage of Minority in Category}}{\text{Percentage of Minority to Total in Labor Market Area}}$

Example: SMAS Community has 500,000 people  
 SMAS Community has 50,000 minorities  
 Plant has 1,000 employees  
 Plant has 50 minority employees  
 Plant has 4 minority professionals  
 Plant has 100 Total Professionals

$$= \frac{50/1,000}{50,000/500,000} = \frac{5\%}{10\%} = .5 \text{ (Total "Employee" Participation Index)}$$

$$= \frac{4/100}{50,000/500,000} = \frac{4\%}{10\%} = .4 \text{ ("Professional" Minority Participation Index)}$$

\* Use EEO - 1 Report Definitions

B. Total Minority Work Force Five Year Estimate

	<u>Total #</u>	<u>% Minority</u>
	<u>Employees</u>	<u>to Total</u>
1969 (Actual)	_____	_____
1970	_____	_____
1971	_____	_____
1972	_____	_____
1973	_____	_____
1974	_____	_____

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C. Five Year Estimate of Disadvantaged Placement\*

1969	_____
1970	_____
1971	_____
1972	_____
1973	_____
1974	_____

Percentage retention rate of disadvantaged people hired (1969) \_\_\_\_\_ %  
 (Of all the disadvantaged people hired in 1969, what percentage are still on the payroll?)

\*Give the actual number of disadvantaged persons (as defined by the National Alliance of Businessmen) hired in 1969 and estimate the numbers for 1970-1974.

D. Government Funding to Offset Training Costs \*\*

	<u>Total dollars</u>	<u># of people hired under contract</u>
1969	_____	_____
1970	_____	_____
1971	_____	_____
1972	_____	_____
1973	_____	_____
1974	_____	_____

\*\*Include Federal (MA-5, MDTA, etc.) and State/Local programs. In the case of consortiums give the number of persons placed and multiply that number by the average cost per trainee to estimate the "Dollars". The "Dollars" should reflect the total money paid to the contractor during the year 1969 (Actual) to 1974 (Estimated).

Part V Developing and Upgrading

	<u>% (1)</u>		<u>%</u>		<u>% Other</u>		<u>%</u>	
	<u>Total</u>	<u>Minority</u>	<u>Total</u>	<u>Sales</u>	<u>Other (2)</u>	<u>Minority</u>	<u>Total (3)</u>	<u>Minority</u>
	<u>Managers</u>	<u>Managers</u>	<u>Sales</u>	<u>Minority</u>	<u>Total</u>	<u>Minority</u>	<u>Exempt</u>	<u>Exempt</u>
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
1969	_____	_____	_____	_____	_____	_____	_____	_____
1970	_____	_____	_____	_____	_____	_____	_____	_____
1971	_____	_____	_____	_____	_____	_____	_____	_____
1972	_____	_____	_____	_____	_____	_____	_____	_____
1973	_____	_____	_____	_____	_____	_____	_____	_____
1974	_____	_____	_____	_____	_____	_____	_____	_____

1. % of total by category; i. e., # minority managers/total # managers
2. Excluding manager and sales
3. Include all exempt (manager, sales, etc.)

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What programs or plans are in place to identify and upgrade minority people at all levels?

What programs or plans are being or have been made to remedy any situations involving complaint cases of sex or age discrimination?

Are any programs in place to assist minority professionals with housing problems when they are transferred to this location? Explain.

Describe and list the special training and development programs available to minority employees at all levels (Professionals, Managerial, Non-Exempt, Salaried, and Hourly).

#### Part VI Government Review

Have you had a Government Compliance Review during the year 1969?

YES \_\_\_\_\_ NO \_\_\_\_\_

Summarize the major recommendations of this review.

Describe any innovative approaches to Affirmative Action at this location.

List the discrimination complaints during 1969 (if any) at this location and results.

<u>Agency for Complaint</u> (i. e. EEOC OFCC State, etc.)	<u>Nature of Charge</u>	<u>Disposition</u>
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#### EOMR Measurement Other Supporting Information

1. Describe any other special measurement and/or local procedures utilized, i. e. quarterly reports, monthly staff meeting discussions, special communications, etc.)
2. Give any examples of EO/MR goals and/or details of current Affirmative Action Plans.
3. Any unique program which might be adapted to other locations.

**A Decade of Tensions and Decisions:****THE MINORITY ENVIRONMENT IN THE SEVENTIES**

Compared with the situation twenty (or even ten) years ago, present conditions on the minority relations front are very fluid. There is virtually unanimous agreement that changes in this situation are inevitable: it is too volatile and unstable to persist in its present condition for any length of time. Many of those interviewed in this study, therefore, professed their inability to offer specific predictions for 1980 because they found the future, in many important respects, so uncertain.

There was, however, substantial

agreement on the broad nature of the forces that will be shaping the minority environment in the next decade. These forces range from the relatively simple and concrete (e.g., certain demographic and labor force projections) to the complex and subtle (e.g., changes in attitudes and aspirations).

**I. Growing numerical importance of minorities:** Perhaps the best starting point for a discussion of these forces for change is the simple fact that minorities will represent a growing proportion of our population and our labor force. Coupled with their con-

centration in urban areas, this will strengthen their economic and political bargaining power in the next decade.

The minority community is projected to account for *approximately one-fifth of the net increase in population between now and 1980*. By that year minorities will represent at least 12.9 percent of our total population.

This increase will be particularly marked in the age groups from which the labor force is drawn. Dr. Seymour Wolfbein of Temple University has pointed to the huge white-nonwhite differentials in labor force increases by 1975, and noted that "*at the earlier ages, nonwhites are going to make up one out of every seven workers in the U.S.*" (emphasis added)

Over the next decade, therefore, the minority population will represent a growing percentage of the labor force potential—particularly among the younger age groups, and most especially in urban centers. Regardless of other considerations, business will become increasingly involved with minority problems as it searches for new sources of manpower in a period of continuing tight labor markets.

If minority manpower resources were developed to the point where their share of each occupational category was equivalent to their over-all percentage in the labor force, large numbers of additional white collar and skilled workers would become available. For example, on this assumption, the labor force of 1975 would have 605,000 more professional and technical workers, 765,000 more managers, and 441,000 more skilled craftsmen.

**ABOUT THIS STUDY**

"Our Future Business Environment" (April, 1968), the first in a continuing series of reports of informed opinion on major environmental trends, identified the urban minority problem as "the dominant one on the domestic social, political and economic scene for the next ten years". The current study, reported here in summary form, has focused our first in-depth research on the "dominant" problem of the future of race relations in this country.

Like the first study, this report is based upon extensive interviews with informed people, white and nonwhite, at the national and community level, and upon a review of the available literature. The predictions contained in this report are, therefore, those of the people surveyed, not those of General Electric.

This study represented one element in the systematic analysis, by the Equal Opportunity/Minority Relations component in Corporate Industrial Relations, of minority relations problems and of the corporate role in their solution. Working with an executive-level Policy Panel and an Advisory Panel of key Relations managers, this component has studied and produced recommendations for corporate action in six major areas: environmental trends, corporate rationale, management support, employee relations aspects, social problems, and business opportunities.

Copies of the full report are available, on request, from Business Environment, 570 Lexington Avenue, New York, N.Y. 10022.

It is highly improbable that occupational shift trends can be accelerated enough in the next six years to realize this potential fully. However, this large reserve of underdeveloped manpower in the minority community will clearly continue to act as a spur to an increasing number of public and private programs of training and upgrading.

Comparable potentials will exist in consumer markets and in political power as a result of this growth and development of minority groups. For instance, their personal income is projected to increase relatively faster than whites' through 1975, and to represent a market of some \$52 billion in that year. Again, assuming that their per capita income was brought up to the whites' level, an *additional* \$36 billion would be brought into this market, i.e., it would be 69 percent greater even than the level currently projected for 1975. Such a hypothetical calculation of this potential should serve only to indicate the benefits that would accrue, to business and to minorities, from accelerating this trend beyond the pace that now seems likely.

**2. Rising Tide of Youth:** Another demographic trend of considerable future significance will be the rising tide of youth.

A wave of 58 million children aged 5-19—nearly one third of our total population—was poised, in 1966, to sweep over our institutions in the Seventies. By 1980 they will be in the 20-34 age groups—more than 21 million over the number in those age groups in 1966. Among nonwhites, the surge will be even more marked: the 8 million children in these groups in 1966 represented over 34 percent of minority population.

Another way of looking at this phenomenon is by way of the median age of the population. In 1966 it was 28.7 years for whites, and 21.4 for nonwhites. Quite simply, this means, for instance, that in that year nearly half the minority community was not yet old enough to vote. The political power potential of minorities has, therefore, yet to be realized.

The potential effect of this youth wave on social attitudes, institutional action and political programs dealing with the minority problem will certainly be a force to reckon with—especially if a real generation gap in thinking on this issue does reveal itself and is then translated into action. For the moment, a number of general observations can be made about the probable impact of youth:

- a. The younger blacks, who have come of age in a decade of revolt, will clearly be more impatient with the status quo, or even with progress, than their elders. There is a sense of momentum, and a conviction in the necessity of pushing hard for equality, that they are not likely to abandon.
- b. The better educated among white youth will be more likely than their parents or their less well educated peers to be supportive of the minority cause (see box p. 3). Further, they will fairly rapidly get into positions where they can do something about it, working on institutional change from the inside.
- c. The children of white blue collar workers, on the other hand, will be far more likely to carry into the Seventies their parents' resentment of minority progress and "affirmative action" programs. In part, this resentment is born of a feeling that "special favors" are not called for, or deserved by minorities; in part, of the heightened competition that will ensue for their jobs.

**3. The Urbanization Phenomenon:** A third demographic fact with which we shall have to live in the Seventies is the phenomenon of "black cores, white fringes" in many of our major cities.

The recent past (1940 to present) has witnessed the twin trends of minority in-migration and white out-migration in our major metropolitan areas. Puerto Rican immigrants, for instance, have tended to concentrate in New York City and neighboring cities; Mexican-Americans in San An-

tonio and other Western metropolitan areas; and an entire racial group—the blacks—has been converted from a rural to a predominantly urban population.

The remarkable fact to emerge from this study is not so much that 69 percent of blacks live in metropolitan areas, itself only a slightly higher percentage than for whites. It is rather that, within these areas, *twice as large a percentage of blacks live in central cities, while only slightly more than one-third as many live in suburbs.*

These differentials would not have been so marked without an accompanying out-migration of whites. The "escape rate" of whites from the central cities has recently tripled to approximately 500,000 a year. In the past eight years the white population in cities has dropped by nearly two million—from 47.5 million in 1960, to 45.8 million in 1968.

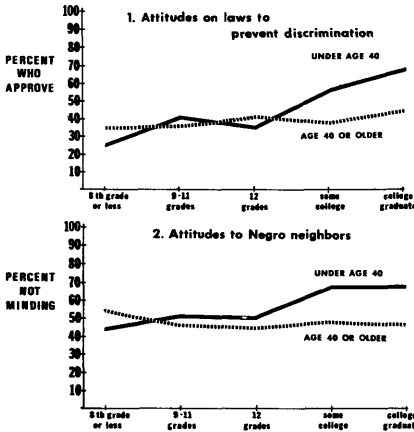
Admittedly, a number of new trends are emerging to change the total picture:

- a. In the first place *the farm-city migration may be ending*: certainly, the crest of the wave has passed.
- b. There is some evidence that the *black population in central cities has started to level off*, while still increasing in the suburbs. In the two year period 1966-68, for instance, blacks actually decreased their central city population by some 300,000 and increased their suburban representation by half a million.
- c. *Central cities will account for a declining percentage of our population.* As a result of the leveling-off among the black population and a continued out-migration of whites, the suburban-central cities population gap will widen.

However, these factors can only, at best, be said to slow the future worsening of the problems, rather than to reverse them. For instance, the spread in growth of the black population, and their migration out of central cities, will mean that the potential problem of racial confrontation will extend to

## EDUCATION: HOPEFUL SIGN FOR A SOLUTION

Quite obviously, the prospects for working toward a solution of minority problems in the next decade depend greatly upon the climate of opinion supporting or opposing such a movement. In this regard the attitudinal changes of college people in the younger white population are potentially an encouraging sign, particularly as these are the ones who will increasingly assume positions of leadership and influence, in their organizations and communities, during the Seventies. The following two charts, taken from a study by the Survey Research Center at the University of Michigan, illustrate this trend in two specific instances.



Similar differences in attitudes between the over 40's and under 40's show up in repeated instances. Among the over 40's level of education does not seem to have appreciably affected racial attitudes. But in the younger generation those who have attended college (and their numbers will be increasing) show a strong swing toward a clearer recognition of racial discrimination, a seemingly greater acceptance of racial integration, and stronger support of Negro civil rights.

suburbs and other towns that have so far not been directly affected to any extent. Such a movement can also, of course, lead to the creation of new "suburban ghettos" if the segregated housing patterns of the cities are allowed to recur.

Again, while the slower growth (or leveling off) in central cities might seem to make the problem fractionally more manageable, there is little chance of changing, in the next ten years, the pattern of "black cores, white fringes"

established by twenty-five years of counteracting white and black movements. Future moves by blacks and other minorities to the suburbs are not likely to change the racial mix there. The prospect is, therefore, for a continuing imbalance between cities' problems and their tax resources to deal with these problems.

**4. The growing militancy of minorities:** It is necessary at the outset to make a clear distinction between the massive, cataclysmic outbreaks of the

type seen in the 1964-67 riots and after Martin Luther King's assassination, and the more selective and more persistent assaults on white authority and institutions that are seen as roadblocks to minority progress. Whether violent or non-violent, the latter are equally expressions of a new militancy and of a conviction that equality will be won only by a struggle.

