# DETERMINANTS AND CONSEQUENCES OF THE ADVISORY RELATION IN PUBLIC POLICY SYSTEMS

A Thesis

Presented to the Faculty of the Graduate School

of Cornell University for the Degree of

Doctor of Philosophy

by

Howard Hatherly Foster, Jr.

June 1970

## BIOGRAPHICAL SKETCH

Howard Hatherly Foster, Jr. was born May 27, 1937 in New York City. He received the Bachelor of Arts degree from Harvard University in 1959 with a major in Social Relations; the Master of City Planning from Yale University in 1963; and Doctor of Philosophy in City and Regional Planning from Cornell University in 1970. Mr. Foster has served since 1963 as Assistant Professor of Community Planning and Area Development at the University of Rhode Island. He has written articles on planning education, historic preservation, and metropolitan planning. He is a member of the American Institute of Planners, American Society of Planning Officials, American Society for Public Administration, Urban America, and Phi Kappa Phi honor society at Cornell University.

## ACKNOWLEDGEMENTS

This study was made possible by the cooperation, generosity and understanding of many individuals and institutions. Financial support for the research was provided through a grant to the Department of Rural Sociology at Cornell University by the Economic Development Administration of the U.S. Department of Commerce.

Further assistance was in the form of a Richard King Mellon Fellowship provided by the Department of City and Regional Planning at Cornell University. The author of this study was granted a leave of absence from his teaching duties at the University of Rhode Island from 1966 to 1968.

The author is particularly indebted to his doctoral committee which included Kermit C. Parsons, Chairman, Arch Dotson and Edward S. Flash Jr. A particular debt is owed to Prof. Flash for his detailed comments on drafts of the study, that hopefully will be repaid by the author through similar work with his own future advisees.

Several people who deserve special mention for their assistance include Barklay G. Jones as leader of the research

team with which the author worked, Paul P. Van Riper for his willingness to discuss and criticize the author's ideas and concepts, and Pierre Clavel, director of the research project for his comments and criticisms on portions of the manuscript and for his general enthusiasm for scholarly research. These associations were a major contribution to the author's completion of the research and the final submission of this dissertation.

The participants in the case illustrations were all most generous with their time and willingness to share their experience. The author is particularly happy to acknowledge the assistance of Raymond Carmon, and John Ladd in making available information about their respective organizations. Many others in Washington, Pennsylvania and New York also contributed their time and good will to the study. Dennis Rondinelli, a fellow researcher and collegue, deserves special mention for his friendship and willingness to explore ideas of mutual interest throughout the duration of the study.

Thanks and appreciation for excellence and good humor in typing the drafts and final manuscript belong to Chris Jorgensen, Helen Mowbray and Judy Southland.

The author, in acknowledging the contribution of those who assisted in the research, must alone bear the responsibility for facts and interpretations found in this dissertation.

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# DETERMINANTS AND CONSEQUENCES OF THE ADVISORY RELATION IN PUBLIC POLICY SYSTEMS

## CHAPTER ONE

## INTRODUCTION

The complexity of public policy questions and the demand for scientific solutions to technical problems have increased the needs of government policy-making organizations for knowledge produced by expert advisors. It has become necessary for these organizations, at every level of government, to obtain advice and technical knowledge from persons and organizations whose identity is based on specialized experience and educational attainment rather than political position. This is especially true in the sphere of community development policies including the planning of public investment, determination of levels of public services and application of development controls.

The major objective of this research is to identify and clarify the variables that act as determinants of the relationship between expert advisors and governmental policy-making organizations. These variables are identi-

fied through an evaluation of relevant theory and are illustrated by case studies of two regional economic development districts. This analysis is not intended to validate the variables but rather to indicate their possible use as analytical concepts. The research reported in this dissertation should contribute to a clearer understanding of the advisory function in public policy-making and to a greater concern for the importance of inter-organizational relations to improvement of public policy decisions.

A basic assumption that stems from this phenomenon is that there is an increasing demand for the transformation of technical data into policy knowledge. This demand may be implicit in the policy decision under consideration. The ability of an advisory organization to fulfill this demand may be improved by an increased understanding of the relationship between expert advisor and public policy-making organization.

These variables should suggest criteria for designing policy-making organizations that have the ability to discover, filter and utilize specialized knowledge and advice in a manner that will increase the "objective" rationality

of public policy decisions.[1] In addition, the findings will provide a preliminary basis for further research on the role of the expert advisor in public policy-making, as a contribution to the need for increased objectivity within governmental policy-making.

For purposes of this investigation it is assumed that the objective rationality of public policy depends, in part, on the availability of specialized information, transformation by expert advisors into policy knowledge, and the application of knowledge to decision situations. This occurs within a functional relationship between the expert advisory organization and the policy body. An obvious corollary to this assumption is that the public policy-making organization will produce policy and make decisions with greater objective rationality, as the amount of policy knowledge transmitted to the decision-making process is

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[1] Herbert Simon distinguishes between different kinds of rationality depending on the values involved and the objectives to be achieved. Rationality is a useful concept in exploring public policy-making if it is clearly defined. Objective rationality exists when a decision is, in fact, the correct behavior for maximizing given values in a given situation. Subjective rationality replaces objective rationality under conditions of imperfect information. See: Herbert Simon, Administrative Behavior (New York: Macmillan Co., 1957), pp. 76-77.

increased.

The variables of concern in this study will be developed primarily from theory within areas of administrative management, politics, and social relations. From administrative theory the concepts of line and staff are of importance, especially for the formulation of variables affecting structural characteristics of the advisory relation. Theoretical concepts concerning the relation of knowledge to power form the basis for determining variables that affect dynamics, and effectiveness as well as structure. A further contribution is developed from theory based on a systems modelling approach to the analysis of public policy-making. Finally, concepts of role perception are applied to the analysis of inter-organizational relations and the linking of expectations of the principal with performance of the advisor.

## Theoretical Problems

In terms of structural-functional theory the basic problem concerns the kind of structural relationship required by the functional needs of the organization. The difficulty is one of resolving the rigid and formalistic line-staff distinction in the direction of an integrated functional approach without entirely violating the distinctions between political responsibility and the need for

specialized training and expertise.

The problem in organizational role theory is one of developing concepts of role perception as part of the advisory relationship. This problem relates to structure and function because the expert advisory role and the political decision-maker role are usually defined quite differently and incumbents of each may have difficulty perceiving the dimensions of the other.

A third theoretical problem concerns the application of systems concepts to the advisory relation. The advisory relationship is viewed as a system within the socio-political environment. The difficulty is one of developing variables according to concepts of demand and support inputs and policy outputs.

Finally there is the problem of applying concepts of the decision-making process to the situation where decision-making may be a joint inter-organizational undertaking. In a real sense the making of policy decisions cannot be separated from the advisory organization even though it may not have the formal authority to make decisions. Therefore, decision-making must be viewed as an inter-organizational process in which both principal and advisor are participants.

The variables thus explicated serve to link aspects of these theoretical approaches to the specific problem of understanding the relationship of expert advisors to public policy-making organizations. This should prove useful in developing the kinds of relationships between experts and policy-makers that will increasingly fulfill the practical needs of public policy-makers for specialized knowledge.

## Research Objective

Relatively little has appeared in print concerning the identification of the determinants of the relation between advisor and public policy-maker.[2] The increasing need for ways of improving this relationship stimulated research, reported in this dissertation, in the direction of attempting to define and illustrate a set of variables that are based on pertinent theoretical concepts and that appear operational when related to specific field data.

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[2] Edward S. Flash, Jr., Economic Advice and Presidential Leadership (New York: Columbia University Press, 1965), provides a preliminary set of hypotheses based on his detailed investigation of the President's Council of Economic Advisers under Truman, Eisenhower and John Kennedy. A more comprehensive descriptive text on the use of factual information in organizational decision-making is provided by Harold L. Wilensky, Organizational Intelligence, (New York: Basic Books, 1967). Titles other than these are largely concerned with science advice and national defense policies and are primarily descriptive and hortatory in nature.

The most important contribution that may be made by this research is to synthesize and focus concepts that are applicable to understanding the advisory relation. A further step that goes beyond the scope of this research is to evaluate the variables in light of a series of pertinent case studies of the advisory relation. A more pragmatic and equally useful procedure would be to utilize the above variables to establish criteria for the design of organizational relationships between specific advisory organizations and public policy bodies.

## Research Method

The research for this study was conducted over a period of eighteen months beginning with the formulation of the problem. Concern for the determinants of the advisory relation stemmed from a series of observations and experiences. These led the researcher to believe that the utility of advice and recommendations concerning community planning and development was quite low. It seemed that planning advisory organizations were unable to meet the increasing needs of governmental policy bodies faced with critical urban policy decisions.

Formulation of the research problem led to a lengthy study of theories that might suggest the substance of the

determinants. It was found that a synthesis of theories in several areas of inquiry was necessary to provide a logical and comprehensive basis for the identification of determinants.

Intensive field study and collection of pertinent data followed the preliminary formulation of variables. The field study involved two cases of the establishment of regional economic development advisory organizations. This phase of the research included interviews, searching of organizational files, newspaper documentation, visits to the United States Department of Commerce, Economic Development Administration (EDA) and participant observation of development district agency activities. The collection of data was guided by the preliminary variables identified from theory but other areas were also investigated in the event that elements not covered should be revealed in the applied situation. The cases were then written as factual narratives and followed by an analysis of factors pertinent to the advisory relation and to the construction of hypotheses and identification of variables.

