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Dear Friend:

We are pleased to pass on to you a thoughtful speech by Bob Brown. It places revenue sharing in a perspective that merits your examination.

My own early negative reaction to the plan was that while it was exciting and revolutionary it was potentially dangerous for powerless minorities. This criticism was not a lightly levied protest. If your reaction was similar then I would recommend this document for your perusal.

I would appreciate your comments.

Sincerely,

Berkeley G. Burrell
Berkeley G. Burrell
President

Enclosure



Speech before the Conference of Black Republicans
Detroit, Michigan
April 24, 1971

Robert J. Brown
Special Assistant
to the President

THE BLACK COMMUNITY AND THE ISSUE OF REVENUE SHARING

For too long black people have allowed their traditional alliances to govern their courses of political action, rather than requiring that their critical evaluation of self interest determine their alliances.

This whole matter of "revenue sharing" is an excellent case in point. With the exception of a few black leaders like Carl Stokes of Cleveland, who have been forced to grapple with the realities of the subject because of the offices they hold, few if any black spokesmen have treated the revenue sharing matter as a point of important public interest. We have the opportunity to drastically reshape local government; we could also, by default, perpetuate the helplessness of local governments for some time to come. The debate which has arisen on this subject is being carried on with little or no black direction or input. On the one hand, this may be because of the apparent lack of "sex" in fiscal questions generally. On the other, it may be because of the particular complexities associated with the revenue sharing concept.



In either case, there are real and compelling reasons why a special black interest should be taken in this issue. Indeed, it might be said that this is one of the important political issues where the interest of black people might be considered strongly at odds with the interest of the liberal white community with which it has been traditionally allied. If we as a people really believe in self-determination then now is the time to transform that belief into something real and tangible.

Let us then take a look, in the cold light of reason, at what is at stake for black and other minority people in this apparently bland matter of revenue sharing.

The recent Census shows that three-fourths of our population growth in the last ten years came in metropolitan areas. The percentage of black metropolitan growth has been even more dramatic.

If this is a highly metropolitan nation, for blacks it is more specifically an urban nation. Now we must have a more effective strategy for meeting urban problems. Somehow a plan has to be devised which will balance the needs of cities with more adequate financial resources in spite of the erosion of their tax bases. On every hand the population base and commercial base which has previously sustained the costs of our cities are fleeing elsewhere. And no effective means has been devised to fill the breach.



On every hand we see the results of this failure: an increasingly inadequate supply of housing and community facilities, vast wastelands of vacant and decaying buildings, acre upon acre of valuable urban renewal land lying empty, and an estimated 24 million Americans still living in sub-standard housing.

Just what is it that is wrong with our present system of Federal aid? There are two basic problems. First, Federal assistance is excessively fragmented -- it is channeled through many separate and isolated grant programs. Second, spending under each of these programs is excessively controlled at the Federal level.

The present system of specific grants-in-aid has grown up over the years by bits and pieces. As each new national goal or concern was articulated, specific new programs were set up.

The proliferation of separate grant programs has created a difficult situation not only for local governments that wish to utilize Federal development money, but also local groups of citizens and their institutions.

Often, mayors as well as citizens are unable even to calculate the overall level of Federal development aid that is coming into their communities. Because of their ignorance, their influence is too often nil even on those items which vitally affect them.



Almost all of our present development grant programs require a local interest to file an extensive application with a mysterious maze of Federal authorities.

The effects of this on black people is obvious. At a time when their local political strength is surging forward, they are simultaneously experiencing the diversion of power to a national rather than local level. Thus frustrating their access to the resources and decisions that most critically count.

Who can deny that decisions about the development of a local community should reflect legitimate local preferences and meet legitimate local needs? Who can seriously believe that a group of remote Federal officials -- however talented and sincere -- can effectively tailor each local program to the wide variety of local conditions which exists in this highly diversified land? Especially is this so in light of the highly complex and evolving styles and interests in minority communities.

Thus an isolated program conceived of from above, which was established to cure a problem, can actually work to make that problem worse. Witness the plight of the poorer residents of a neighborhood who are often unable to receive relocation assistance until the project actually begins, while the commercial interests which previously serviced them flee to higher ground to avoid the approaching residential desert.