The virtually unanimous expectation is that a recurrence of Detroit-type riots is unlikely; but there is an equally universal prediction that we must anticipate continued outbursts of some sort. The massive outbreaks in Detroit, Newark, Watts and Washington are seen in retrospect as largely self-destructive convulsions of the black ghettos, born of bitterness, alienation and despair.

The outbreaks are not expected to occur again in their past form, because they have cost the black community too much in deaths, destruction and shattered businesses. Yet many believe them to have been an inevitable part of the black revolution: one black leader has likened them to the shock waves that come from breaking the sound barrier. And most blacks believe that riots have, in fact, brought results, at least in the form of increased national attention to those conditions against which they think the riots were a largely spontaneous protest.

If violence does develop, the expectation of those interviewed is that the pattern will be one of more calculated and selective attacks rather than of general, indiscriminate uprisings (though these are still possible in cities that have not yet experienced riots). Targets for these attacks would be police and fire stations (the proximate symbols of white authority); businesses, black as well as white, that overcharge ghetto inhabitants or discriminate against minority employees; and white homes. The likelihood of such attacks is seen to be in direct proportion to the lack of minority progress and the strength of white "backlash."

It would, however, be a blatant misreading of the new mood of militancy to interpret it exclusively in terms of

such violence. Violence will be the exception, rather than the rule, in urban/minority relations. The true meaning of the growing militancy will be found in a pervasive activism in pushing, hard and persistently, for rights, representation and economic equality. As such, this militancy will affect communities and institutions of all types and sizes, and so will touch the lives of many more millions than will outright violence.

### 5. The swing from integration:

From 1954 to 1964 there was a virtually single-minded concentration, on the part of the minority community, on integration—particularly school integration, in the wake of the Supreme Court's *Brown* decision. Two effects flowed from this exclusive focus for activism. In the first place, many now see that, in the process, attention was diverted from the essential business of building up political participation and leadership, and developing social and economic organizations. The second consequence was the wave of bitterness and frustration that was caused by the slow progress in school desegregation.

Not surprisingly, therefore, integration has lost some of the appeal it had in the "old" civil rights days. For the greater number of minorities, integration still stands as an *ultimate* goal—certainly as contrasted with the notion of a separate nation—but even here its terms of reference are in process of being re-defined. And other goals, other motivators will be more powerful forces in the Seventies.

For one thing, the mere facts of population distribution (as already analyzed) make full integration a highly improbable achievement in the next decade. The literal as well as figurative segregation of minorities in central cities has both practical and psychological consequences for the future.

For another thing, the new militancy of the minority community is prone to interpret integration as a goal that has been set by whites, and toward which progress is controlled by whites. To some, "integration" (in quotation marks) is itself a condescending gesture of white superiority.

For all these reasons, there is some radical re-thinking going on about the future course and objectives of minority relations with whites. Yet the pendulum has not swung over to separatism in its most extreme form. By far the greater number of minorities are likely to continue to argue that America is their homeland and that they will press for their position of equality in it as a matter of right.

Somewhere between old style integration and new style separatism lies a concept that will be a dominant motivator of the future, particularly in the black community. Perhaps best described as an emphasis on "separateness," it will represent something of a *voluntary* segregation or withdrawal within racial and cultural boundaries, for the purpose of strengthening blacks' sense of pride, identity and purpose.

This "separateness" will not, of course, be a withdrawal from activism—for that would be at odds with the militant pressuring of the majority that has been predicted—but rather a withdrawal from efforts to integrate into, or merge with, white social, cultural and (to some extent) political institutions. The contrast with the past is pointed up by the difference between efforts to "pass" into the white community (popular until a few years ago) and the new emphasis on "black is beautiful."

This period of "separateness" seems likely to be a transitional phase, for minority groups to find themselves and gain their own forms of political and economic power, before any possibility of coalescing as equals in society.

For blacks it will be a period of rediscovering and strengthening their cultural roots and identity. Slavery required the development of a mentality that was compatible with servitude and white domination, and the uprooting of cultural and historic ties with their original homeland. The next ten years will be devoted, in part, to undoing the culture of slavery and reversing the process of social disintegration.

The immediate objective, then, is not integration, but equality—and equality in an open, pluralistic society.

The two goals are not the same, and the distinction between them should be clearly made. The tactics and the consequences of each are different. For the foreseeable future there is no prospect of a "melting pot" society that obliterates racial and cultural differences: they will have to be recognized (and dealt with) for what they are, *not* as badges of innate superiority and inferiority.

### 6. The thrust toward shared power:

Power—economic and political power—will be the dominant criterion by which the minority community will judge the value of public and private programs and the extent of its progress. The main struggle in race relations in the Seventies will not be over integration and legal rights, but about a just and proportionate sharing of power in society. That is what the increasingly popular slogans of "community control," "black power" and "maximum feasible participation" are all about.

The crisis of recent years has created a beleaguered community of the ghetto, but (as is so often the case) has strengthened it as a social and political force. Although differences as to means and tactics remain, the previously fragmented organization and leadership has started to coalesce around a common sense of purpose—the acquisition of power. The immediate demand has been for a measure of community self determination comparable to what white suburbs possess.

The ultimate power that most minorities (like most whites) want is the power to direct the course of their own lives.

To achieve this power they are seeking control of their community institutions, to set their own goals and chart their own course, free of white interference. The struggle has been joined, in a few cities, primarily over control of the local school system and poverty programs. We have been told to expect that it will spread very quickly to many other communities, and be extended to other community services (fire, police, hospital, sanitation, recreation) and businesses (real estate, supermarkets, credit). The trend will rather be hastened forward by an in-

creasing sense of pride and a sense of community rather than individual success.

An indicator of this new mood can be seen in the growing movement toward various forms of cooperative organization, most notably the so-called community development corporations (CDC's). Although minority capitalism enjoys some popularity, it does so more for its contribution to community control than as a presumed panacea for economic development.

The advantages seen for CDC's and other types of cooperatives are that, through them, economic development becomes part of total development and enterprise profits are re-cycled for community benefit.

Acquisition of power will become fiercely important to the minority community, both for the control that is gained and as a symbol of progress. Any transfer or sharing of sovereignty within a system is at best a difficult operation; and the fierce urgency of minority demands for power will make the next decade a particularly troublesome one for the present economic and political Establishment.

**7. Divided reaction in the white community:** With 89 percent of the population and close to a monopoly of power, the white community obviously is the key factor in determining the future course of race relations and minority progress. *Whether there will be progress toward a pluralistic open society or regression into polarized warring camps depends predominantly on the attitudes and action of this majority.*

Yet the signals about probable future action and reaction by whites are so divided and confusing that few clear-cut predictions can be made. *This trend, above all others, will be susceptible to leadership influence.* Executives in government and business, in particular, will have a marked responsibility for determining the outcome, by their statements, their actions and the programs they develop and support.

The hopeful signs for racial reconciliation are to be found, as has already

been mentioned, among the better educated white youth and in the fact that they will soon be assuming leadership positions. But any assessment of the future must take explicit notice of two potentially strong negative forces—one, the alleged "racism" of white society; the other, the threat of white "backlash."

If one were to define racism in terms of overt and extreme actions and statements by individuals—such as joining a lynching or bombing party, or referring to blacks as "niggers"—a relatively small percentage of the white population might be said to be "racist." However, this extremism is only the tip of the iceberg: there are much more widespread, but often latent, attitudes of hostility, fear, resentment and superiority.

To a large extent, of course, individuals are a product of their institutions, and much of this thinking is derived from the prevailing set of values embodied in the institutions of culture, education and work (among others). Therefore, the real problem for the future is assessed by the experts interviewed in this study as correcting a different and far more subtle form of racism in white institutions. Whereas institutions in the South, where originally virtually all the black population was concentrated, evolved in a more overt form of racism (to keep slaves "in their place"), those in the North were cast in a racial mold in a quite different sense. They were established and passed their formative years at a time when the population was almost totally white, and they were designed to serve local or regional (i.e., white) interests. In each case this character tended to be reinforced, to varying degrees, by an assumption of white superiority that springs from the fact that slavery did, indeed, treat blacks as inferior beings.

In each case, too, the character and practices of institutions have been slow to change in recognition of changing circumstances. In the South the civil rights movement and national legislation may have established black rights more clearly, but have done little to change the segregated nature of institutions (as already noted in the case of

school desegregation since 1954). In the North and West institutions are not perceived to have changed adequately to reflect the interests of the nearly one-half of the black population that now resides there as the result of a century of migration. It is from this lack of institutional responsiveness that the momentum for the drive for black power and community control has (and will continue to) come.

It will be a prime task of leadership in the Seventies to make all types of institutions more representative of, and responsive to, the rights, needs and aspirations of both the white and minority population. This task will involve nothing less than an "interruption" of the present system of operations and a conscious re-design of many traditions, standards and practices. Progress will undoubtedly be slow—slower than minority aspirations would wish—because of institutional inertia and a widespread failure (or reluctance) to recognize the inherent bias toward white interests.

The other potentially negative force is the much discussed "white backlash". The Wallace movement in 1968, opposition to school bussing and open housing, recent mayoralty races in Los Angeles, Minneapolis and New York City—all are cited by commentators as evidence of a growing white reaction to minority militancy. However, while not inclined to deny the reality (and, in some locations, the strength) of this threat, there was substantial agreement among those interviewed that this would probably *not* develop into a major national problem. Two major points made in their reasoning were:

- a. much of the reaction of blue-collar whites is basically economic rather than racial. These are people who have encountered very real economic problems over the past five years or so (due to inflation and high taxes), and who feel—with some justification—that their interests have been largely neglected by the major political parties. Their resentment has been sparked by what they consider "special treatment" for the minority community—at *their* expense; and it could be moderated



by consideration being given to their legitimate grievances.

- b. the "taxpayer revolt" (e.g., rejection of bond issues, pressure for tax reform) is also largely economic and political rather than racial, being directed against high taxes and the mismanagement and failure of many government programs (including welfare and the "War on Poverty"—a disillusionment they share with minorities and the poor in general).

Over-all, then, most of those interviewed thought that there was less chance, now and in the immediate future, of thoughts of repression being translated into political action than there was immediately after the 1967 riots; and that the term "backlash" was something of a misnomer—at worst, what might happen would be a slowdown rather than repeal and regression. In this sense, then, backlash would represent the differential between white and minority ideas on the rate of progress.

This view of the future, relatively optimistic though not by any means complacent, is predicated (it must be emphasized) on a number of other predictions or assumptions—that large-scale riots will not recur; that legitimate grievances of working class whites will be redressed; that public and private programs dealing with welfare, poverty and urban renewal will operate more effectively in the future; and that white leadership will, in fact, exercise a constructive influence. There were, however, those who felt that these assumptions were unfounded or unrealistic; and they were, as a consequence, much more pessimistic about the future.

#### APPROACHES TO A SOLUTION

This section aims at pulling together, from the many inputs we have received, the principal guidelines that were recommended to help determine constructive responses and initiatives on the part of white institutions. It does not presume to catalogue—let alone analyze and evaluate—the multitudinous specific programs that have been suggested for implementation by gov-

### THE RELEVANCE OF BROAD SOCIAL TRENDS

**It would be unrealistic to consider future developments in the minority environment totally divorced from social change in the United States as a whole. To some extent, therefore, the developing trends identified in "Our Future Business Environment" will help shape the future minority environment. The full report of the current study considers the specific relevance of each one of those trends to the problem under discussion. What follows are some excerpts from this discussion:**

1. The "*lower frustration tolerance*" that was seen as becoming more prevalent in public attitudes will be a highly significant force in this context. The late Sixties and early Seventies are likely to prove once again the accuracy of de Tocqueville's observation that the chances of unrest and revolution are greatest, not when conditions of an aggrieved group are at their worst, but when progress has begun to be made and aspirations have been raised.
2. The projected economic growth and further *stabilization of the business cycle*, with its lower unemployment rates and tight labor markets, is of such direct relevance to the minority problem that many experts consider it to be an essential prerequisite to further nonwhite economic progress. The validity of such thinking is supported by current fears that production cutbacks as a result of the anti-inflation program would fall most heavily on the last-hired—in many cases, the hard-core unemployed among minority groups.
3. The growing *emphasis on pluralism*, and the opportunities of an "*open society*", are likely to prove far more potent as motivating forces in the minority community in the next decade than either integration or separatism.
4. The *growing role of government* will be felt, particularly by business and unions, in minority relations. In the immediate future there will be sharply increased emphasis by the Executive branch of the government on equal opportunity, affirmative action, upgrading.
5. The projected *unions vs. civil rights conflict* has come to pass. As minority representation in traditionally unionized sectors increases, more and more black employee federations will most likely be set up in opposition to established white leadership in unions. In the resulting struggle management will, all too frequently, be caught in the middle.

ernment, business, labor, education, welfare organizations and the like; that is a vast and separate task beyond the scope of this report.

A general comment on the future role of business may help to underscore the growing importance of managerial decisions in this area. There is virtually unanimous expectation that business will greatly increase its in-

volvement with the minority problem, primarily as the result of three interacting forces:

- (a) *from within the corporation itself*: not only will younger managers be personally more inclined to step up the pace of equal employment opportunity, but future labor needs will impel companies toward more effec-

tive utilization of minority manpower. Simultaneously, business will be drawn by the developing market opportunities both for consumer goods (as minority personal income levels are raised) and for the products, systems and services needed for urban renewal.