The final phase of the research was the restatement of variables and their illustration from case study material. The entire research effort concludes with a consideration

of concepts useful to making a more general theoretical statement of the advisory relation and its determinants.

The research may be divided into three general parts:

1. Development of the major variables in the relation between expert advisor and public policy-making organization that are determinants for increasing the utilization of relevant knowledge in public policy formulation. These were constructed first from concepts in theory and then adjusted in light of empirical data from a study of specific multi-jurisdictional economic development organizations.

2. Variables are illustrated using data from the case studies. This is not case study research in the sense that generalizations are to be derived from it. Nor is the data used to attempt a rigorous testing of hypotheses. Instead it serves to illustrate theoretical conclusions and also to modify the statements of variables as determinants where they appear inappropriate to empirical situations.

3. The variables are restated in light of steps 1, and 2, above and the implications for a general theory of advisory relationships is discussed. This necessitates the synthesis of theoretical concepts with empirical data.

## Plan of Thesis

The thesis is a report of a major research effort with a focus on clarifying the variables in the relationship between advisors and public policy-making organizations. A consideration of relevant theory forms the first part of the thesis, followed by a set of working hypotheses that provide a basis for the statement of the variables. The second part deals with the setting of the problem in terms of economic development advisory organizations. In the third part illustrative case material is analyzed within the framework set forth in the statement of variables. The thesis concludes with a discussion of the theoretical-empirical evaluation of the variables as a contribution to a general theory of advisory relationships in political institutions.

## SECTION ONE

## ADVISORY RELATIONS: RELEVANT THEORY AND FORMULATION OF DETERMINANTS

### CHAPTER TWO

Characteristics of Information as Determinants of the Expert's Response to Informational Demands of Public Policy-Making Systems.

### CHAPTER THREE

The Staff Concept in Administrative Theory: An Application To District Development Organizations.

### CHAPTER FOUR

Role Theory Applied to the Staff Expert in Public Policy-Making Organizations.

### CHAPTER FIVE

A Theory of the Advisory Relationship: The Knowledge-Power Frame Work

### CHAPTER SIX

Major Determinants: Hypotheses and Variables

## CHAPTER TWO

## CHARACTERISTICS OF INFORMATION AS DETERMINANTS OF THE EXPERT'S RESPONSE TO INFORMATIONAL DEMANDS OF PUBLIC POLICY-MAKING SYSTEMS

### Introduction

This section focuses on the consideration of several areas of theory that contribute concepts useful in defining and clarifying variables that determine the basic aspects of the relationship between expert advisors and governmental policy-making organizations. The most general theory, presented in this chapter, explores the development of systems theories of politics as a basis for defining relationships between the characteristics of information and the range of advisory responses to informational demands.

Chapter Three is concerned with administrative theories of line-staff relations that lend themselves to a structural-functional analysis of advisory relationships. Recent concepts of integrating line and staff functions in management organizations provide the basis for a general policy-oriented approach to organizational management. A major objective in this chapter is the application of

theory, that has developed with respect to business or military organizations, to the special problems and concerns of public policy-making organizations.

In Chapter Four, concepts of role perception are explored and the idea of organizational role is introduced. Role theory is applied to organizations to postulate the determinants of specified advisory roles for certain advisory activities. This includes such determinants as, kinds of knowledge, types of decision-making, and kinds of outputs that are required by the policy-making organization.

A theoretical framework is developed in Chapter Five to tie together the theoretical concepts presented in the preceding three chapters as a basis for the development of a set of variables representing the basic determinants of the advisory relationship. This framework rests on the theoretical concept of the knowledge-power relation as identified by Lyman Bryson and developed by Edward S. Flash, Jr.

In the concluding chapter of this section the major variables are presented and summarized in three general hypotheses. These variables will be illustrated by case material, and their potential as determinants evaluated in Chapter Thirteen.

## Rationality, Knowledge and the Staff Concept

Expert advise is closely linked to concepts of rationality and of knowledge in public policy-making. Clarification of these concepts is contained in an important work in administrative theory by Herbert Simon titled Administrative Behavior.[1] Simon defines rationality in general terms as, "...concerned with the selection of preferred behavior alternatives in terms of some system of values whereby the consequences of behavior can be evaluated."[2] However, Simon finds it necessary to qualify the term 'rational' with appropriate adverbs depending on the values involved and the conception of the objectives to be achieved. The distinction is stated thus:

> Then a decision may be called 'objectively' rational if in fact it is the correct behavior for maximizing given values in a given situation. It is 'subjectively' rational if it maximizes attainment relative to the actual knowledge of the subject. It is 'consciously' rational to the degree that the adjustment of means to ends is a conscious process. It is 'deliberately' rational to the degree that the adjustment of means to ends has been deliberately brought about (by the individual or by the organization).

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[1] Herbert Simon, Administrative Behavior (New York: MacMillan Co., 1957).

[2] Ibid., p. 75.

> A decision is 'organizationally' rational if it is oriented to the organization's goals; it is 'personally' rational if it is oriented to the individual's goals.[3]

Our concern with public policy decisions includes all of these aspects of rationality but primarily with objective rationality. The other aspects of rationality become elements of the objectively rational public policy decision. In fact, we may never know exactly whether or not a public policy decision is objectively rational. However, we can move toward objective rationality by increasing the actual knowledge of the policy matter in the direction of complete knowledge. By making our objectives and means more explicit, that is, by increasing the knowledge about objectives and means we can move toward conscious and deliberate rationality. And this will result in a mixture of both organizational and personal rationality.

Simon defines the limits of rationality in terms of the inability to attain synoptic decision-making. Three major barriers to achieving objective rationality are cited by Simon.

1. Rationality requires a complete knowledge and anticipation of the consequences that will follow each choice. In fact, knowledge of the consequences is always fragmentary.

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[3]Herbert Simon, Administrative Behavior (New York: MacMillan Co., 1957), pp. 76-77.

2. Since these consequences lie in the future, imagination must supply the lack of experienced feeling in attaching value to them. But values can be only imperfectly anticipated.

3. Rationality requires a choice among all possible alternative behaviors. In actual behavior, only a very few of all these possible alternatives ever come to mind.[4]

It appears that subjective rationality is generally substituted for objective rationality and that under stress there may be a substitution of organizational or personal rationality for subjective rationality. A major concern in policy-making is with the attainment of at least subjective rationality and a resulting increased knowledge about the decision. Insofar as we can increase the amount and utility of knowledge about public policies, we may move toward objective rationality, although, as Simon indicates, it probably can never be completely achieved.

Knowledge relevant to a decision is, in Simon's words, information about, "...the exact consequences of each choice." Knowledge, in the policy-making process, is necessary to determine alternative courses of action and their consequences.

If objective rationality is an optimum state in terms of decision-making, it is dependent in part on the know-

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[4]Herbert Simon, Administrative Behavior (New York: MacMillan Co., 1957), p. 81.

ledge available to the decision-makers. Under these conditions, rationality and knowledge may be defined according to Simon's concept of objective rationality.

1. Rationality is a condition whose magnitude is increased as the percent of all possibly relevant alternatives that are considered in a public policy decision is increased.

2. Knowledge is that information pertinent to increasing the consideration of relevant alternatives.

A Systems Model of Political Behavior and Policy Formulation

In constructing general systems models of political behavior, the concept of a unit distinct from an environment and consisting of interacting parts suggests the importance of information as the content of system interactions.[5] The dynamic aspect of the system approach lies in the analytical concepts of system stress, response, and disturbance as well as the substantive elements of inputs, decision processing and outputs.[6]

David Easton views the political system as,

> A system imbedded in an environment and subject to possible influences from it that threaten to drive the essential variables of

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[5]Karl W. Deutsch, The Nerves of Government (New York: The Free Press, 1963) p. 118.

[6]These terms will be defined and discussed below.

> the system beyond their critical range. To persist, the system must be capable of responding with measures that are successful in alleviating the stress so created. To respond, the authorities at least must be in a position to obtain information about what is happening so that they may react insofar as they desire or are compelled to do so.[7]

As a part of the general systems model of politics the expert advisor participates in the system's response to the environment through the processing and transformation of information into estimates of future states and appropriate policy responses. A policy plan as an ordered group or series of responses is a way of meeting external and internal system pressures and owes its rationale to demands that are generally characterized by the need to attain some objective.

The information that is relevant to the expert advisor's task or activity within the political system can be divided into three sets that are distinguishable from one another for theoretical purposes although generally intertwined in actual cases. These are: 1) Information about demand and support inputs. 2) Information about alternative decisions and policies. 3) Information about

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[7]David Easton, A Systems Analysis of Political Life (New York: John Wiley and Sons, 1965) p. 33.

outputs in terms of actual outcomes. Although it is somewhat artificial to attempt to separate these three types of information flows, partly because inputs, decisions, and outputs are linked in the system by definition, a distinction can facilitate the determination of informational characteristics that are particularly pertinent to one or more of the three elements.

This analysis of informational characteristics and their implications for the relation of expert advisors to principals in a political system is derived from the work of three political theorists: David Easton, Carl Deutsch, and Yehezkel Dror.