Added to this type of problem is the terrible game called "grantsmanship", in which the winners are those who understand the rules and intricacies of the Federal bureaucracy rather than those who understand the problem that needs to be solved. This means that grantsmen reign supreme. And we all know who is most likely to have those grantsmen at his disposal. And so do local voters who too often find that the official who is most accessible to them can escape from their complaints by saying, "We had to do it this way to qualify for Federal money."

Clearly, this nation can do better than this; and it must do better if our cities are to be revived.

Given the necessity of the black community in particular areas to look beyond the unresponsive confines of its cities and states to find national relief, it has become a tradition to look to Rome instead of home. However, we must avoid the trap of confusing national interest with the necessity of Federal control. We have too easily assumed that because the Federal Government has a stake in meeting a certain problem and because it wants to play a role in attacking that problem, it therefore must direct all the details of the attack. The genius of the Federal system is that it offers a way of combining local insights and implementation with national resources and national goals.



Revenue sharing aims at keeping the local system, which blacks are inheriting from Newark to Gary, financially alive.

HOW REVENUE SHARING WOULD OPERATE

	<u>Billions</u>	
General Revenue Sharing		\$ 5.0
Special Revenue Sharing		11.4
Education	\$ 3.0	
Rural Community Development	1.1	
Urban Community Development	2.1	
Manpower Training	2.0	
Transportation	2.6	
Law Enforcement	0.5	
Reserve	<u>0.1</u>	
Total		\$ 16.4

Let's look at the revenue sharing fund with greatest urban impact. Urban Community Development Revenue Sharing.

How would the money be distributed? Because these funds are designed for the most part to achieve the specific purpose of urban development, most of this money would be sent to the metropolitan areas of our nation where the vast majority of Americans live and work. Eighty percent of the Urban Development Revenue Sharing fund would be assigned by formula for use in Standard Metropolitan Statistical Areas (SMSA). The rest would be focused at the discretion of the Secretary of HUD, in those same areas.



The formula according to which the funds would be distributed among the SMSAs and among the cities within them would be "problem oriented" -- so that money would be channeled into the cities which need it most. The formula would take into account the number of people who live in an area or a city, the degree of over-crowding there, the condition of its housing units, and the proportion of its families whose income is below the poverty level.

The remaining twenty percent of the Special Revenue Sharing fund for Urban Community Development would be available to the Secretary of Housing and Urban Development to distribute.

How would cities use this money? For community development purposes -- which could include investments in both physical and human resources.

Cities could thus use their allocations to acquire, clear, and renew blighted areas, to construct public works such as water and sewer facilities, to build streets and malls, to enforce housing codes in deteriorating areas, to rehabilitate residential properties, to fund demolition projects, and to help relocate those who have been displaced from their homes or businesses by any activities which drew on these urban community development special revenue sharing funds.



No federal approval would be required. Cities would simply be asked to indicate how they plan to use their funds and to report periodically on how the money was expended.

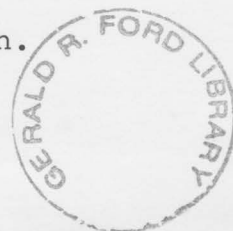
There could be no discrimination in the use of these funds. The rights of all persons to equitable treatment would be protected. Any monies expended under this program would be considered as Federal financial assistance within the meaning of Title VI of the Civil Rights Act of 1964.

WHAT THIS PROGRAM WILL AND WILL NOT DO

Unlike isolated and specific grants, this new plan would allow local leaders to marshal Federal and local dollars according to a simple, comprehensive plan which could be rationally formulated and then intelligently adjusted as conditions change.

Instead of spending their time trying to please Federal officials in Washington so that money will continue to flow, local leaders would be able to concentrate on pleasing the people who live in their city so that the money would do more good.

These plans would necessarily have to be hammered out in the full glare of local public attention rather than in the far-off back rooms with few federal wheelers and dealers where the sunshine of local debate is seldom enjoyed to clarify the specific social and racial impacts of decision.



General Revenue Sharing would provide still more new dollars for these local governments. Cities would get back their discretionary power over the money they were previously spending on matching funds.