(b) *from the government*: there is ample evidence of a trend toward much stricter interpretation and enforcement of equal employment opportunity regulations as part of the Nixon Administration's focussing of its civil rights program on jobs rather than schools. In addition, as noted in our original study, governments at all levels will be seeking the assistance of the private sector, either as contractors or in partnership ventures, in solving urban/environmental problems.

(c) *from the minority community*: business and industry are seen by the minority community as its "last hope" (to use Dr. Kenneth B. Clark's often-quoted phrase). Having been so often disappointed by the subjectivity of political motives, minorities now appear inclined to turn to the objectivity of programs based on business needs. Business' involvement is seen now as being "for real."

If, then, business involvement is scheduled to increase, and the role of leadership decisions is likely to be determinative of the outcome, it follows that business leaders must ensure that their decisions and actions are formulated with the broadest possible social and community implications in mind.

1. *The approach to a solution must be as complex and comprehensive as the problem itself.* In only the loosest sense is it possible to talk of "the" problem (and "the" solution) for it is, in fact, a complex of many problems. The social, cultural, economic and political aspects are inextricably interwoven, so all must be dealt with concurrently.

All facets of development are im-

portant—though not equally so, clearly: few, if any, can be neglected. To take the single example of employment: opening up a job to one of the hard-core unemployed can entail solving any or all of the following problems—basic literacy; skill training; motivation; orientation to the world of work; transportation to work; health; housing; family problems; racial attitudes of supervisors and/or fellow employees. A comparable cycle of problems could be cited in the areas of "black capitalism," education, political organization, and so on.

The scope and complexity of these problems, combined with the need for simultaneous action, means that nothing less than a *total* effort by *all* institutions will be adequate. At the same time, this total effort will be the sum total of a great number and variety of individually manageable solutions: it will *not* be—could not be—a single, centralized program of the Federal government.

2. *Solutions must be sought mainly in terms of specific economic, political and social needs, rather than in purely racial terms.* Before amplification of this point, one exception to it must be noted—namely, the fact of antagonism based on color. Individual racism (white or black) of this form has to be faced up to and dealt with (mainly by education) as the racial problem it is; and over the short-term perhaps the best that can be hoped for is a modification of behavior rather than a change in attitudes on this point.

Much of the white "backlash," however, is predominantly economic and political in origin, rather than purely racial. It is economic, for instance, in the resentment of competition for lower skilled jobs and in the fear of depressed real estate values if Negroes move into a neighborhood. It is political in its outburst against the major political parties for their neglect of the interests of lower middle-class whites and their preoccupation with minorities "just because they've made trouble." It is also emotional in its resentment of preferential and allegedly "undeserved" treatment for minorities.

The main thrust of action must, therefore, be toward correcting spe-

cific economic, social and political conditions that impede the progress of minorities and poor whites alike. In large part, these are the conditions that also breed racism, on both sides; and eliminating or ameliorating these conditions will, in the process, alleviate racial tensions. Indeed, in sheer numbers, poor and working class whites have more to gain from programs in these areas than do nonwhites.

3. *Priority needs to be given to the areas of employment, education and housing.* Though the total problem is all-encompassing, these three areas are selected most frequently as the essential priority targets for action to achieve the goals of equality and an equitable sharing of power. Many other programs—particularly health and welfare—were cited as important, but the pre-eminence of these three stems from general agreement that:

- education is an essential prerequisite to living, working and being influential in a highly complex society;
- meaningful employment (not entry-level or dead-end jobs) is the surest route to economic betterment: in what is still essentially a work-oriented society, this is probably the *only* way of getting into the mainstream of American life;
- good housing, available in a wide variety of locations is needed to keep families together and to give dignity and quality to living. In this context, housing involves two separate but related elements—one, the actual construction (or renewal) of accommodations; two, the enforcement of "open housing" regulations to ensure freedom of choice.

4. *The immediate goal is no longer integration per se, but equality in an open, pluralistic society.* The key concepts toward which action programs should be oriented are:

- a. a true equality of opportunity, overcoming the historical legacy of obvious inequalities;
- b. an openness of society which gives maximum freedom to individual choice;

- c. a pluralism which values cultural diversity rather than homogeneity;
- d. an equitable and proportionate sharing of power.

However unexceptionable the basic concepts may be, there will obviously be room for debate and controversy on some of the implications for action. For instance, if minorities are indeed to be given an opportunity to compete on an equal basis, special programs of preparation (skill training, basic literacy, etc.) will be required for the foreseeable future. Charges of "preferential treatment" will proliferate, and increase the disruptive potential of white backlash, unless:

- it is made clear that the "preferential treatment" is designed only to put people on an equal footing, and stops at the preparation stage. Dr. Kenneth B. Clark and other minority spokesmen have stressed that the same standards of performance and discipline should be expected of all employees: to apply a double standard, with lower requirements for minorities, would only perpetuate the belief in black inferiority, and establish a new form of segregation.
- this preparation is keyed to individual need rather than to racial considerations, i.e., it is flexible, and available to all employees.

Similarly, in working toward a more equitable sharing of economic and political power, problems of transfer will occur. If greater use is to be made of community control in metropolitan areas, for instance, there will be some diminution of the power and prerogatives of established city governments. In all types of institutions, the upgrading of minority personnel to positions of decision-making responsibility will inevitably impact on present power-holders.

5. *Solutions must both recognize the need for short-term separateness, and preserve the long-term option of integration.* The debate about the rela-

tive merits of "ghetto enrichment" and "ghetto dispersal" does not revolve around an "either/or" proposition. Almost certainly it will be desirable both to improve conditions directly in the ghetto and to ease mobility of minority groups into suburbs, smaller cities and towns so that there may be a more balanced distribution of population. The real objective is not so much to eliminate the ghetto as a separate community, as to eliminate its prison-like characteristics and deprived conditions.

In general, solutions should be designed to meet both the short-term and long-term criteria in this guideline statement. Despite the current disenchantment with integration, the expectation is that most minorities will continue to reject outright separatism and to work within the overall societal system (that, after all, is implicit in the demand to be brought "into the mainstream"). Thus, programs of community control, for instance, should be devised as integral parts of the local political power structure, and not be allowed to emerge as segregation under a new name.

6. *Commitment and action by white leadership must play a key role in bringing about needed institutional*

*changes.* Leadership in the white community must be largely responsible for recognizing, and gaining understanding of, the complexity of the problem; and for marshalling the commitment and resources for needed programs of change.

Among the many tests for white leadership in the next decade, perhaps the key ones in this area will be:

- a. its willingness and ability to prepare for, and implement, an equitable sharing of its own power;
- b. its willingness to work with black leadership in developing solutions rather than making unilateral decisions, however well intended;
- c. its ability to change the pattern of institutional racism.

Here, as elsewhere, success in meeting these tests will lie in seizing, and keeping, the initiative. A policy of delayed reaction will only invite confrontations, and so lead to a polarization of attitudes. Only by taking constructive initiatives will leaders have a chance of success in the delicate task of balancing the legitimate claims of minorities against the equally desirable objectives of institutional stability and continued progress for the majority.

It is not unreasonable to assert that the decade of the Seventies will see a new testing of the American system. Just as our political system was tested and adjusted in the 1860's, and our economic system in the 1930's, so our social system will be tested in the 1970's for its ability to provide opportunities for all minorities to move into the mainstream of American life.

Since there is no inevitability about the outcome of this test, *leadership decisions will have a determinative effect on the future course of events.* This is true of leadership in both white and nonwhite communities, in government, education, labor and business. To reduce it to a single specific instance, *General Electric's managerial decisions and actions can be effective in helping to shape the minority environment in which the Company will have to operate.*

CORPORATE INDUSTRIAL RELATIONS

GENERAL  ELECTRIC

Room 310, 570 Lexington Ave., N.Y., N.Y. 10022

*Exhibit No. 29*

SOCIAL SECURITY ADMINISTRATION EMPLOYMENT STATISTICS - BY RACE

NUMBER OF SSA NEGRO EMPLOYEES WORKING AT WOODLAWN AND IN DOWNTOWN BALTIMORE  
IN RELATION TO TOTAL BALTIMORE EMPLOYMENT

TOTAL EMPLOYEES (Woodlawn and Downtown) = 15,997      Negro = 32.2%

TOTAL HDQTRS. EMPLOYEES (excluding those in downtown Baltimore) = 12,883      Negro = 26.6%

TOTAL HDQTRS. EMPLOYEES in downtown Baltimore = 3,114      Negro = 55.3%

SOCIAL SECURITY ADMINISTRATION MINORITY EMPLOYMENT REPORT

MARCH 30, 1970

GRADE	TOTAL HEADQUARTERS												
	TOTAL MINORITY		NEGR0		SPANISH AMERICAN		AMERICAN INDIAN		ORIENTAL AMERICAN		ALL OTHER		
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	
1	13	2	15.4	2	15.4	0	0.0	0	0.0	0	0.0	11	86.6
2	747	391	52.3	391	52.3	0	0.0	0	0.0	0	0.0	356	47.7
3	3303	1718	52.0	1711	51.8	3	0.1	0	0.0	4	0.1	1585	48.0
4	2724	1090	40.3	1080	39.9	7	0.3	1	0.0	2	0.1	1614	59.7
1 - 4	6757	3201	47.3	3184	47.1	10	0.1	1	0.0	6	0.1	3566	52.7
5	2064	693	33.6	685	33.2	3	0.1	2	0.1	3	0.1	1371	66.4
6	1450	490	33.8	484	33.4	0	0.0	1	0.1	5	0.3	960	66.2
7	1389	420	30.2	413	29.7	2	0.1	1	0.1	4	0.3	957	69.8
8	313	83	26.5	82	26.2	0	0.0	1	0.3	0	0.0	230	73.5
5 - 8	5216	1686	32.3	1664	31.9	5	0.1	5	0.1	12	0.2	3530	67.7
9	752	115	15.5	112	15.1	1	0.1	1	0.1	1	0.1	627	84.5
10	282	33	11.7	32	11.3	1	0.4	0	0.0	0	0.0	249	88.3
11	1089	132	12.1	118	10.8	11	1.0	2	0.2	1	0.1	957	87.9
9 - 11	2133	280	13.3	262	12.4	13	0.6	3	0.1	2	0.1	1833	86.7
12	1462	103	7.0	89	6.1	10	0.7	1	0.1	3	0.2	1339	93.0
13	1004	77	7.7	60	6.0	10	1.0	2	0.2	5	0.5	927	92.3
14	383	20	5.2	17	4.4	1	0.3	1	0.3	1	0.3	363	94.8
15	249	15	6.0	13	5.2	1	0.4	0	0.0	1	0.4	234	94.0
12-15	3093	215	6.9	179	5.8	22	0.7	4	0.1	10	0.3	2833	93.1
16	20	1	5.0	0	0.0	1	5.0	0	0.0	0	0.0	19	95.0
17	10	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	10	100.0
18	5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	5	100.0
16-18	35	1	2.9	0	0.0	1	2.9	0	0.0	0	0.0	34	97.1
TOTAL GS	17229	5383	31.2	5289	30.7	51	0.3	13	0.1	30	0.2	11846	68.8
TOTAL HG	298	219	73.5	218	73.2	1	0.3	0	0.0	0	0.0	79	26.5
OTHER	3	1	33.3	1	33.3	0	0.0	0	0.0	0	0.0	2	66.7
TOTAL	*17530	5603	32.0	5508	31.4	52	0.3	13	0.1	30	0.2	11927	68.0

\*This includes Wilkes-Barre, Pa. employees and Washington, D. C. employees. We have a large group of clerical employees in Wilkes-Barre who are part of the Baltimore organization.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
 SOCIAL SECURITY ADMINISTRATION  
 BALTIMORE, MARYLAND 21235

REFER TO:  
 OA:PR

Dear

The Social Security Administration has established a Housing Service to help those of our over 16,000 Baltimore-area employees who seek housing. As part of this service we are trying to offer employees as much information as we can about the availability and costs of homes in the Baltimore-Washington metropolitan area.

We would like to add the homes you list to our files. An employee thus could identify homes in which he was interested and contact you for further assistance. Because we want our referrals to be as up to date as possible, we would appreciate it if you could supply us with your current listings on a biweekly basis. Please send the information to:

Housing Officer  
 Room 4112 Annex  
 Social Security Administration  
 6401 Security Boulevard  
 Baltimore, Maryland 21235

Since our request for the Multiple Listing System has been granted, it will not be necessary for individual members to supply us with this information. However, we would still be interested in receiving listings from those brokers who are not members since we want to have available as complete information as possible concerning costs and availability of housing.

Sincerely yours,

Louis Zawatzky  
 Deputy Assistant Commissioner for  
 Employee Relations



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
 SOCIAL SECURITY ADMINISTRATION  
 BALTIMORE, MARYLAND 21235

REFER TO: OA:PR

Dear Retirees:

The Social Security Administration recently expanded its housing program for employees. Special effort is being made to assist employees who encounter discrimination in obtaining housing and employees who seek housing in multiracial neighborhoods. We also advise employees about price ranges, taxes, leases, financing, and community facilities. In addition, SSA is participating in and initiating programs to inform our employees and the community-at-large about fair housing and is cooperating with local Government and non-Government agencies promoting fair housing.

Our Housing Service assists not only our Baltimore-area employees who seek housing but also field employees who are promoted or detailed to positions in central office. We are in great need of rental accommodations for those employees who come to central office for a short period.