David Easton has formulated a model of politics that focuses on the input side of the system. Inputs are defined either in terms of demand or support. The system responds to these inputs both through internal readjustment and the modification of outputs.[8] Karl Deutsch also takes a systems approach to the actions of government using a communications model for describing the behavior of the political system. The function of information exchange is

[8]Easton, op. cit., see also: A Framework For Political Analysis (Englewood Cliffs: Prentice Hall, Inc., 1965).

of primary importance to a decision system that maintains itself over time.[9] Yehezkel Dror constructs an optimum model of the public policy-making process in order to evaluate public policy-making activity. Dror's analysis is based on net output evaluated according to behavioral standards. He finds it necessary to approximate this analysis of output through the use of secondary criteria concerning "process pattern" (i.e. policy-making procedures), output, structure and input.[10]

In summary Easton is concerned with information flows as they enter the political system in the form of demand outputs, support inputs and output feedback. Deutsch looks at information flows primarily in terms of the adjustment process that takes place within the system. Dror is concerned with the contribution that knowledge can make to the level of net output and views information as knowledge that increases the rationality of the policy-making process.

The objective in studying these approaches to public policy-making is to distinguish differences in the responses

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[9]Deutsch, op. cit.

[10]Yehezkel Dror, Policy-making: Analysis, Evaluation and Improvement of Public Policy-making, Manuscript, The Hebrew University, Jerusalem, 1966.

of expert advisors to the demands for processing of information that have their origin primarily in the input, decision-making or output elements. The direction of this analysis of systems theory is illustrated by the following hypotheses drawn from the theoretical formulations of Easton, Deutsch, and Dror.

Hypotheses

A. The relation of the expert advisor to the principal, in terms of fulfilling the informational demands of the political system, will be affected by the relative emphasis of the system on input, decision-making or output information, and by the characteristics of the information required.

B. The utility and relevance of knowledge about the three elements of a policy-making system (inputs, decision-making and outputs) will vary according to the relative importance of each element to the particular policy-making organization in the system.

C. The effectiveness of the advisory relation is abstractly defined in terms of the amount of policy knowledge available to the policy-making body in making policy decisions.

Demand and Support as Inputs in Public Policy-making

In A Systems Analysis of Political Life, David Easton develops a systems model of political decision-making that

extends beyond allocative models in order to develop the concept of organizational stress and to characterize the responses of the system to environmental threats. Easton also emphasizes the dynamic aspects of the system in stimulus-response terms.

> The study of political systems embraces an understanding of the processes through which authoritative allocations take place. But it does more. It needs to be extended to an analysis of the processes underlying systems persistance through time. And persistance, we have already recognized, is intricately connected with the capacity of a political system as an open, self regulating, and goal setting system to change itself.[11]

Easton's theory provides the following major concepts: demand inputs, support inputs, response to support stress, outputs, and feedback response and reaction to outputs. In essence, the political system exists within the social environment and boundaries may be defined that separate it from other systems and from the larger social system.[12] The inputs of demand and support transverse the

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[11] Easton, op. cit., p. 479.

[12] See: Talcott Parsons, Toward A General Theory of Action (New York: Harper and Row, 1962) Chapter 4, "The Social System." Also: Karl W. Deutsch, "Integration and the Social System", The Integration of Political Communities, ed. by Phillip E. Jacob (New York: J. B.Lippincott Co., 1964) Chapter VII, p. 188.

system boundaries and produce outputs and stress responses. These may in turn be modified by feedback resulting in modification of output.

Internal workings of the system are characterized as sets of dynamic responses to external stimuli and therefore Easton does not treat policy-making in its substantive dimensions but rather as a process of interaction with inputs and outputs. Easton's analysis, as it pertains to inputs is complementary to Deutsch's discussion of policy-making and Dror's concern for outputs.

## The Demands Input

The demands input is selected by Easton as an explanatory variable because he assumes that demands constitute the major source of system stress. Easton says, "A demand may be defined as an expression of opinion that an authoritative allocation with regard to a particular subject matter should or should not be made by those responsible for doing so."[13] These demands are characterized by their direction, explicitness and content. To illustrate further the meaning of demands, Easton excludes expectations, public opinion, motivations, ideology, interests, and preferences. For an

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[13]Easton, op. cit., p. 38.

interest or a preference to become a demand Easton states that it is necessary for people to articulate a proposal for action to be taken by the authorities with reference to that interest.[14]

> Demands may be conceived as a central variable for the simple fact that without them there would be literally no occasion to undertake the making of binding decision for society.[15]

Easton explores demands in the form of informational inputs as a source of stress on the system. The concept of stress is of central importance to systems theory as it relates to adaptive responses for system maintenance. Easton discusses both demand stress and support stress and relates demands to support. The concept of support stress is discussed below. Demand is related to support in the sense that demands are accompanied by some measure of support for a proposal. Demands seldom enter the system without a modicum of support.

Demands may be a source of stress on the system in several ways. The accumulation of unfulfilled demands may produce a decline in the level of support for the system. Also, demands may produce stress directly by overwhelming

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[14] Easton, op. cit., p. 47.

[15] Ibid., p. 48.

the system with the volume of demands.

> When a system is confronted with a situation in which the input of information conveying demands becomes too great for the responsible members of the system to process for possible conversion to decisions, the system cannot help but operate under the danger of collapse.[16]

Easton distinguishes stress due to the content of demands. Some demands, because of their content, are more difficult to satisfy and require longer time periods for achieving satisfactory outputs.[17]

Easton emphasizes the conversion of wants to demands and develops the concept of 'gatekeeper' as a kind of filter for the demands entering the system. The structural factors such as gatekeepers and cultural norms act to prevent or minimize demand stress on the system both in terms of volume stress and content stress. Functional processes, such as the regulation of communication channels, and processes that reduce the intensity of demands contribute to the protection of the system against intolerable levels of demand stress.

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[16]Easton, op. cit., p. 58.

[17]This can be readily seen in terms of environmental health demands in that the police protection output can follow the demand more rapidly than the reduction of substandard housing.

The consideration of communication channels in terms of channel capacity and the number of alternative channels available is similar to the approach taken by Deutsch, but is applied at the boundaries of the system rather than within it. Easton's concept of communication channel will be discussed in considering Deutsch's model. Also, the utility of a systems approach to political analysis can be illustrated by the relation of stress to demands set forth above. By posing demands in a way that reveals threats to the system's existence within its environment one is able to bring out the reactive mechanisms in the system that guard against these threats. Perceiving these mechanisms from this vantage point makes it possible to explore aspects of system behavior that are not as clear if we look only at the system's equilibrium maintenance, or at the system's output products.

Some major characteristics of demand input information may be identified that will assist in determining the content of the major variables of the advisory relation. These may be listed as follows:

1. There is variability in the substantive precision of the demand inputs. The information concerning a particular demand may indicate a precise action, may in-

dicate only general objectives, or may lie somewhere in between. A request for a zoning change to permit construction of a shopping center is a specific demand whereas the desire of residents to maintain a certain "character" in their community is quite general.

2. Demands may appear in different forms as the structure of the information differs according to the source of the demand. Demands from one sector of the population may take an entirely different form in terms of information than demands from another sector. On one hand a petition against a change of zone may be presented to the governing body and on the other a group of mothers may lie down in the path of bulldozers.

3. The complexity and content of the demand will produce variation in the amount of information that should accompany each demand. That is, complex and perhaps broadly conceived demands require a higher volume of information per demand unit than other demands. Therefore, information flow volumes will vary with the content of demands as well as with the number entering the system. A zone change decision may require particular and well defined data concerning traffic flow, drainage, market studies and site design specifications.

A general policy for community development will require many complex, interrelated and intangible informational inputs.

## The Support Input

Support is a second major input variable singled out by Easton as a determinant of the maintenance of the system, and of the manner in which changes in levels of support can create stress in the system that will cause a stress reducing reaction.[18] The concern here is not only for wants that are manifest as demands but also for sentiments, manifest in support, directed to the political system.

> Support becomes the major summary variable linking a system to its environment. It gives us a unified and simple vocabulary for referring to a kind of transaction between a system and its environment, in addition to that of demands.[19]

Easton illustrates the significance of the support concept by considering three kinds of stress situations.

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[18] The systems model is analogous to organic models in terms of the concepts of stimulus and response. A primitive unicellular organism maintains an equilibrium with its environment until some chemical imbalance occurs. This produces stress such that the organism must either adjust internally or actually change its location in order to survive. In social organizations the emphasis is on internal adjustment although in certain instances a change in location may also be possible.

[19] Easton, op. cit., p. 156.

1) A minimum level of support is necessary for the processing of demands into outputs by a stable set of authorities and administrators. 2) It is necessary to assume stability in rules and procedures, a condition Easton calls 'regime'. 3) Some level of support is required to maintain a minimal cohesion among the membership of the system that Easton terms the 'political community'.

The support concept is subdivided by Easton into overt and covert support, the first being predicated on action and the second on state of mind. To measure support one must differentiate between objects of support, scope of support, effectiveness of support and the will toward supportive action. Easton then qualifies this straightforward approach to evaluating support by introducing the notion of net outcome to refer to support that has been discounted for conflicting attitudes and mixed preferences of the members of the system environment.

A discussion of the objects of support, the regime, the authorities, and the political community lead Easton to consider the sources of stress that have their basis in the support variable. Support for the political community and for the regime is support for the system's ability to maintain a dynamic existence.

> The criterion by which the political community and regime has been selected as one central focus of support has been the probability that loss of support for it would prevent the system from continuing to process demands through to binding outputs.[20]

Support stress may be produced in the system in two major ways. The first of these is erosion of support and the second is cleavage of support. Erosion of support implies that the system may collapse if a certain lower threshold is reached. The cleavage of support is a more complicated concept and more interesting because of its relation to outputs.