Similarly, there is little reason to fear that the problems of impoverished areas would somehow be neglected under this plan. Some ask, what evidence suggests fairer treatment to minorities at the local level? The political leverage of those who live in poverty areas has increasingly been focused on local governments in recent years -- and it often has greater impact in such places than when it is diluted at the national level.

Some will argue against such a program by contending that a number of State and local officials will prove to be unresponsive or irresponsible. But this is no reason to reject revenue sharing. Whenever one is dealing with thousands of local officials, there is always a danger that some will prove to be less worthy of one's confidence than others. That is always the risk of moving toward greater freedom -- it necessarily becomes more difficult for any one authority to guarantee how the many will behave.

PROGRAM THRUSTS

Revenue sharing can clearly mean a great deal for our people and the entire nation. It will have to move money and power closer to people if it is to mean anything, while



safeguarding their civil rights. It should also respond more quickly to the needs of the people in a number of areas such as:

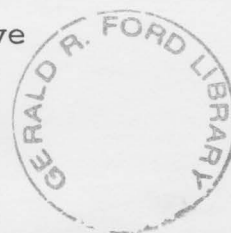
Education

- assistance in programs and projects designed to meet the special educational needs of educationally deprived children in school attendance areas having high concentrations of children from low-income families; initiation, expansion, and improvement of programs at the preschool, elementary, and secondary level designed to meet the special educational needs of handicapped children; and materials and services including the purchase of school textbooks and educational equipment; supplementary educational centers and services, training, strengthening of educational agencies.

Rural Community Development

- While the black people have been leaving rural America by the millions, often improving their own and their families' situations, many have chosen to stay. Part of the thrust of revenue sharing will be aimed at relieving those who remained behind.

In rural America itself, the loss in human resources has compounded the problems of diversifying the economy and fostering a vigorous and progressive



community life. Those who have chosen to stay have found it harder and harder to pay for and provide services such as good schools, health facilities, transportation systems, and housing. The very size and density of many of our largest cities has produced new problems. As never before, urban America has a vital stake in the well-being and progress of rural America. Revenue sharing could be the vehicle through which this interest could be made real.

Law Enforcement

-- This plan must deal with all segments of the system -- fair law enforcement by the police, justice in the courts, and corrections and rehabilitation of those in prisons; treatment of drug and alcoholic addiction, plus such priority areas as organized crime. Blacks are now aware of their need for protection through law enforcement as never before.

Urban Community Development

-- Cities could thus use the money to acquire, clear and renew blighted areas, to construct public works such as water and sewer facilities, to build streets and malls, to enforce building codes in deteriorating areas, to rehabilitate residential properties.



Racial discrimination in the use of these funds would be prohibited, and the rights of all persons to equitable treatment would be protected. Greater emphasis will be placed on programs which involve annual incremental funding, such as the Neighborhood Development Program.

Manpower Training

- This new reliance on local flexibility and local initiative should benefit citizens and communities across the country. This Act would allow city governments to bring jobless ghetto residents onto city payrolls in education, health safety and anti-pollution work while preparing them to move into permanent jobs.
- This Act would allow State governments to reach out to isolated rural poor people with training and job programs shaped to their special needs.
- This Act would allow county governments to provide skills training and transitional employment to welfare recipients to move them toward self-support and new dignity.

Needless to say, black support for the adoption of any form of legislation as dramatic and as enduring as this one is not to be given without some serious and inquiring study.



To be sure, the protection of black participation must be insisted upon at every stage. We welcome the views of the black community on the dangers and promises as it sees in this form of legislation. Indeed it is of utmost importance for us to have the best thinking available on the ways in which the civil rights provisions and procedures contained therein are as strong and clear cut as language and the Constitution will allow.

From here on the struggle for revenue sharing within the black community should not be between the traditional political forces, but between arguments and concrete legislative alternatives upon which the welfare of blacks can best rest.

As Congressman Clay of Missouri recently stated when visiting with the President this month: The black community can no longer afford the luxury of permanent alliances, but must rely instead on the impermanence of its interest.

We think the issue of revenue sharing offers an important opportunity for this new kind of coalition.