If you have space in your home that you would like to make available for rental, our Housing Service would welcome your listing. Please call 944-5000, extension 6558, or send the information to:

Housing Service  
 Room 4112 Annex  
 Social Security Administration  
 6401 Security Boulevard  
 Baltimore, Maryland 21235

Sincerely yours,

Louis Zawatzky  
 Deputy Assistant Commissioner for  
 Employee Relations

**SHARED HOUSING COMPLAINT INFORMATION**

Baltimore Community Relations Commission  
 Baltimore County Human Relations Commission  
 Baltimore Neighborhoods, Inc.  
 Maryland Commission on Human Relations

Community Relations Service,  
 U.S. Justice Department  
 Social Security Administration,  
 Department of Health, Education, and Welfare

RESPONDENT	ADDRESS	PHONE NUMBER
RESIDENT MANAGER	ADDRESS	PHONE NUMBER
MANAGEMENT FIRM	ADDRESS	PHONE NUMBER
OWNER	ADDRESS (City and State)	PHONE NUMBER
COMPLAINANT	ADDRESS	PHONE NUMBER

Complainant alleges discrimination because Respondent: (Check appropriate boxes)

Refused to rent, sell or show

Discriminated in the conditions or terms of sale, rental or occupancy

Advertised in a discriminatory way

Falsely denied housing was available

Engaged in blockbusting

Discriminated in financing

Discriminated in broker's services

Other (Explain under Remarks)

REMARKS:

Date alleged discrimination occurred \_\_\_\_\_

Date complainant notified this office \_\_\_\_\_

**FOR FURTHER INFORMATION CONTACT:**

AGENCY	FILE NUMBER
CONTACT PERSON	PHONE NUMBER AND EXTENSION

As per our mutual agreement, we shall pursue this matter and advise you regarding disposition. Date: \_\_\_\_\_



*Exhibit No. 30***SUMMARY OF THE HOUSING SERVICE ACTIVITIES**

Since its inception in November the Housing Service has developed expertise in most aspects of housing and has made inroads into each activity in which it was charged to become involved.

**HOUSING REFERRALS**

The Housing Service has sent over 1000 personal letters to apartments and major management companies and now has current information on the costs and accommodations of almost all apartment houses in the Baltimore metropolitan area as well as Harford, Prince Georges, Montgomery, and Carroll Counties. We have maps readily available for employees indicating the locations of schools, religious institutions, public transportation, and shopping centers in proximity to convenient housing and SSA employment centers. The Housing Service is prepared to provide employees with information on estimated costs for homes and apartments, real estate taxes, local closing costs, lending institutions, and furniture rental.

The Housing Service receives the Multiple Listing Service twice weekly. This Service, coupled with listings we receive from nonmember brokers, provides us with the most current information available on homes in the Baltimore metropolitan area. The granting of the Multiple Listing to SSA set a precedent for the use of this Service by Government agencies nationwide.

The Housing Service has become an integral part of the Personnel Counseling Branch and has in many instances supplemented the other functions of this Branch. The Housing Service is being utilized by employees of all ethnic groups. Most requests have been from Central Office employees in grades GS-1 to GS-7. Employees at the upper grade levels will probably continue to seek housing on their own or seek assistance elsewhere until the Housing Service builds up a reputation for expertise that inspires confidence. The Housing Service has been asked to help with a variety of problems including evictions and disputes with landlords. The Service has assisted both those offering and those seeking housing for sale or for rent. By far the most requests have been for assistance in finding apartments.

Because of the demand for homes, rooms, and apartments for rent the Housing Service has placed on bulletin boards within SSA fliers soliciting rental listings.

The Housing Service has contacted several nearby apartment complexes to encourage them to make available furnished units on short-term arrangements for students coming to SSA under the Student Cooperative Program. We also plan to explore the possibility of securing legislative authority for quarters for temporarily assigned employees. The Public Health Service already has this authorization.

To better meet the needs of our field personnel, a member of the housing staff meets with individuals who are in Central Office for training prior to being permanently assigned 3 to 4 months later. Personnel and training specialists

in each of the operating bureaus have been informed of the range of services available so they may refer new employees accordingly. In addition, the Housing Service has set up a system whereby it receives in advance the name of anyone coming to Central Office for work or training. By matching this information against employee requests, we have some indication of the extent to which our Service is being made known and utilized.

The Housing Service staff consulted with representatives of other Government agencies charged with responsibilities in the area of housing to learn about special programs that might meet the housing needs of SSA employees. Liaison has been established with the Housing Authority of Baltimore City, who are helping us find suitable housing for some of our lower-grade employees with very limited income. This agency has also provided us with printed material on their various public housing projects. Bureau and office heads are granting administrative leave in situations deemed emergencies by the Housing Service for employees to visit the Housing Authority.

The Housing Service staff met with Mr. Sylvan Gershen, Assistant Loan Guaranty Officer of the Veterans Administration, to learn about the VA guaranteed home mortgage program. Mr. Gershen supplied our housing office with forms by which veterans may apply for Certificates of Eligibility and is providing us with listings of VA-repossessed homes which are offered for sale to the general public. As a result of this meeting with Mr. Gershen, the Housing Service placed a notice in the Central Office Bulletin to alert World War II veterans to the impending expiration on July 25 of their eligibility for GI loans.

Although it was anticipated that our Housing Service would assist only SSA personnel, employees from the Office of Education, Post Office Department, Federal Highway Administration, and Fort Detrick have also availed themselves of our services. We are attempting to meet the needs of employees from other agencies as long as such assistance does not become burdensome.

Since its full-time staff is small and the demands of its program great, the Housing Service sent a letter to all employees in the Central Office complex asking them to join a workforce of part-time volunteers. All 180 applicants, representing a cross section of bureaus, offices, and grades, were accepted as members of the Housing Service Corps. Letters were also sent to 500 SSA attorneys, 55 of whom volunteered to serve on our Legal Services Panel.

Members of the Housing Service Corps have been given training on the goals and methods of implementation of SSA's fair housing program and are now being utilized on the basis of their preference. These individuals will assist our housing staff by acting as sources of data on neighborhoods with which they are familiar, serving as guides, particularly for employees new to the area and those who want to live in multiracial communities, and helping to cope with emergency housing situations. They will help plan their own training and participate in and develop educational programs for the community-at-large.

Volunteers will also be called upon to represent SSA at hearings and at meetings of neighborhood associations and keep the Housing Service informed of developments in their sections of the city or county.

Members of the Legal Services Panel have been supplied with information on fair housing law and are already making valuable contributions to our program. The assignment of cases to member attorneys is being based on their area of legal expertise. These attorneys, acting on official time, provide legal counseling to employees on housing matters such as interpreting and negotiating leases, inform employees of their rights when they are evicted in retaliation for complaints about housing code violations, and advise employees who encounter discriminatory practices.

#### EDUCATIONAL PROGRAMS

The Housing Service has initiated various programs to inform SSA employees and the community-at-large about fair housing.

Employees seeking housing are being counseled on discriminatory practices that may be encountered and how such actions should be dealt with. A Home Finders Directory and letter explaining the Housing Service are being included in the "So You're Moving to Baltimore" kit sent to employees transferring from the field to Central Office. In addition, time is allotted for the Housing Service to address new employees during their orientation.

The Housing Service was especially active during "Housing Opportunities Month." Members of the Legal Services Panel and Housing Service Corps attended an SSA Fair Housing Conference - the third in a series - as part of their training as volunteers. Following a discussion of the legal foundations of fair housing, presentations were made by representatives of the major groups concerned with complaints of housing discrimination. The groups were the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, the Maryland Commission on Human Relations, and Baltimore Neighborhoods, Incorporated. Speakers talked about the legal mechanisms and processes available for seeking relief from housing discrimination. A question and answer period followed. A number of our housing volunteers expressed interest in serving as testers for Baltimore Neighborhoods, Incorporated.

Also in observance of "Housing Opportunities Month," the Housing Service arranged for an exhibit sponsored by Baltimore Neighborhoods, Incorporated, to be displayed in our various Woodlawn and downtown buildings. The booth was manned primarily by members of the Housing Service Corps, but several of the founding fathers of the Housing Service--Mr. Donald B. Hill, Mr. John Michener, and Mr. Donald Blomquist--also took a tour of duty. Several thousand passersby paused to ask questions. Purchases of fair housing literature totalled \$137.00 for the week.

Publicity has been given to Housing Service activities in the HEW Field Letter, the Sunpapers, the Afro-American, the Central Office Bulletin, the Northwest Star,

the EEO Bulletin, the Oasis, the Federal Times, and the Commissioner's Highlights for the Secretary. In addition, Christopher Gall of WJZ-TV and Larry Schultz from WBAL-TV have expressed interest in covering Housing Service activities.

A pamphlet, "Fair Housing and You," has been published jointly by SSA, Baltimore Neighborhoods, Incorporated, and the Lawyers' Committee for Civil Rights under Law for use by all three organizations. This pamphlet explains rights and responsibilities under fair housing laws by answering questions most frequently asked by individuals who are buying, renting, selling, or financing homes or apartments. The pamphlet has been distributed initially to all housing volunteers and to anyone seeking assistance or listing property with the Housing Service. Copies were disseminated at the fair housing exhibit and were offered through press releases to the general public. During April, as a result of publicity given in the Central Office Bulletin, the Housing Service received over 300 employee requests for this new pamphlet. Organizations and members of the general public requested 1,575 copies. Requests were received from the States of Wisconsin, New York, and California. Letters were also received from H. Oliver Welch, State Planning Officer, Office of the Governor of the State of Georgia and from John A. Flemming, Chief of the Area Office of Special Staff Services, Public Health Service, Division of Indian Health, Billings, Montana. These gentlemen were made aware of our pamphlet through a release in the HEW Field Letter.

The Housing Service is also collaborating with Baltimore Neighborhoods, Incorporated, on a booklet on landlord and tenant rights which will be distributed to members of the Legal Services Panel and to SSA employees, particularly those at lower grade levels. This pamphlet will explain rent escrow, the obligations of both the landlord and tenant in an eviction, and specific procedures for stopping an eviction. The draft is presently being reviewed by the Baltimore Housing and Community Development Agency and various attorneys throughout the city.

To equip our volunteers to serve as community resources, the Housing Service is exploring means of providing them with career development training which will cover the nature, basis, and extent of the housing problem facing minority persons and the interactions of this problem with the overall urban crisis. DTCD is negotiating on our behalf with local institutions of higher learning and the Adult Education Division of the Baltimore County Public Schools to offer evening classes at SSA on housing and related subjects.

The Housing Service is planning a public workshop to be sponsored jointly by SSA, the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, Baltimore Neighborhoods, Incorporated, the Maryland Commission on Human Relations, and the Community Relations Service of the U.S. Department of Justice. Members of the Apartment House Owners Association, the Real Estate Commission, and the Multiple Listing Service will be invited to participate.

COOPERATION WITH OTHER ORGANIZATIONS

The Housing Service is seeking out and cooperating with other Government and non-Government agencies promoting fair housing. We are working with them to develop and implement positive programs in support of fair housing, such as identifying patterns of discrimination and means to persuade the real estate industry and community-at-large to comply with fair housing law.

The Housing Service holds regular monthly meetings with representatives of Baltimore Neighborhoods, Incorporated, the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, the Maryland Human Relations Commission, and the Community Relations Division of the Justice Department. During May, SSA sent a delegate to the Founding Conference of National Neighbors in Dayton, Ohio, to represent the aforementioned allied groups. Methods have been developed for cooperation between these groups in sponsoring and drafting Fair Housing legislation for the State and in sharing information about complaints of discrimination.

Representatives of the Housing Service attended a series of meetings of Baltimore Neighborhoods, Incorporated, with members of the Real Estate Board of Greater Baltimore and representatives of major lending institutions to make known SSA's firm commitment to fair housing and its plans to help employees encountering discrimination. An effort was made to gain a free flow of ideas concerning the problems created in the area of race relations due to changing neighborhoods. Those present agreed that the Real Estate Board, which represents approximately 80 percent of all realtors in Baltimore, is in a very influential position and should assume some responsibility for educating the public about fair housing. In addition, greater employment of Negroes by Board members would serve to demonstrate good will on the part of the Board. It was also suggested that the Real Estate Board and Real Estate Commission should request sponsorship from HUD in supporting an educational program for brokers. Represented groups agreed to promote a change in the law to require a course in human relations for real estate license renewal in 1971.

The Housing Service has sent a letter to all neighborhood associations and human relations councils explaining our services. We asked them to notify us of their meetings so that we may send representatives. We also informed these groups that we will make bulletin board and employee newsletter space available for announcements of programs or meetings related to fair housing. The Housing Service has already assisted in gaining publication of a fair housing pamphlet for the Reisterstown Fair Housing Council. Also, our Housing Service Staff has attended numerous fair housing meetings, one of which was held by the Liberty Road Community Council. At this meeting consideration was given to the role SSA could play in helping the many organizations represented by this council handle various housing problems.

The Housing Service is working to provide for suitable housing near SSA employment centers for employees in all income and ethnic groupings. Representatives of the Housing Service were asked to attend the Baltimore Urban Coalition Housing Action Workshop. This conference dealt with the need for

adequate low-income housing, current efforts to add to the supply of this type of housing, and solutions for other problems with respect to providing housing for low and moderate income families.

The Housing Service Staff met with Mr. Robert J. Brown, Executive Vice-President of the Home Builders Association, and Mrs. E. Cardaliccio of the Community Action Agency to explore ways in which SSA might assist them in determining the availability of property for the construction of multiracial housing open to persons of low income. They also consulted with Mr. Leslie Graef, Deputy Director of Planning for Baltimore County, to learn what SSA might do to encourage the future development of such housing in this county.