> ...cleavages may be defined either as differences in attitudes, opinions and ways of life or as conflict among groups. We may distinguish these as social diversity; or attitude cleavage, and political cleavage respectively.[21]

Cleavage may also contribute to support in terms of diversity, difference of opinion, and competition. It is only when the negative supportive consequences, as Easton calls them, are predominant that support stress results from cleavage. This may occur when a lack of diversity of demand inputs make agreement on outputs difficult because trade-offs and compromise within the system is limited. Lack of diversity of demand inputs can produce polarization

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[20] Easton, op. cit., p. 189.

[21] Ibid., p. 236.

in support inputs. An example might be where the demand for transport facilities was confined to airports rather than considering other modes of transportation. The result would be a polarization around alternative airport sites rather than a more varied situation where the airport is considered along with bus stations, highways, and other transport terminals. The lack of agreement resulting from polarization may result in output failure, such as inability to process outputs in some acceptable relation to demands.

In order to keep support stress at acceptably low levels the political system produces certain responses. Easton identifies structural elements such as representation, intersection of political structures, and cultural norms directed at reducing conflict. He then proceeds to define three general responses to support stress that may be utilized by political systems. One of these is the modification of outputs, a second is the use of coercion to maintain support, obviously only a short term response, and third the creation of additional good will and diffuse support throughout the environment.[22]

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[22]Easton, op. cit., pp. 275-277. A discussion of diffuse support is contained in Chapters 18-21, pp. 278-340. For the purpose of this research diffuse support can be viewed as public opinion and political attitudes.

As a final aspect of the discussion of inputs we can attempt to state the major characteristics of information concerning supportive inputs as they may determine variables of the advisory relation.[23]

Overt Support:

1. Information is quantifiable in terms of support units such as organizations and in terms of support statements such as votes and financial contributions. Campaign contributions, party organization, public opinion polls and editorial statements are some examples of overt support inputs.
2. Information is primarily discrete rather than continuous since it stems from particular actions.

Covert Support:

1. Information content is largely subjective and is not amenable to quantification. Attitudes and feelings about specific issues do not lend themselves to easy accumulation and summation.
2. The flow of information is primarily continuous as attitudes shift and are reformulated.

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[23] Dror is also concerned with inputs in his model of the policy-making process. However, they are not on the same level of generality as those of Easton and they are not included here. Dror is concerned with resource inputs that support the policy-making system and produce outputs of policy. Money, equipment, and personnel are typical of the kinds of inputs Dror is concerned with. See Dror, op. cit., pp. 89-92.

3. The magnitude of information flow is highly variable in that the amplitude is greater than for information concerning overt support. Covert support, being difficult to measure, is quite variable and is transmitted unevenly and sporadically.

This consideration of demand inputs and overt-covert support inputs provides a basic description of the input aspect of the political system. For these system inputs to be utilized in the production of output, i.e. responses to demands, a decision-making process must form the center of the system. Inputs cross the system boundaries flowing into the decision center and outputs flow back across the boundary into the environment. The next section of this chapter emphasizes the decision-making process and characteristics of information utilized for decision functions such as: developing alternatives, learning and memory, self steering, and innovation.[24]

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[24]The decision process emphasizes the development of alternatives and selection of a desired outcome. Other activities also take place that include learning from past outcomes and recording of previous discussions that guide or steer the selection process in identifying similar situations. Where these activities cannot be utilized, innovative activity takes place in developing new solutions or alternatives.

## The Communications Model of Political Decision Systems

Karl Deutsch sets forth his view of the dynamics of the political system in The Nerves of Government.[25] He applies communication models to political decision systems in terms of interaction, memory and feedback. The first two parts of the book consist of a review of types of social science models with emphasis on game theory, and a discussion of cybernetics relative to models of communication and control. The third part deals with the application of concepts of communication and information theory to governmental decision-making.[26] This provides a basis for considering the characteristics of information for decision-making that are pertinent to the variables of the advisory relation.

## The Decision-making Process and Information Processing

The analysis presented by Deutsch is somewhat narrower in scope than Easton's and considers political systems as networks of decision and control. His emphasis is on the

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[25] Deutsch, op. cit.

[26] The most direct application of information theory to public affairs to date is Richard L. Meier, A Communications Theory of Urban Growth (Cambridge: MIT Press, 1962).

internal function of the system and in this respect his work fits within Easton's systems model. Deutsch begins with a mechanical model of man-made communications systems and assumes that governments resemble these mechanical systems. "The first major point of resemblance is the dependence of all governments, as of all communication systems, upon the processing of information."[27]

The importance of information is due to its pattern rather than magnitude or power and Deutsch is concerned with the triggering effect certain patterns of information may have on receptors in the system. Information impulses carry inputs to the policy-making center where they are received, measured and evaluated, and may trigger response in terms of output. Deutsch defines information as a, "...patterned distribution, or a patterned relationship between events."[28] A channel of communication is formed by sequences of information that have some common basis from one stage of transmission to another. This is a somewhat abstract way of looking at a channel compared to the physical properties that define the concept in traditional information theory. However, Deutsch is able

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[27]Deutsch, op. cit., p. 145.

[28]Ibid., p. 146.

to use channel to describe relations that consist of interpersonal or interorganizational linkages.[29]

The effectiveness of information as a triggering impulse for decision-making depends on two factors as stated by Deutsch. One is the presence of instability in some parts of the decision system, and the other a level of selectivity of reception that permits response to an incoming signal.

Information can be effective if it provides knowledge that the system needs to maintain equilibrium and if it is in a form that is pertinent and applicable to specific policy decisions. This indicates that information processing must be guided by demand and support inputs and be able to generate policy oriented advice.

In considering the political decision system, Deutsch focuses on the reception and use of information by 'middle level' decision-makers whose participation is necessary for agreement on policies.

> In all such systems we might look for the crucial middle-level group-or rather upper middle level group...without whose cooperation or consent (or of course replacement) little can be done in the decision system.[30]

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[29] Deutsch, op. cit., p. 149-150.

[30] Ibid., p. 155. Deutsch seems to be referring to the bureaucratic part of the political system.

Deutsch discusses information flows involving these middle-level decision-makers in two ways. 1) He considers the flow of input information both as data about the possible alternatives and about reaction to proposed or previous decisions. 2) The output side of information flow consists of telling those outside the decision system of the alternatives that have been chosen. The enactment and publishing of a law is an example of both output and information flow. This represents Deutsch's view of the decision system as being dependent upon information flows.[31]

To complete the basis for discerning characteristics of this information, concepts of institutionalized learning and memory processes, and the self-steering feedback relationship must be examined.

A basic area of concern in terms of information processing is identified by Deutsch.

> ...the ability of any political decision system to invent and carry out fundamentally new policies to meet new conditions is clearly related to its ability to combine items of information into new patterns, so as to find new solutions that may be improbable in terms of their likelihood of being discovered, but relevant once they are discovered and applied.[32]

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[31] Deutsch, op. cit., p. 163.

[32] Deutsch considers information overload a source of stress on the system that parallels Easton's demand input stress concept. In addition, Deutsch talks of attention overload corresponding to Easton's concept of too many input channels.

> This creative intelligence function in the society...forms an essential aspect of the intellectual resources on which the survival of the political or social system may depend.[33]

To attain a satisfactory level of creative intelligence some learning capacity must be developed and experience recorded so that it can be combined with new information to provide creative solutions. The memory of the decision system consists, in part, of the memory of participants, partly in the precedence of the position that they occupy, and to some extent in the history of the decision-making organization itself.

The learning capacity of an organization is reflected in its ability to change its response to repeated informational flows. These changes may be internal structural changes that are reflected by changes in the external behavior, or the characteristics of decisions. Deutsch suggests that the learning capacity itself depends on the ratio of uncommitted to committed resources in the system. This is simply a flexibility stemming from ability to commit resources. It seems correct to infer also that learning depends on memory and that the capacity for learning will be enhanced by an organizational memory. This brings us

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[33]Deutsch, op.cit.,p. 164.

back to the central aspect of information as the major element in decision systems that attempt to achieve some level of creative intelligence function.

Deutsch's concept of creative intelligence in decision-making may be stated as follows:

> It considers creativity as an outcome of a sequence of steps of information processing that could be described, in principle, with some precision. The main steps in this sequence are selection, abstraction, storage, dissociation, recombination, selective critical recognition, and new application of informational patterns.[34]

## Feedback and Self Steering

Before moving to the output aspects of the system it is important to consider the concepts of feedback and self steering that are developed by Easton and Deutsch. These depend on the processing of information and are characteristics of the decision system.

Easton identifies the concept of feedback as one of the seminal ideas of human thought comparable to Newton's laws of matter and Darwin's theory of evolution.[35] Feedback consists of information about outputs that is transmitted to those responsible for selecting outputs from alternatives. The informational content is largely con-

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[34] Deutsch, op. cit., p. 175.

[35] Easton, op. cit., p. 367.

cerned with descriptions of outcomes and the responses of the environment.

> The return of information of this kind to the authorities I shall call feedback; the channels it follows and is intimately connected with, the feedback loop; the actual flow patterns and related effects, the feedback processes.[36]

The feedback loop consists of both information and response and links the decision system with the environment that enables it to evaluate its actions more directly than through the characteristics of demands. The complex feedback processes contribute to the system's learning ability by providing informational inputs for memory storage and evaluation.

> Typically these systems are able to learn because they can store information through many sub systems, selectively recall the stored information for scanning, and apply decision rules for evaluating it.[37]

Thus the feedback loop, because of its informational content, allows the system to reduce stress and match objectives to environmental conditions and measure this desirability of output effects or outcomes in relation to demands.

