

Draft 5/10/67

CONFIDENTIAL

III B. Urban Youth: Education and Employment:

Further statement on educational and employment problems of the ghetto. But also pointing up the general problems of youth in urban and suburban society, with the prospect of increasing restiveness and under-employment not entirely related to race and poverty. Need to integrate construction trades.

III C. The Urban Calculus in National Economic Policy

Elaboration of relevant trends: the Baumol thesis re the escalating costs of a service economy and the increasing reliance on the public market: the employment and urban design implications of moving from manufacturing to services; the importance of adding an urban competence to the Council of Economic Advisers, Treasury, Internal Revenue, Jt. Congressional Committee, etc. The use of economic leverages (e.g. attainted titles) to accomplish urban purposes. The question of elevating HUD or part of it to a level where it participates in economic policy decisions.

III D. Urban Financial Flows

The erratic flow of resources into housing and other critical urban functions. The likelihood of revenue sharing and block grants, and the importance of tying these developments into a strategy for rationalizing and extending state and local revenue sources. The need for increasing consumer income and entrepreneurial incentives in the ghetto, linking these with reforms of the welfare and tax systems.

III E. Administrative Barriers:

The problem of administering 440 separate federal programs affecting urban communities, and the hopeful prospect of consolidating and simplifying federal grants. Restrictive policies of critical agencies, including FHA. Possible recommendation of neighborhood development corporations, with share of capital advanced from national community development bank. An emerging role for the States; and reconsideration of metropolitan planning requirements both to reduce administrative congestion and to encourage dispersal of ghetto populations. Discussion of use of incentives, including "bounty" device for making ghetto residents economically attractive to local governments.

III F. Manpower for Urban Affairs

Estimate of critical shortages, and mention of improbability of going to scale (or even carrying out present scale) without massive entry of new personnel. Consideration of Frank Riesman's approach through new careers for the poor. Importance of steering new service complexes (medical, educational, etc.) to ghetto areas and/or residents. Possible use of Negro and other minority servicemen, as recruits to public and community service after their hitch has ended. Need for federal aid for pre-service and in-service training.

III G. Toward Continuous Problem-Solving

Ezra's treatise on need for critical path and staging in development of public programs; also for built-in capacity for innovation. Importance of sustained financing for experi-

mental programs, and for evaluation going beyond what is provided for Model Cities, etc.

III H. (as indicated in Table of Contents)