The Housing Staff met with Mr. Lon Gore, the Assistant Executive Director of the Greater Baltimore Committee, to discuss how we might assist them in securing funding for the construction of low-income housing accessible to Woodlawn. We learned that they have an option on some land within 4 miles of headquarters on which they hope to build a smaller version of Columbia, including townhouses, high-rise apartments, individual homes, and shopping centers. It appears that we might be able to help by approaching some of the major insurance companies having Medicare contracts with SSA to gain a commitment for the \$25 million needed. Many of these companies have in the past expressed an interest in participating in this type of project. We would also be able to help maintain a multiracial balance once the community is built.

With an eye to the future, the Housing Service has discussed with the Department the necessity of utilizing Housing Service informational data prior to any decisions on future sites of new or expanded SSA facilities. This monitoring is necessary to insure that housing in these locations is available to employees on an open occupancy basis.

On behalf of SSA, our Housing Officer spoke at a hearing before the Metropolitan Affairs Committee in Annapolis on House Bills 684 and 497. He indicated SSA's desire to have the intent of these bills--to inhibit real estate agents and brokers from engaging in mass solicitation--enacted into law. On a separate occasion, Mr. Zawatzky spoke in favor of a similar bill recommended to the Baltimore County Government.

Our Housing Officer testified before the Baltimore County Council on behalf of SSA during hearings on the proposed 1970-71 budget for the Baltimore County Human Relations Commission. He indicated that SSA fully supports the requested budget since the Commission needs increased funds to correct present inadequacies. That is, a human relations commission of a county of over 600,000 people should have a full-time executive and a budget of more than the presently allotted \$13,000.

Mr. Zawatzky and our Housing Officer have been attending board meetings of Baltimore Neighborhoods, Incorporated. Mr. Zawatzky, recently appointed as a member of this Board, volunteered the cooperation of our Housing Service in

gaining the support of other major Baltimore employers in the public and private sectors. A letter has been prepared requesting that employers meet with us to explore the possibilities of a joint effort to promote fair housing.

The Housing Service staff met with Mr. Paul Alexander, an attorney for the U. S. Commission on Civil Rights, who had heard of our Service through other contacts in the Baltimore area and had requested a briefing. The Office of Economic Opportunity requested assistance in establishing and developing a housing program modeled after our SSA program.

#### ASSISTANCE TO EMPLOYEES ENCOUNTERING DISCRIMINATION

The Housing Service, with the approval of General Counsel, has finalized formal procedures for housing counselors in investigating complaints of discrimination. Upon receipt of an employee's apparently justified complaint of discrimination in housing, the Housing Service, by means of staff or volunteer attorneys, contacts the parties concerned to determine whether the matter can be settled to the satisfaction of the complaining employee. In all cases to date the intercession of the Housing Service on behalf of the employee has served as a strong inducement to resolution of the problem without further referral.

The Housing Service is maintaining a file of incidents of possible discrimination in housing experienced by SSA employees to be better able to discern patterns of discrimination and refer them to the appropriate agency. A "Shared Housing Complaint Information" form has been developed to be used jointly by SSA, the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, Baltimore Neighborhoods, Inc., the Maryland Commission on Human Relations, and the Community Relations Service of the U. S. Department of Justice. These other agencies are called upon by the public only when there is a case of alleged discrimination. Our records, however, may reveal the acceptance of some minority persons into the areas in question. By sharing information, all parties will gain a more complete picture of the situation.

The Housing Service is providing assistance to employees wishing aid in identifying discriminatory treatment and in preparing, documenting, filing and pursuing complaints under various housing and real estate laws. The Housing staff recently met with tenants of Melvin Park Apartments and representatives of Henry J. Knott, owner, to resolve a list of tenant complaints needing immediate attention. There are 20 SSA employees among the 290 residents of this development. The situation possibly could be a case of discrimination in the maintenance of black developments as compared with the maintenance of other all-white developments under the same ownership. However, the management did agree to take corrective action based on individual requests from the tenants and to date has acted in good faith.

Our Housing Officer attended a Testing Workshop of Baltimore Neighborhoods, Inc. to gain a better understanding of testing procedures.

The Housing Service was instrumental in eliminating the requirement that employees sign statements certifying that the housing they offer for sale or rent on our bulletin boards is available on an open occupancy basis. By refusing to accept a listing without a signed statement, we were in essence affording the individual a choice as to whether or not he would adhere to the law. It was felt that we would most effectively promote fair housing by no longer attempting to protect our employees, since we now have the machinery at hand to take appropriate legal action on their behalf if necessary. As a result of this thinking, the open occupancy certification above the signature line has been removed from the Employee Request for Bulletin Board Posting. The employee is now signing a request for posting not a statement of nondiscrimination. We have eliminated as well the requirement that the landlord also sign a nondiscrimination statement in the case of a sublease. However, to make clear SSA's posture regarding open housing and for continuing educational purposes, a nondiscrimination "reminder" has been retained on the form.

#### COOPERATION WITH THE FIELD

The Housing Service is assisting both the Bureau of Hearings and Appeals and the Regional Commissioners in implementing their housing services. We met with the Regional Commissioners to discuss guidelines developed for the establishment of housing services in the field. We have also spoken to groups of district managers at conferences held as part of the Headquarters Field Management Program.

We provided the Regional Commissioners with sample letters and forms utilized in initiating the Housing Service in Central Office. In hopes of fostering greater fair housing activity in the field, we also sent them a memorandum, sharing our experiences in housing at Central Office and inquiring about activities in the regions. Information received has been shared with the Assistant Commissioner Field, and plans are being made for someone from our Central Office Housing Staff to go into the field to give first-hand assistance.

Part of the problem with implementation of the housing service in the field is (1) a lack of experience in this area on the part of those charged with administering the program, and (2) an uncertainty on the part of district office managers as to just how far they should go with the program. Consequently, the Housing Service is presently developing materials for field use. Included among these materials is a kit to contain fair housing literature as well as canned press statements of SSA's posture on fair housing that can be adapted as news releases by the local district manager. We are also designing an exhibit and posters to be sent throughout the field and a slide-tape presentation for district managers to show to local civic groups. We are exploring the possibility of producing our own film on fair housing since there are no up-to-date films available on this subject.



The following statistics reflect Housing Service activity to date:

Employee requests to find housing	<u>667</u>
Employee complaints and grievances	<u>39</u>
Requests to list homes and apartments for sale or for rent	<u>257</u>
Evictions	<u>11</u>
Miscellaneous	<u>41</u>

We now have a basic housing program at SSA. We will proceed to expand available services to continue to supply current and valuable information upon request and will further engage in and initiate projects designed to make fair housing a reality for all SSA employees.

*Exhibit No. 31*

*Department of Education*  *Archdiocese of Baltimore*

*Catholic Center • 320 Cathedral Street • Baltimore, Maryland 21201*

OFFICE OF THE SUPERINTENDENT

August 19, 1970

Rev. Theodore M. Hesburgh, C. S. C.  
Chairman  
United States Civil Rights Commission  
Social Security Building  
Woodlawn  
Baltimore, Maryland

Dear Father Hesburgh:

Recently testimony was presented to the Commission which you chair in reference to the racial composition of the students attending the non-public schools in Baltimore City and Baltimore County. As Superintendent of Schools for the Archdiocese of Baltimore, I represent approximately 90% of the non-public schools in those locations and consider it my responsibility to provide the Commission with a statement of policy and statistics reflecting the Catholic Schools in Baltimore City and County. Such is the intent of this letter.

On both the elementary and secondary school levels, the Archdiocese of Baltimore has an open enrollment policy relative to race and religion. Originally the Catholic parochial and private elementary and secondary schools were built through the people's contributions to the local parish and the various Religious Communities. The day to day operation of these schools has been made possible through student tuitions, contributed services of the religious administrative and teaching personnel, the willingness of lay teachers to work for a salary less than the public school system, Archdiocesan subsidies, Parish subsidies, and Religious Community subsidies. In the spirit of true justice Catholic children traditionally have been admitted first and then the remaining available places were offered to children not of the Catholic faith. Children of another faith have not been excluded when space was available. Because of the purpose and character of the Catholic school, there has never been a serious problem of over-application on the part of non-Catholic students. However, it is noteworthy from the enclosed statistics that the non-Catholic Black Students in Baltimore City have taken remarkable advantage of the educational services of the Catholic School.

Rev. Theodore M. Hesburgh, C. S. C.

Page 2

August 19, 1970

Whereas the Archdiocese has an open enrollment policy relative to race, statistics indicate that the student racial composition of the elementary school reflects the racial residential pattern of the Parish Community. Remember the parishioners built and operate their parish school by their weekly contributions and tuitions. However, the secondary schools purposely have never been confined to their particular vicinity and therefore their enrollments demonstrate a representation of many more residential areas of both Baltimore City and County than the elementary schools. Again, it might be well to mention that most of the secondary schools within the Archdiocese have been established by the Religious Communities and the Archdiocese and only several are parochially orientated.

Special efforts have been made by the Archdiocese of Baltimore, and the various Religious Communities to accommodate Black Students in the Catholic elementary and secondary schools. Mostly all of the inner city parochial schools are subsidized by the Archdiocese to varying degrees. The Archdiocese recently instituted a generous Grant-in-Aid program to provide opportunity for Catholic High School training for those who could not afford the tuition either partially or totally. Although we do not keep records of the recipients (there were 668 in 1969-1970 and 994 so far for 1970-1971) according to race there is no doubt that more Black Students are provided the opportunity to attend the Archdiocesan High Schools. Also, the Religious Communities (Sisters, Brothers, Priests) have not been reluctant to make scholarships available to Black Students to attend the private Catholic High Schools. Despite the constant and annoying financial crisis plaguing the operation of the Catholic Schools, their administrators are doing their level best to provide equal opportunity for all prospective students.

I might interject here that the Department of Catholic Education is a member of the national program entitled "Project Equality" and currently is working with the director of the program for the Baltimore area to provide equal employment opportunities for all people in professional, para-professional, and non-professional school positions.

I am not going to admit there is absolutely no prejudice on the part of the Catholic School Community toward the Black People. Unfortunately, the White People associated with the Catholic Schools in the Archdiocese must live down their societal heritage of racial prejudice toward the Black Community. Lamentably the religious beliefs of some White People have not corrected their attitudes in this respect. The fact remains, however, the Catholic schools are teaching racial equality and respect for all people and their administrators are doing everything humanly and financially possible to provide education for the Black Community as well as the White.

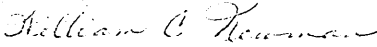
Need I say in ending this letter that, if the Catholic Schools fail to provide equal admission opportunities to all students, it is not because of racial prejudice but economic need. As I have said previously, the operation of the Catholic

Rev. Theodore M. Hesburgh, C. S. C.  
Page 3  
August 19, 1970

Schools is sustain by self-sacrificing parents, religious, and lay teachers who provide the necessary financial and personnel resource. (No wonder petitions are before State Governments for aid for children attending non-public schools.)

I trust this correspondence and the enclosed statistics will help provide the Commission with the comprehensiveness and perspective necessary for your deliberations concerning racial prejudice and the non-public schools, especially the Catholic Schools, in Baltimore City and County. Also, I am indeed grateful to the Commission for whatever attention this letter receives from you. Through it I sincerely hope I have been of service to you, the Catholic Community and the total Community of Baltimore City and Baltimore County.

Sincerely yours,



Very Rev. Msgr. William C. Newman  
Superintendent of Schools

WCN:mea

Enclosure



*Department of Education* *Archdiocese of Baltimore*

*Catholic Center • 320 Cathedral Street • Baltimore, Maryland 21201*

OFFICE OF THE SUPERINTENDENT

August 18, 1970

ENROLLMENT - BLACK STUDENTS

<u>CITY</u>	<u>Secondary</u>	<u>Elementary</u>	<u>Total</u>
Catholics	244	1,936	2,180
Non-Catholics	27	1,101	1,128
Total	271	3,037	3,308

COUNTY

Catholics	82	210	292
Non-Catholics	27	36	63
Total	109	246	355

GRAND TOTAL 380 3,283 3,663

Black Enrollment - Baltimore County			182
Non-Catholics			1,191
Catholics			2,472
Total (5 1/2% of total school population)			3,663

TOTAL ENROLLMENT STATISTICS

Catholic Population - Archdiocese of Baltimore (Balto. City & 9 Counties)	500,000
Estimated Black Catholic Population - Archdiocese of Baltimore	25,000
Total Enrollment - Elementary Schools	51,085
Total Enrollment - Secondary Schools	13,932
Total Enrollment - (represents approximately 50% of school age Catholic children in Archdiocese)	65,017
Enrollment - City	30,701
Enrollment - All Counties	35,235
Enrollment - Baltimore County	21,158

**ADDITIONAL DOCUMENTS ENTERED  
INTO THE HEARING RECORD**

MARYLAND LOBBY  
2524 Old Frederick Road  
Catonsville, Md. 21228

AUG 26 1970

August 24, 1970

United States Commission on Civil Rights  
1405 Eye Street, N. W.  
Washington, D. C. 20425

Gentlemen:

The impression seemed to be developed at your hearings in Woodlawn August 17-19, 1970, that racial discrimination was the reason for the petition to referendum of Maryland's House Bill No. 1090 (1970 Session). Therefore, we of Maryland Lobby desire to hereby inform you that we led the petition drive to place this bill on the ballot in November, 1970 not because of racial discrimination but because of objection to the bill's depriving owners and tenants in Maryland of their right to keep their home or business at the location of their choice, or to retain their open land until it should please the owners to sell, rather than to have their property condemned and purchased by the government. The newly created Community Development Administration would be granted the power of eminent domain for each development project by ordinance of the local governing body.