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[36] Easton, op. cit., p. 366.

[37] Ibid., p. 369.

> In political life as in other social systems, feedback can be shown to be fundamental both for error-regulation, that is, to keep a system pointed in an established direction-preservation of the status quo-or for purposive redirection, that is, to move off in search of new goals to conquer.[38]

This leads us directly to the self steering concept that has also developed in relation to mechanical models for automatic pilots, thermostats, and industrial control processes. Deutsch views government as a self steering process responding to stimuli that are produced by demands from the environment. This may be based on negative feedback that indicates the degree of opposition to outputs and enables readjustment within the system. In a sense, this is information measuring the changes in the distance between the outputs and the goals of the society. In addition, there will be positive feedback information that reinforces the decisions of the policy-making system and results in amplification of responses. Deutsch notes that this may lead to extremes of response that will damage the system. He postulates that for amplifying feedback to be functional it should increase decreasingly with each successive amplification.

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[38]Easton, op. cit., p. 372. For a detailed discussion of feedback loops in political systems see pp. 372-381.

The self steering process requires the reception of positive and negative feedback information in order for it to maintain desirable states and to pursue more promising states with a minimum of danger. The interaction between the political decision system and the environment maintained by the processing of information is a vital factor in the continuation of the dynamics of the system. This creates a basic demand for expert knowledge and processing of information into advisory opinion.

Deutsch also makes the point that goals themselves may be changed as part of the pattern of feedback processes. Although it is necessary to allow for changing goals as part of the system's response it may be that the feedback information provides only secondary clues to the need for changing goals. If goals are not being met by decision outputs this is indicated by the feedback process. However, the establishment of new goals or change in relative emphasis of certain goals over others is more likely to be affected by the content of input demands and direction of input supports.[39]

In the discussion of governments as self steering systems, Deutsch cautions that governments must be judged

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[39]Deutsch, op. cit., p. 191.

not only on their ability to maintain themselves in a functional manner but also on the basis of the character, personality, and opportunities for individual advancement that are developed among their citizens. Although we are not primarily concerned with this aspect of government, it is important to keep in mind in any attempt to study governmental processes lest they be viewed as an end in themselves.

## Characteristics of Information for Decision-making

The decision-making activity of the political system requires the search for alternative outputs and the evaluation of possible outcomes based on memory of past experiences and the requirements for fulfillment of specified goals. In this section we are concerned with feedback as information for decision-making. Later, feedback will be considered as knowledge about outputs.

Some of the characteristics of decision-making information relevant to variables of the advisory relation may be listed according to the general function of the information.

Decision alternatives:

1. Highly technical substantive information based on specialized knowledge usually accumulated outside the system.

2. Information requires processing and transformation to be applicable to particular decision problems.
3. Grouped sets of flows in a continuous stream.

Learning and memory information:

1. Descriptive information that requires abstracting for use in particular situations that may be similar to but not identical with, the past event.
2. Information is summarized in a non-selective way when it is accumulated due to the lack of knowledge about how it will be used.
3. Segmented or pulsed flow into the system.

Self steering information:

1. Routinized in format and content to trigger preset mechanism for system decision guidance.
2. Information is selectively predetermined according to an established set of decision alternatives.
3. Regular flow into the decision system.

Creative intelligence:

1. Highly unstructured and unsorted information.
2. Lacks set methods of collection and transformation.
3. Irregular flow into the decision system.

The decision-making process described by Deutsch is only one of many conceptual approaches to governmental and

organizational decision-making. It has been chosen as the definition for decision-making in this research because it is developed within a system's framework and because it emphasizes the processing of information.

A study of the variables or determinants of the advisory relation, the relation between knowledge and power, is primarily concerned with the collection, and processing of information and its transformation into policy knowledge. Therefore, Deutsch's conceptual model of decision-making provides a framework for identifying the basic characteristics of information for decision-making according to a sub classification based on the activities that take place when decisions are made and policy formulated. All four activities: decision alternatives, learning and memory, self steering, and creativity or innovation, play a role in the development of public policy.

### The Optimum Model and Evaluation of Output

A third aspect of the systems approach to public policy concerns a model for the evaluation of the entire system in terms of the magnitude of its net output according to established performance levels. Yehezkel Dror in his book, Public Policy-making Reexamined, takes several steps in this direction. First he sets forth a framework

for the evaluation of public policy-making in which secondary criteria are developed in order to approximate net probable output. Standards are also established. Dror attempts an analysis of different countries, that he classifies as modern or developing, using his evaluative criteria and standards to reveal the gap between actual and optimum levels. This is followed by a statement of the optimum model itself and a detailed analysis of the four stages: metapolicy-making, policy-making, postpolicy-making, and communication and feedback.

The relevance of Dror's work to research on the advisory relation stems from a basic conclusion that the most important element in improving the output of public policy-making is the amount of policy knowledge fed into the system.[40]

Whereas Easton was looking at the relation between the policy-making system and the environment, and Deutsch focused primarily on communication dynamics within the system, Dror is concerned with evaluating the performance of the system as an entity. Dror's conception of performance rests on the evaluation of outputs and this provides a basis to examine the characteristics of information about outputs.

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[40]Dror, op. cit., p. 392.

## Outputs and Outcomes

Earlier in this dissertation the concept of output as stated by Easton was discussed. It was noted that Easton defined output explicitly in terms of laws and actions as well as more general policy statements. These were termed authoritative outputs and associative outputs respectively.

Dror takes a general view of output as public policy and is more concerned with the impact of output than with its shape and form.

> The direct output of public policy-making is 'public policy' which can be conceived of as a continuous flow of more and less interdependent policies dealing with a variety of spheres of activity. The indirect output of public policy-making is its impact on reality, commencing with its effect on secondary decision-making and policy execution and winding up in terms of influence on social reality.[41]

It is interesting to note here that Dror's indirect output is similar to Easton's concept of outcomes as distinct from outputs. This appears to be a useful distinction to make, especially as it determines the characteristics of information about outputs and outcomes. For example, the level of certainty and conclusiveness is higher for outputs than for outcomes.

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[41] Dror, op. cit., p. 70.

## Outputs as Feedback Knowledge

Easton is concerned with outputs as they stimulate feedback response resulting in shifting demand on the system as well as intra-system changes to reduce stress.[42] We have discussed feedback in terms of its effect on the decision process. This is well stated by Easton as follows:

> To sum up, then, as the producers of outputs, the authorities represent the last link in the feedback loop. It is through their reactions to the continuous flow of information and actions through a system and its environments that a system may seek to control, regulate, modify, or fundamentally transform the situation in which it finds itself.[43]

Dror's model of public policy-making involves feedback and communication for three main purposes. Two of these, determining the need to revise policy-making output, and learning about the outcomes of policy outputs have been discussed above and Dror's conclusions are similar to those of Easton and Deutsch. However, Dror identifies a third purpose of feedback; serving to guide the implementation sub phases of the policy output.[44] The system requires this kind of information to attain a satisfactory level of performance. Without it, implementation

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[42] Easton, op. cit., see pp. 382-429.

[43] Ibid., p. 464.

[44] Dror, op. cit., p. 351.

of policies would be viewed by Dror as haphazard and low in rationality.

A consideration of the characteristics of information about outputs as defined by Dror requires consideration of: 1) descriptive information about outputs and outcomes for overall evaluation of the system and 2) feedback information about outputs to enable the implementation of all aspects of output in the environment.

Before attempting to identify the characteristics of information concerning these two aspects of outputs the kinds of information required may be illustrated by listing Dror's secondary criteria for output and identifying the appropriate kinds of information required. Dror divides secondary criteria into four sub units; process pattern, structure, input and output.[45] The secondary criteria for

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[45] Dror, op. cit., pp. 103-117. The other three sub-units have criteria as follows:

Process pattern:

1. Meta policy-making in respect to the basic characteristics of the policy-making process.
2. Learning feedback.
3. Policy-strategy determination.
4. Elaboration of operational goals.
5. Extent of search for alternatives.
6. Establishment of cutting-off horizon and its characteristics.
7. Development of rationality components.
8. Development of extrarationality components.

output are listed below:

1. Nominal output: Information on the clarity, internal consistency, compatability with other policies, scope, comprehensiveness and 'operationability' of policy outputs.
2. Feasability; Information on the political and economic feasability of outputs.
3. Probable real output; Information concerning the outcomes of policy outputs.

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(Footnote 45 continued)
Output:
1. Nominal output; Information on the clarity, internal consistency, compatibility with other policies, scope, comprehensiveness and 'operationality' of policy outputs.
2. Feasability: Information on the political and economic feasability of outputs.
3. Probable real output; information concerning the outcomes of policy outputs.

Structure:
1. Existence of units explicitly in charge of periodic and systematic evaluation and redesign of the policy-making structure.
2. Existence of units explicitly in charge of planning, long range policy-making, knowledge survey and policy relevant research and development.
3. Organizational and social distance between policy-making, policy execution and policy execution impulse giving units.
4. Characteristics, role and contribution of the different main units composing the policy-making structure.
5. Main forms of the aggregate function.

Input:
1. Qualified manpower.
2. Knowledge and information.
3. Equipment.
4. Energy and drive.

Characteristics of Output Information

The secondary criteria for output may be evaluated in terms of the characteristics of information that they require. In small policy-making systems such as local governments, general measurements of outputs are more useful than for large systems such as the classes of nations that Dror attempts to evaluate. The basic characteristics of information about outputs as feedback for the implementation of policies, and as data for the evaluation of the policy-making system, are stated below:

For policy implementation:

1. Time and locational elements of the information are extremely important.
2. Information has highly detailed content.
3. Information is relevant for short periods of time.
4. Transmission of feedback information generally does not reach back as far as the main policy-making unit.

For evaluation of policy-making systems:

1. Information is descriptive and definitive in content.
2. Information is comprehensive in substantive consideration of system-environment relations.
3. Information is incremental in the sense that the process of producing outputs through systematic policy-making

cannot be viewed entirely by an evaluative cross section at one point in time.

The advisory organization may be concerned with output information for policy implementation if it is required to develop plans that produce outcomes as well as policy output. Evaluation of both output and outcomes may also be an advisory function and thus both these elements contribute to the identification of variables in the advisory relation.

One may think primarily of advisory activity as occuring at the input and decision-making stages of policy formulation. Dror's analysis indicates that the advisory relation is also concerned with the output stage in terms of evaluation.

Knowledge Demands, Characteristics and the Advisor's Response

The characteristics of knowledge bearing on different aspects of the public policy-making system that have been suggested by the examination of the Easton, Deutsch and Dror models are summarized below:

Demand input:

1. Variability in the substantive precision of the demand inputs.

2. Demands may appear in different forms as the structure of the information differs according to the sources of demand.
3. The complexity and content of demand will produce variation in the amount of information that accompanies each demand.

Overt support input:

1. Information is quantifiable in terms of units of support.
2. Information is primarily discrete rather than continuous.

Covert support input:

1. Information content is largely subjective and does not lend itself to quantification.
2. The flow of information is primarily continuous.
3. The magnitude of information flow is highly variable.

Decision alternatives:

1. Highly technical substantive information.
2. Necessity for processing and transformation of information.
3. Grouped sets of flows in a continuous stream.

Learning and memory:

1. Descriptive informational content.
2. Selective summarization of information according to broad criteria of future use.
3. Segmented or pulsed flow into the system.

Self steering:

1. Routinized in format and content in order to trigger certain decision mechanisms.
2. Selective determination of information according to an established set of decision alternatives.
3. Regular flow into the decision system.

Creative intelligence:

1. Highly unstructured and unsorted information.
2. Lacks set method of collection and transformation.
3. Irregular flow into the decision system.

Output for policy implementation:

1. Importance of time and locational elements.
2. High degree of specificity.
3. Short time period of relevance.
4. Transmission of information penetrates the system only at operational levels.

Output for evaluating the policy-making system:

1. Information is descriptive and definitive in content.
2. Broad substantive consideration of system-environment relations.
3. Information is incremental in character due to the need for evaluation of the system over time.

The characteristics that have been noted here have been selected as being, in the author's judgement, most important for the processing and transmitting of information and therefore the same class of characteristics is not covered uniformly for all categories. For example, the flow characteristics are noted only for support inputs and decision elements because it was felt that the type of flow was a most critical factor in the processing of information for these activities while it is less important in demand inputs and outputs.

## Implications

The actions and responses of the organizations and persons collecting, transmitting and transforming information for use by the policy-making system may be inferred from the characteristics of this information. Community and regional planners and development specialists are one class of expert advisor that performs these tasks for the local or regional political system. They may be concerned with information about inputs, decision-making, and outputs in varying degrees of intensity.

The planner is only one of many channels for the transmission of information in the political system and his participation within each of the three major informational

elements varies accordingly. Planning and development advice is concerned primarily with decision-making in the sense of developing courses of action and decision sets that attain objectives in a rational way. This rationality is introduced through the application of knowledge to the development of policy programs.

Familiarity with planning and development leads to the assumption that the planner is processing and transforming information concerning decision alternatives to a greater extent than information concerning inputs and outputs. He is also concerned with input demands or outputs, especially those assisting in implementation, but historically, the major part of his attention has been devoted to advising on alternatives for public policy decisions. This may be further qualified by saying that the planner as an expert advisor operates in an area of public policy only broadly defined.

> The purpose of planning is to provide information and expert advice necessary to insure that... all governmental functions will be carried on in the best possible relationships to each other.
>
> Therefore, only those aspects...which are essential to carrying out a well coordinated program for community development and community

living are appropriately the subject matter of planning.[46]

Given the emphasis on the planner's concern for decision-making aspects of public policy-making systems it is necessary to assert that the input aspects also play an important role. The consideration of community goals and interests held by the public forms an important part of the planner's participation in decision-making. The characteristic search for goals by planners is described by Alan Alschuler in a chapter of The City Planning Process.[47] He concludes that there is a need for the goal premises of planning to be made sufficiently explicit and acceptable, politically and intellectually, to the politicians.[48] One major source of information for the formulation of goals that will assist the development of goal premises for planning is the input of demands.

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[46]Donald Webster, Urban Planning and Municipal Public Policy (New York: Harper & Bros., 1958). This book represents perhaps the best clear statement of urban planning functions that could be generally agreed upon by professionals and government officials. Today such general agreement has been abandoned in the search for new planning approaches to the solution of urban problems.

[47]Alan Alschuler, The City Planning Process (Ithaca: Cornell University Press, 1965). Chap. 5, "The Goals of Comprehensive Planning", pp. 299-332.

[48]Ibid., p. 332.

## Planner's Response

The response of the planner to informational needs is conditioned by the characteristics of the kinds of information acquired for processing and transformation into policy knowledge concerning inputs, decision-making or outputs. If the political policy-making organization tends to emphasize one of the three elements over the other two this will affect the informational response of the planner.[49] This is especially true when the emphasis is on inputs or outputs rather than decision-making.

In the case where outputs are emphasized the inputs of demand and support are relatively stable and well known and decision-making is routinized. The planning organization, under these conditions, will be processing information primarily concerned with outputs. Information that assists in the implementation of decisions, and information that is useful in evaluating the performance of the system must be processed. There is considerable difference in the characteristics of these two types of information and concentration on output may present problems of reconciling conflicting

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[49] Informational response is a concept that is distinct from system response. It is used specifically to indicate the action of the advisor in terms of processing information depending on the relation with the decision-making unit. This action is only a part of the system response.

informational characteristics. Difficulties in processing information caused by these conflicts will reduce the level of advisory response in relation to system needs.

A second possibility is the emphasis of the political unit on inputs and the evaluation of demands and support. This is characteristic of situations where the policy-making system is being established or where instability in the system necessitates reevaluation of input information.

Under these conditions the planner may conduct a search for information that is complex and difficult to evaluate. The development of quantitative statements of demands and support will be at an elementary level and the emphasis will be on formulation of goals and evaluation of support elements.

A third situation occurs when the primary emphasis is on the decision-making aspect of public policy formulation. This is an extreme case of the more traditional situation that prevails in the relation of planning and development advisors to public policy-making organizations. The system is preoccupied with adjusting decision-making to reduce stress as indicated by output feedback that reveals a lack of correspondence between demands and outputs. Further stress is produced by the lowering of support in-

puts. In this case the input and output situations are fairly well perceived and the major emphasis is on the decision-making process and the evaluation of alternatives. The response of the planner to this kind of situation is apt to be a concentration on technical information and on search for new alternatives through the processing of highly unstructured and unsorted information.

## Some Observations on the Original Hypotheses

The brief consideration of information processing and transformation under three extremes of system information requirements leads to a further evaluation of the hypotheses presented on page twenty-one. These may be restated as follows:

A. The response of the expert advisor to informational needs of the political system will be affected by the relative emphasis of the system on input, decision-making, or output information, and by the characteristics of the information required.

B. The utility and relevance of the knowledge about the three elements of a policy-making system will vary according to the relative importance as determined by its relation with the environment, of each element to the particular policy-making organization served by the expert.

C. Some general conclusions may be reached from this evaluation of informational characteristics particularly with reference to hypothesis B. Two things seem to be basic to achieving any increase in the utility and relevance of information processed and transformed by experts in political systems.

For one thing, the differences in characteristics of information must be analyzed in terms of the advisory response to information demands. For a second, the relative strength of the response, divided among input, decision-making and output needs, must be evaluated in terms of the relation of the system to its environment and the system stress that is being experienced. It should be recognized that advisory organizations may, by their presence, increase the demand for information. This can have an effect on system responses because the advisory organization will enhance demand in an area that may not be most appropriate to meet system needs.

A question for further study, but beyond the scope of this dissertation, is the degree to which expert advisors can or should attempt to compensate for imbalance in system needs by balancing their own informational response. On the one hand this may reduce the effectiveness of the expert in fulfilling immediate system needs. On

the other hand the flow of information concerning, for example, inputs when needs are primarily for output information, may provide longer term utility that will outweigh reduced effectiveness in the short run. It is assumed that the system does survive beyond the short term stress period. Perhaps systems under stress will be more apt to concentrate informational needs in one of the three elements whereas when stress is reduced a more even allocation of needs will occur.

One example of balancing short run and long run response to informational needs is the newly established regional economic development district organizations. The district policy board needs information on demands and support inputs to a greater extent than decision-making or output information. However, regional development advisors who attempt to maximize their contribution in this area to the neglect of decision-making information may find that both they and the agency will have difficulty later in meeting other demands because the emphasis had been almost exclusively on meeting demands for input information.