We further believe that free enterprise should be encouraged to build houses of various price ranges, including less expensive construction for persons of low and moderate income, rather than having higher taxes made necessary to subsidize more valuable construction for purchase by persons unable to afford it. The newer cost-saving methods and materials should be utilized to keep cost to a minimum, and longer-term loans with consequently smaller payments could be guaranteed by government.

We shall appreciate your considering our views and including our statement in your publication of the hearings.

Very sincerely yours,

*Dessa Leister*  
Dessa Leister, Chairman  
MARYLAND LOBBY

Enc.: 6 carbon copies

PHONE: 682-4040

**SECURITY MANAGEMENT CORP.**

**805 LANNERTON ROAD  
BALTIMORE, MARYLAND 21220**

**HOME OFFICE:  
1601 W. 24TH STREET  
MIAMI BEACH, FLORIDA 33140**

November 12, 1970

Mr. John H. Powell, Jr.  
General Counsel  
United States Commission on Civil Rights  
Washington D.C. 20425

Dear Mr. Powell:

In accordance with your letter of October 30, 1970, in which you requested Security Management Corp. to supply the United States Commission on Civil Rights with information as far as the racial composition of the apartment units that we have constructed in Baltimore County, which information was also requested on August 18, 1970 at the hearings, please be advised that the delay in getting you this information was due to the fact that we had to make a door to door canvas of all developments and we find that in Glenmont we have two Negro tenants out of 510 occupied apartments. In East Roc, out of 370 occupied townhouses and Maple Crest, 110 occupied townhouses, we have no Negro tenants.

I hope that the above information is what was requested of me at the hearing.

Very truly yours,

SECURITY MANAGEMENT CORP.

By 

Melvin R. Colvin  
Vice President

cm



Telephone: 666-0040

**CARL AND EDWARD JULIO**

10 PARKS AVENUE  
COCKEYSVILLE, MARYLAND 21030

September 17, 1970

United States Commission on  
Civil Rights  
Washington, D. C. 20425

ATTENTION: Rev. Theodore M. Hesburgh, Chairman

Dear Sir:

In response to the request of the United States Civil Rights Commission, on August 18, 1970, for the minority groups mix in the Developments owned by this Company, the attached information is respectfully submitted.

Very truly yours,

  
Carl T. Julio

CTJ:bv

Enclosure

<u>APARTMENT NAME</u>	<u>NO. OF UNITS</u>	<u>MINORITY</u>
Bentalou Court Apartments	42	41
Arbuta Arms Apartments	189	18
Clifmar Townhouses	8	1
Church Lane Townhouses	14	2
Franklin Park Apartments - 299 apts.	Under construction	8 apps. to date
Garrison Apartments	5	5
Hyde Park Apartments	263	7
Hilmar Townhouses	10	0
Rosalind Apartments	65	58
Winston Apartments	255	230
Elgin Apartments	30	30
Liberty Garden Apartments	158	8
Fox Ridge - 111 apts.	Under construction	3 apps. to date
Mosher Court Apartments	64	62
Pall Mall Apartments	46	46
Pioneer City	100	34
Rockdale Apartments	231	49
Woodland Apartments	47	45



**CITY COUNCIL OFFICE OF FINANCIAL REVIEW**  
**321A CITY HALL** **BALTIMORE, MARYLAND 21202**

**JANET L. HOFFMAN**  
**FISCAL ADVISER**

August 20, 1970

The Reverend Theodore M. Hesburgh  
 Chairman  
 United States Commission on Civil Rights  
 1405 Eye Street, N. W.  
 Washington, D. C. 20425

Dear Father Hesburgh:

At the August 17, 1970, hearing of the United States Commission on Civil Rights at which I testified, I was requested to submit the basis on which Baltimore City water sales to consumers in Baltimore County are made without profit or loss.

Attached is a photocopy of Sections 506, 507, 508, 509 and 510 of the Code of Public Local Laws of Baltimore County (1955 Edition). These provisions are in essentially the same form as enacted by the General Assembly of Maryland in 1924 when the Baltimore County Metropolitan District was first created. It should be recalled that in 1924 Baltimore County was a rural county and the responsibility accepted by the City to supply water at cost to a limited area of the County did not seem significant. (Census statistics put the 1920 Baltimore County population at 74,817 as compared with 733,826 for Baltimore City.)

The obligation to purvey water to the County was taken at a time Baltimore City was seeking authority from the General Assembly for further water source development in Baltimore County. In effect, the City was tapping the County's own water, purifying it at locations in the County, and selling some of it back to the County on the way toward the City.

This is very similar to the situation some years later when seeking to develop the Susquehanna River (in Harford County, north of Baltimore County) as a water source and to convey it by pipeline across Harford and Baltimore Counties, the General Assembly exacted in behalf of Harford County a commitment to supply up to 20,000,000 gallons per day to Harford at its demand and at cost. The capital cost of the extra capacity required to be available under this arrangement would be recoverable only in accordance with volume of actual usage, if any.

Baltimore City's main concern in recent years has been to avoid future commitments to finance the capital requirements of the counties for water and sewerage. Recently we have concluded agreements that recognize the principle that each using subdivision should finance the part of any new source, distribution or treatment facility that is constructed or acquired for its benefit.

The Reverend Theodore M. Hesburgh

August 20, 1970

The City's central thrust has been to secure equity in its new arrangements; it probably would not be practical to pursue the possibility of making a profit on water and sewer operations; neither does there seem reasonable opportunity to renegotiate previous agreements in order to secure reimbursement for capital facilities in accordance with design capacity rather than volume of use.

Respectfully,



Janet L. Hoffman  
Fiscal Adviser

JLH:fj

1949, ch. 178.

505. (a) Any agent, servant or employee of the County Commissioners of Baltimore County shall have the right to enter upon any private lands or property for the purpose of cleaning out the bed of any stream or other water course, provided that no substantial change in the alignment, course, width or depth of such stream or other water course shall be hereby authorized.

(b) No such agent, servant or employee shall, when acting under the authority of this section, damage or destroy any property or lands entered by them in the performance of their work.

(c) No owner, occupant or agent of private property or lands so entered shall obstruct, impede or annoy such agents, servants or employees in the performance of their work under this section. Any owner, occupant or agent violating the provisions of this section shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not less than Twenty-five Dollars (\$25.00), nor more than One Hundred Dollars (\$100.00), or to imprisonment for not less than thirty (30) days nor more than sixty (60) days, or both fine and imprisonment, in the discretion of the Court.

P. L. L., 1930, Art. 3, sec. 333. Balto. Co. Code, 1928, sec. 333. 1948, sec. 344. 1924, ch. 539, sec. 7. 1939, ch. 729, sec. 333.<sup>1</sup>

506. (a) The Commissioners of Baltimore County shall have full power and authority to enter into any contract or agreement with the proper authorities of Baltimore City and/or Anne Arundel County, and/or with any person, firm, corporation or association, including any private or public service corporation, for the disposal of sewage or drainage or for the establishment, construction, operation or enlargement of water supply, sewerage or drainage systems. Such contract or agreement may be for the disposal of sewage or drainage by connecting the sewers or drains of Baltimore County with sewers or drains of Baltimore City and/or Anne Arundel County, and/or with those of any person, firm, corporation or association, including any private or public service corporation; by contracting for the use of

<sup>1</sup> Although Chapter 729 of the Acts of 1939 purports to repeal the prior law, it is actually a re-enactment, and consequently prior statutory references are included.

any disposal plant of Baltimore City and/or Anne Arundel County, and/or of any person, firm, corporation or association, including any private or public service corporation; or by any means which the Commissioners in their judgment may deem necessary and proper. The proper authorities of Baltimore City and/or Anne Arundel County are hereby authorized to enter into any such contract or agreement with the Commissioners of Baltimore County or with each other, or with any person, firm, corporation or other association, including any private or public service corporation.

(b) The Commissioners of Baltimore County and/or the proper authorities of Baltimore City and/or Anne Arundel County and/or any person, firm, corporation or association, including any private or public service corporation, may determine by agreement from time to time the costs, rentals, service charges or other fees in contracts and agreements entered into under this section.

(c) This section shall be given retroactive effect, and every contract or agreement heretofore made or entered into by the Commissioners of Baltimore County with the proper authorities of Baltimore City, or with any person, firm, corporation or association, including any private or public service corporation, for the disposal of sewage or drainage or for the establishment, construction, operation or enlargement of any water supply, sewerage or drainage system, is hereby authorized, ratified and confirmed.

This section, as it existed prior to amendment, is referred to in *Dinneen v. Rider*, 152 Md. 343, at. p. 349.

P. L. L., 1930, Art. 3, sec. 332. Balto. Co. Code, 1928, sec. 332. 1948, sec. 345. 1924, ch. 539, sec. 6. 1945, ch. 1017, sec. 332.

507. (a) The operating control of water extensions in the Metropolitan District shall be in the hands of the Mayor and City Council of Baltimore who shall bill and collect the water rates established as hereinafter provided, and shall maintain the water distribution system in as good a condition, and the water service in as efficient a manner as the remainder of the water system owned and operated by the City of Baltimore so that there shall be at all times an adequate flow of water fit for human consumption, none the less pure than the water furnished by the Mayor and City Council of Baltimore to the inhabitants of Baltimore City, and sufficient to supply to the inhabitants of Baltimore

County, water for all public, private, domestic, manufacturing or other needs which the water mains were designed or intended to supply.

(b) The rates to be charged by Baltimore City for furnishing water to consumers in Baltimore County shall be established by agreement between the City of Baltimore and the Commissioners, subject to approval by the Public Service Commission of Maryland. In case of disagreement as to the rates to be fixed, the Public Service Commission of Maryland, shall, upon the application of the Commissioners, review the rates proposed by the City of Baltimore, and the findings of the Public Service Commission shall be final, except that there may be an appeal to the Courts by either party, as is provided by law in the case of rates for Public Service Corporations fixed by the Public Service Commission. The rates, however, established, shall be subject to revision from time to time by agreement of the City of Baltimore and the Commissioners, subject to the approval of the Public Service Commission. In case of disagreement as to a rate revision, either the City or the Commissioners may institute proceedings before the Public Service Commission for a review of the existing rates, with the subsequent right of appeal to the Courts as herein provided.

(c) The Mayor and City Council of Baltimore shall furnish water to the Metropolitan District of Baltimore County at cost and entirely without profit or loss. The Commissioners and the Mayor and City Council of Baltimore shall, from time to time, determine by agreement, if possible, the cost to Baltimore City of furnishing water to consumers in the Metropolitan District of Baltimore County. If no agreement is reached, then cost shall be determined by arbitration in the manner herein provided in Section 502. Cost, however, determined, shall be subject to revision from time to time by agreement of the respective authorities, or by arbitration on the demand of either of them.

(d) The Mayor and City Council of Baltimore shall maintain proper records and books of account to adequately and correctly reflect the amount of all income received from furnishing water service to consumers in Baltimore County; and annually shall render a statement to the Commissioners showing the total revenues received from Baltimore County water consumers during the period covered by the statement and the actual cost of furnishing such water, determined as

hereinbefore provided. The excess of the income over actual cost shall be transmitted by said Mayor and City Council of Baltimore with the statement to the Commissioners, to be expended by them in furtherance of the uses and purposes authorized by the Metropolitan District Act. If in any year the revenues aforesaid should be less than the cost, the deficit shall be deductible from future payments accruing to the Commissioners and shall be taken into consideration in any revision of consumer rates. The account books and accounts relating to consumers of water in Baltimore County shall be subject to audit by agents of the Commissioners upon request of said Commissioners.

NOTE: This section, as it existed prior to amendment, is referred to in *Dinneen v. Rider*, 152 Md. 343, at pp. 349, 350. *Home Owners' Loan Corp. v. Baltimore City*, 175 Md. 676, 686, also cites the former section in holding that Baltimore City water service charges for property in Baltimore County do not constitute a lien. Chapter 258 of the Acts of 1947 empowers Baltimore City to discontinue water service to any person or property in or outside the City limits because of non-payment of fees or charges. Ch. 235 of 1955 relates to the authority, powers and duties conferred upon the County Commissioners of Anne Arundel, Baltimore and Howard Counties to restrict the use of water supplied by Baltimore City. See Ann. Code of Maryland, Art. 25, sec. 163 (1955 Supp.).

P. L. L.. 1930. Art. 3, sec. 330. Balto. Co. Code, 1928, sec. 330.  
 1948, sec. 346. 1924, ch. 539, sec. 4. 1937, ch. 186, sec. 330.  
 1945, ch. 1017, sec. 330. 1949, ch. 719. 1953, ch. 677.  
 1955, ch. 406.