Recognition of the factors involved in the relationship between the planner and the political system in terms of the processing and transformation of information is of

recent origin. Some of the ideas presented thus far will be used as conceptual building blocks for the statement of appropriate variables. It is the author's conviction that the achievement of more adequate levels of rationality in public policy-making can be attained through maximizing opportunities for the utilization of relevant knowledge. A better understanding of the relationship between those engaged in the processing and transformation of information and those charged with the direct responsibility for public policy is an important step in this direction. As Dror states:

> Actual realization of this optimum role of knowledge in public policy-making depends on the fulfillment of three conditions: 1) Knowledge which in fact can fulfill the potential function must exist; 2) Means for integration of policy knowledge into actual public policy-making must be available; 3) The will to improve public policy-making reality through utilization of knowledge must be strong enough to overcome anti-innovation ideologies and other pro-inertia forces.[50]

The next chapter takes a different perspective on the relationship of advisors to political organizations based on a structural functional approach to organizational analysis. The scope of concern is narrowed, from general system needs and characteristic informational requirements and responses, to the more specific concern for the theoretical bases in establishing organizational relationships and structure to achieve the satisfactory performance of expert advisory functions.

[50] Dror, op. cit., p. 392.

# CHAPTER THREE

## THE STAFF CONCEPT IN ADMINISTRATIVE THEORY; AN APPLICATION TO DISTRICT DEVELOPMENT ORGANIZATIONS

### Introduction

Much has been written about the concept of staff and staff-line relationships by administrative theorists. This has resulted from the desire to increase the specialized knowledge available to line administrators, particularly in business organizations. Review of the literature dealing with staff-line relations revealed that attempts at distinguishing between the two functions in modern organizations makes little more sense than the distinction between policy and administration.

The concept of a general staff was also analyzed in connection with writings on military staff organizations. It seemed that the general staff concept - a group of generals who advise top level commanders on broad military policy and strategy - was closer to a governmental advisory agency than the traditional special staff in industry. A general staff must gather information about demands,

decision alternatives and outcomes, process the information and transform it into policy statements. For these reasons the general staff concept was investigated to determine whether it might provide a basis for integrating advisory activities into complex political-governmental organizations. The regional economic development organization was chosen as an example of the application of this concept.

## Problems of Definition

There are at least three major types of specialists who are identified as staff in organizations. The first of these is the personal staff who assist an individual actor in personal matters concerned with the actor's exercise of authority. In military organizations these advisors are usually aides or liaison officers. In business or government organizations personal staff people are executive assistants or assistants to the actor in authority.

The second kind of staff expert is usually termed special staff. It is this notion of staff that is generally referred to in discussing the characteristics of line versus staff. These staff experts are concerned with one particular area of function such as personnel or accounting in business, and Ordnance, Quartermaster, or Engineers in the military. An important characteristic of the special

staff is the likelihood of the staff expert having authority, in an operating sense, over subordinates within the staff unit. For example, the personnel director will be responsible for supervising subordinates in the work of the employment office. And in the military, the commander in the Quartermaster branch will have command authority over subordinates processing supplies and equipment. This duel line-staff situation is most prevalent in the special staff units.

The third concept of staff is the general staff consisting of advisory experts, concerned with policy formulation and planning for an entire organization as related to the goals and objectives of that organization. The literature cited below has been selected primarily because of its relevance to the definition and amplification of the general staff concept of expert advisory functions.

A further note of clarification is necessary regarding the use of staff for executive development and human relations programs in organizations.[1] The focus of concern in this dissertation is on the staff expert as an aid to decision-makers and does not encompass directly the role of

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[1]See: Robert C. Sampson, The Staff Role in Management (New York: Harper and Bros., 1955).

staff men as counselors or change-agents based on psychological-behavioral theories.

The general staff concept may be defined according to military or business usage. The military General Staff consists of officers experienced in command positions who represent various functional specialties. These men are assigned to a General Staff unit for a specified period after which they return to command duties. In theory this is supposed to ensure that the staff advisors are fully aware of command and operations activities as they function in implementing staff plans. The General Staff is made up of men experienced both in command and in branches such as Engineers, Artillery, Quartermaster, and Infantry. They provide a continuing advisory and planning service for the top level commanders. Their functions include the evaluation of particular situations and the planning for stated broad objectives.

The military General Staff also provides a control function through its vertical relations with subordinate staffs and advisors such as divisional G1, G2, G3, and G4. The flow of information and the authority to coordinate plans and issue directives in the name of the commanding officer enables the General Staff to exercise a certain amount of control over operations.

In business organizations the general staff concept is modified from the military in two major ways. First, the advisory organization is less formalized and may take the form of a committee of managers and specialists. There may be specialists from sales, engineering, accounting, and purchasing in addition to those in basic managerial positions. The general staff in business may be in the form of an executive committee, a special research and development committee, or a board of directors depending on the managerial style of the chief executive and his assistants. Recently, planning units for corporate and financial planning have become a part of the company structure.[2]

The emphasis in corporate planning is more on planning and policy formulation than on the conduct of operations. Also there is usually less vertical control in the sense that the general advisory staff does not issue orders nor do they have close relations with the special staff at the lower levels. One of the major tasks of a corporate advisory staff is to chart the general directions and objectives of the company within the environment of the market economy. This is a somewhat broader assignment than the military General Staff.

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[2] See: Melville Branch, The Corporate Planning Process, (New York: American Management Association, 1962).

## The Military General Staff

The military concept of General Staff has evolved from formal beginnings in France and Prussia about 1790. Its early development in France was temporarily halted by Napoleon but in Prussia the concept was highly refined by military leaders such as Scharnhorst, Clausewitz, and von Moltke. The United States Army did not possess a General Staff until after the Spanish-American War when it was instituted by Elihu Root under President Theodore Roosevelt.[3]

Since its inception the general staff concept in military organizations has been discussed by many authors. James D. Mooney discusses both the evolution and organization of the Military General Staff.[4] The basic elements of staff work and the functions of the General Staff in the United States Army are found in FM 101-5, Staff Officers Field Manual: Staff Organization and Procedure (Washington: Department of the Army, July 1960.) Two other publications, although unofficial, give a detailed discussion of General Staff functions.[5] A more recent article by Waino W. Suojanens,

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[3]See: Report of the Secretary of War (Washington: Government Printing Office, 1902).

[4]James D. Mooney, The Principles of Organization (New York: Harper and Bros, 1939, 1947, rev. ed.)

[5]John R. Beishline, Military Management for National Defense (New York: Prentice Hall, Inc., 1950) and Jack D. Nicholas, G. B. Pickett and W. O. Spears, Jr., The Joint and Combined Staff Officer's Manual (Harrisburg: The Stackpole Co., 1959).

"Military Management and the General Staff"[6] reviews the development of the General Staff and cites some difficulties with the concept in the modern military organization. These will be discussed below.

## A General Staff in Business

In business organizations the development of staff has been primarily directed towards special and personal staff who are considered "overhead" in the operation of the business. This is well illustrated in an article by Edward C. Schleh, "Make Your Staff Pay Its Way",[7] where it is proposed that the staff be judged according to its direct contribution to production and be made accountable for a specific output in terms of staff work.

During the 1950's considerable attention was paid to the role of staff in business organizations. Much of it was concerned with special and personal staff rather than the general staff concept. Several management texts do consider the broader use of staff in business organizations.[8]

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[6] Waino W. Suojanens, "Military Management and the General Staff", Journal of the Academy of Management, 4, No. 2 (August 1961), pp. 115-122.

[7] Edward C. Schleh, "Make Your Staff Pay Its Way", Harvard Business Review, 35 (March-April, 1957), p. 115.

[8] Ralph C. David, The Fundamentals of Top Management (New York: Harper and Bros., 1951), pp. 369-487.

Of special interest is the development of so-called "functional" organization originating with Frederick W. Taylor.[9] In functional organization the staff advisor becomes a part of operations and has authority for a specific functional area. At the shop level Taylor proposed that several different foremen be assigned different functional responsibilities. At the top levels of management, however, the functions become considerable broader.

> No longer do they (staff) merely serve as advisors to the top executive. They are charged with additional broader responsibilities for the particular functions of the business which they represent.[10]

On the other hand, giving equal authority to all functional staff managers forces major decisions to the top of the organization. On the other, it means that lower level operating managers may be reporting to several individuals at higher levels of authority.

Among publications aimed at improving the use of staff in business organizations are several that cover quite completely the different types of staff, the uses of staff, problems in staff-line relations, and the development

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[9] Frederick W. Taylor, Shop Management (New York: Harper and Bros., 1919).

[10] Elmore Peterson and E. G. Plowman, Business Organization and Management (Chicago: Richard E. Erwin Inc., 1941, 1952 rev. ed.), p. 267.

of general staff in business organizations. Lyndall F. Urwick and Ernest Dale, in a brief but comprehensive monograph titled, Profitably Using The General Staff Position in Business[11] follow the development of the General Staff in the military and illustrate its use in business organizations.

> This use of persons in a general staff capacity in business is not a mere matter of deduction from military experience and practice. There are instances, and highly successful instances, in American business, where positions have been created deliberately which are very similar, by whatever title they may be called. Functions and relationships, not titles, define the nature of positions.[12]

Two other reports that also discuss the development and the relationships of staff experts in business organizations, including the general staff, have been published by the National Industrial Conference Board.[13] These studies contain a discussion of the characteristics of different kinds of staff in business organizations and the evolution of a top management general staff.

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[11] Lyndall F. Urwick and Ernest Dale, Profitably Using the General Staff Position in Business (New York: American Management Association, General Management Series, No. 165, 1953).

[12] Ibid., p. 17.

[13] National Industrial Conference Board, Improving Staff and Line Relationships (Studies in Personnel Policy No. 153, 1956): Organization of Staff Functions (Studies in Personnel Pilicy No. 165, 1958).