508. The Commissioners from time to time shall cause surveys, studies, plans, specifications and estimates to be made for water supply, sewerage and storm water drainage systems in all those parts of the Baltimore County Metropolitan District in which there is, in their judgment, a need for water supply, sewerage or drainage. Whenever plans shall have been completed for a water supply, sewerage or storm water drainage system, or any part thereof, in any part of the District the Commissioners shall proceed to construct or cause to be constructed such systems, or parts thereof, by contract, after public advertisement, or by day labor, if no satisfactory contract can be made after public advertisement, as they may deem advisable, so that said system or systems may be constructed at a minimum cost, provided, however, that the cost of such work carried out by day labor shall not exceed, at any time, Twenty-five Hundred Dollars (\$2,500.00). No water or sewer lines or systems, or any part thereof, shall be constructed, except



upon the written recommendation of the Chief Sanitary Engineer. Before making his recommendation in writing with respect to the construction or extension of any water or sewer lines or systems, or any parts thereof, the Chief Sanitary Engineer shall make a thorough field inspection of the territory proposed to be served by the new construction or extension, and shall prepare sufficient plans upon which to make an adequate cost estimate of the proposed construction or extension, together with conservative estimates in writing of the revenues to be expected therefrom by assessments and charges of any kind authorized by this sub-heading. Such plans and estimates shall accompany his written recommendations and shall be filed by him in the office of the Commissioners. If said plans and estimates fail to show that the proposed new construction or extension will be financially self-supporting within a reasonable time after completion, the Commissioners shall not order the construction of said new lines or extensions, unless property owners requesting them shall finance their cost upon a basis that will make them a permanently self-supporting part of the Metropolitan District. The requirement that a project be financially self-supporting shall not apply to any exercise by the Commissioners of the general powers and authority to establish, construct and maintain facilities conferred upon them by Section 502, provided the Chief Sanitary Engineer finds that: (a) the cost or expense involved in the exercise of such power and authority is not readily or fairly susceptible of allocation among property owners in the affected area in accordance with the terms of Section 516, and (b) the exercise of such power and authority is for a purpose necessary and useful to the operation or maintenance of a water system, sewer system, or part thereof, constructed or to be constructed in the Baltimore County Metropolitan District, and (c) the Chief Sanitary Engineer prepares a schedule of equitable apportionment of cost among the property owners in the drainage area benefited by such project in order that the difference between cost of said project and capitalized assessment may ultimately be recovered in lump sum payments from said property owners as and when their lands are subdivided. All property owners benefited by the construction of the project shall be notified of the proposed apportionment of cost contained in said schedule and after hearing, the Commissioners may adopt the schedule as prepared or subsequently amended.

No levy shall be made against any property owner of the amount apportioned to his property until his lands are sub-divided.

This section as it existed prior to amendment, is discussed in *Dinneen v. Rider*, 152 Md. 343, at pp. 348, 350, 358.

P. L. L., 1930, Art. 3, sec. 331. Balto. Co. Code, 1928, sec. 331.  
1948, sec. 347. 1924, ch. 539, sec. 5. 1945, ch. 1017, sec. 331.  
1949, ch. 740.

509. (a) Plans for extensions of water supply lines by the Commissioners in the Metropolitan District shall be submitted to the Director of Public Works of Baltimore City for approval. The work shall be subject to inspection by a representative of the Mayor and City Council of Baltimore. The proper authorities of Baltimore City are hereby empowered, authorized and directed to make installations of water supply service pipes from the water mains to the curb line or, lacking such limit at the time of installation, to a corresponding appropriate location within the public way, whenever and wherever requested in writing by the Chief Engineer of the Metropolitan District. Before a request for the installations of such water supply service pipes shall be submitted by the Chief Engineer of the Metropolitan District to the proper authorities of Baltimore City, the individual, firm or corporation desiring the installation of a water supply service pipe of a diameter of 1-inch or less shall make application for the same to the Metropolitan District and shall pay to it such amount, or comply with such terms as shall be fixed and established from time to time by the County Commissioners of Baltimore County as the reasonable cost of or the terms upon which such installation shall be made, including the cost of a meter of a make and design approved by the Water Engineer of Baltimore City. Any individual, firm or corporation desiring the installation of a water supply service of a greater diameter than 1-inch shall make application for the same to the Metropolitan District but shall not be required to make any advance payment therefor. The installation of such larger water supply services shall be made on a time and material basis, including the cost of a water meter of a make and design approved by the Water Engineer of Baltimore City, plus a reasonable percentage for the cost of overhead which total cost shall be paid by the said individual, firm or corporation to the Mayor and City Council of Baltimore.

(b) The sums of money paid to the Metropolitan District by individuals, firms or corporations applying for the installation of water supply services of 1-inch in diameter or less shall be transmitted monthly to the Mayor and City Council of Baltimore with sufficient information so that each payment for water supply service can be identified. The Mayor and City Council of Baltimore shall keep a record of the actual cost of making such water supply service installations and each year shall credit or charge the difference between the amount received from the Metropolitan District for such water supply service installations and the cost thereof to or against the statement of the actual cost to Baltimore City of furnishing water to consumers of the Metropolitan District of Baltimore County, and an itemized statement thereof shall be transmitted to the County Commissioners of Baltimore County as a part of the statement of such actual cost as required by Section 507 hereof.

(c) In case of disagreement between the City of Baltimore and the Metropolitan District of Baltimore County as to the cost of any such service pipe installed by said City the Public Service Commission of Maryland shall review said cost upon application, and the findings of the Public Service Commission shall be final, except that there may be an appeal to the Courts from such findings as is provided by law in case of other determinations by the Public Service Commission.

This section, as it existed prior to amendment, is discussed in *Dinneen v. Rider*, 152 Md. 343, at pp. 349, 350, 364.

P. L. L., 1930, Art. 3, sec. 334. Balto. Co. Code, 1928, sec. 334. 1948, sec. 348. 1924, ch. 539, sec. 8. 1945, ch. 1017, sec. 334.

510. (a) When any water main or sewer is declared by the Commissioners complete and ready for the delivery of water or the reception of sewage, and water or sewer connection pipes have been laid to the several lot lines, the Commissioners shall notify the owner or tenant of every dwelling house, public building, factory, manufacturing plant or other establishment where people live, assemble or are regularly employed, or of every building where sanitary fixtures are, or in the judgment of the Commissioners should be installed, that a connection of all hydrants or spigots, toilets and drains shall be made with said water main or sewer, the said connection pipes of which have been laid to the lot line

of such house, building, factory, plant or other establishment within a time prescribed by the Commissioners, such notice to be given by means of personal service upon such owner or tenant or person in charge of such house, building, factory, plant or other establishment, and where the aforesaid fixtures do not exist, or are of a nature which, in the judgment of the Commissioners, is improper or inadequate, the Commissioners shall give further notice by such personal service as aforesaid that satisfactory equipment shall be installed; and in all cases in which such connection shall be ordered as aforesaid the Commissioners may also give notice by such personal service as aforesaid that all wells, cess-pools, waste drains, and privies shall be abandoned, removed or left in such way that they cannot again be used nor injuriously affect the public health, said disposition to be determined by the Commissioners.

(b) Nothing in this sub-heading shall be taken to require any water company, whether incorporated or not, to close up, fill up or abandon the use of any spring or well used by it to supply therefrom to its customers or clients water fit for domestic uses or to cease to supply its customers or clients with such water or to connect its water supply system with the system to be established under this sub-heading unless and until the said Commissioners shall acquire the water supply system and property of such water company; and nothing in this sub-heading shall be taken to require any property owner having upon such property owner's premises any spring or well supplying water fit for domestic uses to close or fill up or abandon the use of said spring or well or to connect such property owner's property or premises with or (while the water of such spring or well continues fit for domestic use) to take the supply of water for his or her premises from the water supply system to be established under this sub-heading.

(c) Nothing in this sub-heading shall be taken to require any property owner having a private sewerage system upon such property owner's own premises of the general type known as or similar to the Waring System for the disposal of sewerage originating on such property owner's own premises, to abandon the use of the same, provided it shall be kept in efficient working and sanitary condition, or (while said private sewerage system is kept in efficient and sanitary condition) to require such owner to connect such property

owner's premises with the sewerage system to be established under this sub-heading, unless the State Board of Health shall so require. Any failure to make such connections, or to make such changes on the property, or to obey any such notice or order of the Commissioners within the time prescribed shall be punishable by a fine of not more than Twenty-five Dollars for every calendar month during which such connection shall not be made, or such work done, after the expiration of the time prescribed, such prosecution to be had upon warrant before any trial magistrate residing within Baltimore County, with the right of appeal to the accused to the Circuit Court for Baltimore County, said appeal to be taken within ten days from the date of conviction before the trial magistrate.

(d) The Commissioners shall formulate, publish and enforce a plumbing code, and shall prescribe such rules and regulations governing the use of said water and sewer connections, and for the maintenance and operation of their systems, as they may deem necessary; and every person who shall make the personal service above prescribed shall deliver to the person upon whom such service is made a copy of such plumbing code and of such rules and regulations, and shall obtain from such person upon whom such service is made a receipt of such copies as aforesaid, or in default of such receipt shall file with the Commissioners an affidavit that such copies have been delivered as aforesaid. Any violation of said code or of any rule or regulation prescribed by the Commissioners as above, upon the part of any person to whom such copies shall have been delivered as aforesaid, shall be punishable by a fine not exceeding One Hundred Dollars, upon conviction before any trial magistrate, residing within Baltimore County.

This section, as it existed prior to amendment, is discussed in *Dinneen v. Rider*, 152 Md. 343, at pp. 350, 363, 364. In addition to the authority for adoption of a plumbing code provided by this section, the licensing of plumbers is now vested in the Baltimore County Plumbing Board, appointed by the County Commissioners of Baltimore County, under the provisions of Section 315 of Article 43 of the Annotated Code of Maryland (1951 Edition).

Balto. Co. Code. 1948, sec. 349. 1937, ch. 326, sec. 334A.

511. The notice to connect toilets and drains provided for in Section 510 shall be left with the owner or occupier, or agent of the property mentioned in said notice, and if there be no owner or occupier, or agent of the owner of said prop-

Rev. Theodore M. Hesburgh



**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

THE EQUITABLE BUILDING • 10 N. CALVERT STREET • BALTIMORE, MARYLAND 21202 • 301-727-3400  
 MAYOR

Thomas J. D'Alessandro, III

Mr. Arthur M. Sparrow, Jr.  
 Community Economic & Industrial Planner  
 Small Business Administration  
 1113 Federal Building  
 31 Hopkins Place  
 Baltimore, Maryland 21201

Dear Mr. Sparrow:

During your testimony before the U. S. Civil Rights Commission on August 17, 1970, you intimated that it was necessary to bribe public officials in order to obtain a building permit in Baltimore City. I was shocked to hear such a statement because in the two years this function has been administered by the Department of Housing and Community Development we had thought that such practices had been eradicated.

Because of this concern, I telephoned you on August 18 to learn if you had any evidence of such practice. You stated that the information you did have was second hand and that it did not arise from activities during the past two years. You further stated an unwillingness to reveal your source of information as to earlier incidents. I then urged you to bring to my attention any leads, no matter how indirect or anonymous, that would indicate illegal conduct by any of our employees. You agreed to consider the matter.

May I again assure you that HCD is jealous of its reputation for honesty and that we are anxiously soliciting any evidence of wrongdoing. We will do our utmost to protect any informant from embarrassment, our only desire being to correct the abuse.

Sincerely,

*Robert C. FMBRY, JR.*  
 R. C. FMBRY, JR.  
 Commissioner

3121 Lugine Avenue  
Baltimore, Maryland 21207  
August 19, 1970

Mr. Robert Embry, Director  
Baltimore City Housing Authority  
Calvert & Fayette Streets  
Baltimore, Maryland 21203

Dear Mr. Embry:

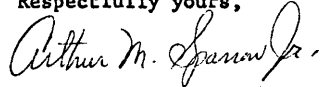
Thank you for your telephone call on August 18, 1970 in reference to my testimony before the Civil Rights Commission. I wish to again emphasize that the main thrust of my conversation was directed toward problems emanating in Baltimore County.

From my point of view, Baltimore City is blessed to have a housing commissioner such as you who have demonstrated his interest in the community's welfare in a positive way.

I believe, the community would join with me in stating my belief that your administration is the most effective one we've had in recent times.

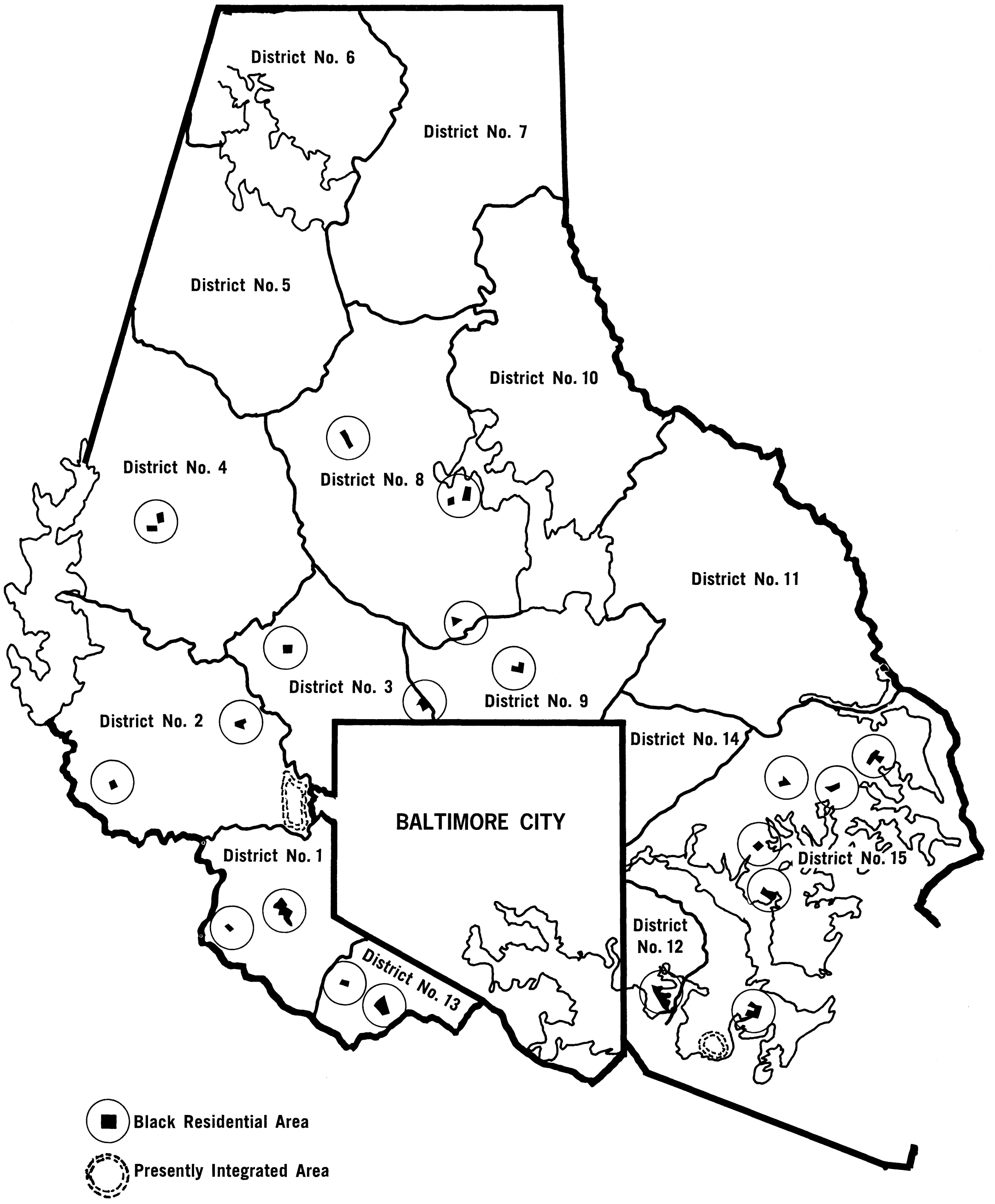
We admire your youth, courage and togetherness which has made its presence felt among us.

Respectfully yours,



Arthur M. Sparrow, Jr.

# Baltimore County and Baltimore City





## FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20552

191 INDIANA AVENUE, N. W.

December 4, 1970

FEDERAL HOME LOAN BANK SYSTEM  
FEDERAL SAVINGS AND LOAN  
INSURANCE CORPORATION  
FEDERAL SAVINGS AND LOAN SYSTEMDIRECTOR  
OFFICE OF  
EXAMINATIONS  
AND  
SUPERVISION

Howard A. Glickstein, Esq.  
Staff Director  
United States Commission on Civil Rights  
1405 Eye Street, N. W.  
Washington, D. C. 20025

Dear Mr. Glickstein:

In response to Vice Chairman Horn's request at the Commission's hearing at Baltimore, Maryland, on August 18, 1970, the following information is provided regarding the complaints received by this Board of alleged discriminatory lending practices by institutions subject to our supervision since enactment of the Civil Rights Act of 1968:

Eight such complaints have been received--six in 1969 and two in 1970. Of the six complaints received in 1969, two were direct complaints to the Board and four were referred to us by other Government agencies.

One of the direct complaints is contained in a letter from a realtor in Santa Clara County, California, alleging that certain savings and loan associations "arbitrarily" refused to make loans on property located in large areas of the city of San Jose, California. The second direct complaint received in 1969 was set forth in a letter from the president of an NAACP Local Branch in Tennessee which was forwarded to us by William P. Morris, Director of Housing Programs, NAACP Special Contribution Funds.

We referred both of the above-mentioned complaints to the Office of the Assistant Secretary for Equal Opportunity of the Department of Housing and Urban Development, the agency having primary enforcement responsibility under Title VIII (the "fair housing" title) of the Civil Rights Act of 1968. That Office informed us that the Tennessee case was dropped after

Howard A. Glickstein, Esq.

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investigation because of failure by the complainant to adduce evidence of any specific discriminatory acts within the scope of Title VIII. The California case was recently recalled from the California Fair Employment Practices Commission to which it had been referred and is presently pending further action by the HUD regional office for California.

Of the four complaints referred to this Board by other Government agencies in 1969, one was from a lady in California who wrote to President Nixon complaining of difficulties encountered in refinancing a loan because of the "racial problem closing in on the property". This complaint, too, was referred to HUD, whose investigation disclosed that the property in question was commercial and therefore not covered by Title VIII. The other three complaints had all been previously received and investigated by HUD's Office of the Assistant Secretary for Equal Opportunity and were forwarded to us for information. We have been informed by HUD that of these three complaints one was dropped for insufficient evidence and another because the alleged discriminatory act occurred prior to the effective date of Title VIII. The third was dropped when HUD investigators were unable to obtain a verified complaint from the complaining party.

To date in 1970, two complaints of alleged discriminatory lending practices have been received by this Board.

Early this year, Senator Percy requested us to investigate a complaint from a constituent in Chicago alleging refusal of a loan application by a Federal savings and loan association in that city on the ground that the association preferred to limit its lending to suburban properties. Our investigation revealed that the association in question does very substantial lending in the inner city of Chicago, but does require FHA insurance or a VA guarantee on such loans. Refusal of the complainant's application had been occasioned by the mistaken belief of the association's loan officer that the property in question was not eligible for such insurance or guarantee. Upon learning that FHA insurance was available, the association offered the complainant a loan, but by that time he had obtained financing elsewhere.

The only other complaint of alleged discriminatory lending practices by a savings and loan association brought to our attention in 1970 was received initially by HUD, which requested this Board's assistance in the ensuing investigation. The complaint was received from a borrower from a Federal savings and loan association in the District of Columbia. In cooperation with this Board, HUD investigators have learned that the borrower in question had a history of

Howard A. Glickstein, Esq.

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continued delinquency in payments over a period of several years and that the association in question had apparently taken action regarding the delinquency in accordance with its rights under its deed of trust. Investigation is continuing, however, to determine the validity of the complainant's charge that the association's treatment of his loan was different from that accorded other delinquent accounts.

We trust that the above information will be useful to the Commission. If we can be of further assistance, please let us know.

Sincerely,



Eric Stattin  
Director



LAWRENCE B. FENNEMAN, JR. . . . .  
*President* . . . . .  
 JAMES P. O'CONNOR . . . . .  
*First Vice President* . . . . .  
 PHILIP E. KLEIN . . . . .  
*Second Vice President* . . . . .  
 ROBERT N. SCHMIDT . . . . .  
*Treasurer* . . . . .  
 C. WILLIS HAMMOND . . . . .  
*Executive Vice President* . . . . .  
 HENRY M. DECKER, JR. . . . .  
*General Counsel* . . . . .

## REAL ESTATE BOARD OF GREATER BALTIMORE

7 EAST LEXINGTON ST., BALTIMORE, MARYLAND 21202—PLAZA 2-8532

BALTIMORE COUNTY OFFICE — SUITE 8, TOWSON PLAZA — P25-8225  
 758 FAIRMOUNT AVENUE - 21204

November 5, 1970

Mr. John H. Powell, Jr.  
 General Counsel  
 United States Commission on  
 Civil Rights  
 Washington, D. C. 20425

Dear Mr. Powell:

This will acknowledge your letter of October 30, 1970, requesting data indicating the number of persons who have applied for Realtor membership in our organization during the past year.

Our records indicate that during the period, November 1, 1969 through October 31, 1970 (our fiscal year), a total of 50 individuals applied for Realtor membership. Of this group, 48 are white and two are black. Two white applicants failed to successfully complete orientation initially and one of these applicants was accepted after re-taking and passing our examination.

It might interest you to know that our newly-elected directorate includes two black members. This marks the first time in our history that our board of directors has included more than one black member.

It was an interesting and stimulating experience to testify before your commission last August and I hope that the information provided by those of us engaged in real estate and related businesses will be of assistance.

Sincerely,

C. W. Hammond  
 Executive Vice President

CWH:blh

Baltimore City Retirement System Fund Investment: Summary in Lieu of Testimony\*

The Baltimore City employee retirement system is comprised of the "Employees' Retirement System", with total investments of \$282.3 million as of March 1970, and the "Fire and Police Employees' Retirement System", with total investments of \$74.9 million as of March 1970.

Hyman Pressman, comptroller for the city of Baltimore, serves ex officio as chairman of the board of trustees responsible for the supervision of the Employees' Retirement System, and of the similar board of trustees responsible for supervision of the Fire and Police Employees' Retirement System. In the case of each board, additional members are: two employee participants in the pension fund, who are elected by the membership of the retirement system, two Baltimore citizens with banking experience, who are appointed by the mayor with the consent of the city council, and, in the case of the board of the Fire and Police Employees' Retirement System, the police chief and the fire chief.

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\* See below, letters to John H. Powell, Jr., General Counsel, United States Commission on Civil Rights, from Hyman Aaron Pressman (Jan. 14, 1971), and B. Carter Randall (Jan. 18, 1971).

The Equitable Trust Company, acting pursuant to general guidelines laid down by the boards of directors, manages the investment of pension fund assets. B. Carter Randall, vice president of Equitable Trust Company, is the company official with principal responsibility for administering investment of the city pension fund assets.

Each board of trustees, pursuant to a city ordinance, has established an advisory investment committee, the function of which is to formulate and recommend to the board of trustees investment opportunities. These committees have not been very active, however.

Approximately 5 percent of total carrying value, or \$13.9 million, of the Employees' Retirement System was invested in home mortgages as of March 1970. Approximately 10 percent of total carrying value, or \$7.2 million, of the Fire and Police Employees' Retirement System was invested in home mortgages as of March 1970. By law, no more than 25 percent of the total assets of each system can be invested in mortgages. The relatively low proportion of fund investments in mortgages is in part a reflection of the relatively higher return which in the recent past has at least potentially been available in alternative forms of investment and, in part, reflects the fact that mortgages were not a legal investment for the fund until 1965.

With respect to mortgage investments, Equitable Trust Company does not itself make the initial loan on mortgages which it purchases for the

fund, but rather buys mortgages for this purpose from mortgage brokers and similar sources. As a matter of policy, home mortgages are purchased for the fund only in Maryland, Delaware, Virginia, and the District of Columbia. Somewhat over 60 percent of fund home mortgage investment properties were located in Virginia as of March 1970. The bulk of these mortgages were purchased by Equitable Trust Company from First Mortgage of Virginia, which, in turn, purchased them from other parties. The Virginia suburbs neighboring the District of Columbia accounted for approximately 32 percent of mortgages held by the fund.

Of the total of 1,091 mortgages purchased for the fund by Equitable Trust Company through March 1970, about 10 percent were on properties in Baltimore City and Baltimore County, with probably the majority of these in Baltimore County.

Pursuant to policy guidelines set down by the fund's two boards of directors, all home loans purchased by the fund are insured either by the Federal Housing Administration or the Veterans Administration. In guidelines entitled "Minimum Mortgage Lending Requirements", the boards of trustees have spelled out the minimum requirements applicable to all mortgages to be purchased by the fund. The requirements include specifications with respect to the size of the house and lot, its physical condition, as well as services and other features and conditions in the neighboring area.

The requirements also include the following with respect to the borrower's income and credit. The monthly payment on the mortgage, including payment of taxes and insurance, must not exceed 22 percent of the borrower's recognized monthly income. In computing the borrower's income, the regulations provide that "[n]o credit shall be given for overtime pay, part-time jobs or other irregular earnings", and that no credit shall be given for the wife's earned income, except that "partial credit may be given" in cases where the wife "is clearly likely to be continuously employed".

This statement of minimum requirements, which is furnished to the parties from which mortgages are purchased for the fund, concludes with a section entitled "[g]eneral considerations", which states:

All of these minimum requirements shall be related to the climate, custom and consumer preferences of the area. By this it intended that the property covered by a specific mortgage will be of a type of construction and layout in a location that will be acceptable to others residing in the general area in the event of resale.

There is no stipulation in these written requirements, none has been formally expressed by the boards of directors to the Equitable Trust Company, and none has been expressed by the Equitable Trust Company to its suppliers of mortgages, that racial discrimination must not have been practiced by sellers, real estate brokers, financial institutions, or others in connection with the underlying sale and mortgage transaction.



[The boards of trustees have considered and have expressed a willingness to buy mortgages backed by GNMA certificates without regard to any property and/or credit specifications on individual mortgages (an actual commitment for a \$2 million flow through certificate of GNMA was made in the last quarter of 1970 for settlement in the first quarter of 1971, backed by mortgages on properties in the State of Maryland, mostly properties in the city of Baltimore).]\*

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\* See below, letter from B. Carter Randall (supra, preceding note).



DEPARTMENT OF THE COMPTROLLER

HYMAN A. PRESSMAN  
COMPTROLLER

RICHARD A. LIDINSKY  
DEPUTY COMPTROLLER

January 14, 1971

Mr. John H. Powell, Jr.  
General Counsel  
United States Commission on Civil Rights  
Washington, D. C. 20425

Dear Mr. Powell:

As requested, I am returning the synopsis which you forwarded.

No amendments were deemed necessary.

Good luck.

Sincerely yours,

HYMAN AARON PRESSMAN  
Comptroller

HAP:ps

Enclosure



# THE EQUITABLE TRUST COMPANY

BALTIMORE, MARYLAND

JOHN A. LUETKEMEYER  
CHAIRMAN OF THE BOARD

January 18, 1971

OWEN DALY, II  
PRESIDENT

Mr. John H. Powell, Jr.  
General Counsel  
United States Commission  
On Civil Rights  
Washington, D. C. 20425

Dear Mr. Powell:

In answer to your letter of January 11, 1971 referring to testimony which would have been elicited from me if I had testified before the United States Commission on Civil Rights on August 18, 1970, I am enclosing the summary of information which you sent to me for review and amendment.

I have made a few changes in the statement, mostly to correct semantics except for a paragraph which I have written at the end.

I hope and trust that this is satisfactory.

Sincerely,

A handwritten signature in dark ink, appearing to read "B. Carter Randall". The signature is stylized and written in cursive.

B. Carter Randall  
Vice President

BCR:lc

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