Staff in Organization by Dale and Urwick deserves mention here because it is devoted entirely to the question of staff at a fairly general level and is of relatively recent publication.[14] The book is largely concerned with reducing the work load of top level managers and focuses on a type of general staff that is responsible to particular executives. A description of the military staff is included and a useful addition to Urwick's earlier work is the comparison of military and business staffs. A statement quoted from a memorandum of the General Motors Company during the reorganization in 1920-21 is reproduced here because of its similarity with the notions of general staff in business through the late 1950's.

> The purpose of this staff is to advise the chief executive ... concerning problems of technical and commercial nature which are themselves so broad and require so much study as to be outside the scope of a single operation and which will be, when developed, of importance in the guidance of all operations.[15]

Attaching staff to operating executives at the top level of a business organization tends to bridge the gap between the General Staff and personal staff that exists in the military. The blending of these concepts is due in

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[14] Ernest Dale and Lyndall F. Urwick, Staff in Organization (New York: McGraw-Hill Book Co., Inc., 1960).

[15] Ibid., p. 187.

part to greater informality and more emphasis on personal qualities in business relationships. There are also indications that the difference may be due to the operating characteristics of business organizations as contrasted with military organization. This informal use of the general staff concept was identified by John Stanley who urged the use of broad gauge functional advisors as personal staff to the chief executive.[16] The Koppers Company is cited as one example of the use of a modified form of the military General Staff.

## The Concept of Staff-Line Relationships as a Basic Pattern For The Institutionalization of Intelligence and the Advisory Function

The preceding review of general and special staff in business and the military is indicative of two basic objectives inherent in the concept of the staff-line advisory relationship. One of these is the institutionalization of the intelligence function in the formal structure of the organization. The second is the establishment of a distinct advising and planning function apart from line or operating activities.

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[16] John D. Stanley, "The General Staff", Journal of the Academy of Management, 2, No. 1 (April, 1959), pp. 57-62.

The institutionalization of the intelligence function means that there is an established sub unit for the collection and processing of knowledge that will serve the demands of the organization in accord with its objectives. This unit is a part of the structure of the organization and is legitimate in the sense that it is recognized by the members of the organization and has a history of performance in the organization. The creation of the staff unit, or designation of some members of the organization as staff, generally has this effect.

The staff unit, by its definition, is distinguished from the line organization and substantial space in discussions of staff work is devoted to prescriptions for non interference by staff in line responsibilities. It is recognized that line personnel gather and process information and develop plans but that these are oriented to specific tasks and responsibilities and are limited in scope to preclude thorough consideration of external consequences.

## Type of Organization as a Factor in the Characteristics of the Staff-Line Relationship

Organizations may be described for purposes of distinguishing different configurations of the relation of advisor to principal according to the pervasiveness of

intelligence processing requirements necessary to fulfill output demands. This indicates the degree to which the organization depends on information and communication as a factor of production.

The following proposition provides a starting point for discussion: The line-staff relationship will be highly formalized, focused and independent in an organization whose output if well defined, undifferentiated and where demands and client expectations are highly consistent and well defined. The traditional industrial enterprise is an example of this type of organization. Under these conditions the staff provides services to the line that are ancillary in character. They do not effect output except through tertiary relationships such as employee morale as related to manufacturing quality that effects consumer satisfaction. Although this brings to mind the type of organization whose output is expressed in physical units it may also apply to bureaucratic organizations whose products are not so tangible but are produced routinely and consistently received by the clients.[17]

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[17]The Veterans Administration or state labor departments are examples of this type of organization. See Paul P. Van Riper, "Organizations: Basic Issues and a Proposed Typology", in Studies on Behavior in Organization: A Research Symposium, Ed. by Raymond V. Bowers, (Athens: University of Georgia Press, 1966).

At the other end of the spectrum the alternative proposition is: the line-staff relationship will be diffuse, not well defined structurally, and interdependent in an organization whose output is differentiated, and where demands and client expectations are highly varied, flexible and diffuse. The research organization or aerospace company are examples of this extreme type of organization where outputs are highly differentiated within any one organization and demands are subject to considerable alternation and redefinition by a clientele that is itself changing in composition. In this type of organization the staff and line function are not easily distinguishable because information processing and communication of specialized knowledge is required for the maintenance of output and to meet the demands of clients. It is under these conditions that students of business management have developed an integrative approach to the traditionally dichotomous staff-line relationship.

Once this set of limiting uses is defined then it is appropriate to attempt placement of a regional economic development organization within the set and to determine the degree of integration that may occur in the advisory

relationship.[18]

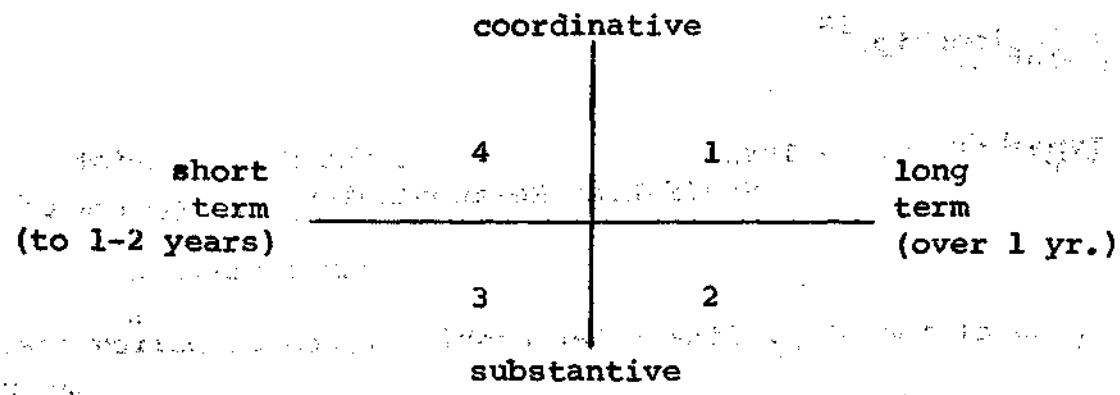
## Types of Policy Issues as a Factor in the Characteristics of Staff-Line Relationships

Considering both structural and substantive dimensions of the staff-line relationship, types of policy issues may be used to define limiting cases in the substantive area. These may be defined along two dimensions, temporal and substantive. The temporal dimension is indicated by the time period for which the policy question is directed; the length of time necessary to effectuate the policy and the breadth of its major effect. The substantive dimension is one of degree to which the policy is coordinative rather than concerned with specific programs. Policy objectives may be achieved whether through coordination of existing activities or creation of new ones.

A combination of the two dimensions allows the description of policy issues by location of four quadrants of a two dimensional space.

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[18]The term integration has a number of different uses and definitions. Two specific uses of the concept are pertinent to the research on advisory relations. The first, as it is used in this chapter, is a functional one. The integration of advisory and decision-making functions within an organization. In the next chapter the concept of social integration is used to explore the interrelationships of organizations and their members. For a discussion of the concept of social integration see L. Holzner, "The Concept of Integration in Sociological Theory", Sociological Quarterly, 8 (Winter 1967), pp. 51-62.




It is first assumed that most policy issues will fall in quadrants two and four because of the difficulty of instituting substantive policies to meet short term demands and the similar uncertainty of coordinative policies in a more distant future where changes in substantive policy may have taken place.

The basic proposition concerning types of policy issues and the staff-line relationship is that the staff work will be independent and self contained when the policy issue falls in quadrant four and will be dependent and incomplete when the issue falls in quadrant two.

An example of independent and self contained staff work is found in the military use of staff. Planning through coordination of elements to meet specific situations is of primary importance and this is embodied in the doctrine of "completed" staff work. The staff becomes almost an operating unit as it performs coordinative and evaluative tasks.

On the other hand this example breaks down when military policy issues become more substantive as happens with major decisions concerning campaigns that may extend for long periods of time. These major military decisions do not follow the format prescribed for the use of staff in the general military handbooks. Rather there is a dependency on line officers and a mutual consideration of alternatives. The staff presents specialized knowledge pertaining to the partial rather than complete analysis of the situation and the possible outcomes. This phenomenon is illustrated in the accounts of top military leaders such as Dwight Eisenhower's Crusade in Europe. A more common example however, is in the consideration of economic policy as indicated by the Council of Economic Advisers. Here substantive policies were subject to significant uncertainties and pressure that made the advisory relationship highly dependent on environmental factors surrounding the President and his White House Staff.

These two aspects of the line-staff relationship-types of organization, and types of policies-are fundamental derivatives from the theoretical bases for the consideration of the concept of staff in organizations. In the final section of this chapter management concepts of staff-line relationships are translated into an approach applicable to regional development organizations.

The General Staff and Economic Development Organizations

There is very little literature on the broad application of the general staff concept to government organizations, especially at the local level. Any general distinction, in terms of operating responsibility, between line and staff is probably valid only at the national level of government. Studies have been made of personal staff, such as those in the White House Office, and of the President's Council of Economic Advisers. Studies of the executive office of the President have explored the more informal advisory general staffs of Roosevelt, Truman, Eisenhower, and Kennedy.

A key to the problem of applying the general staff concept to public policy-making organizations may be found in two articles that appeared in 1961. One of these is by Waino W. Suojanen cited above. The author discusses the appropriateness of the military General Staff for the modern army whose complexities require a high level of management as well as command activities and concludes that it may be unsuitable to meet the needs of the more highly management oriented business organizations.

> ...the general staff device is hardly appropriate for the administrative requirements of command management because it was created to fill the needs of command rather than the requirements of management.[19]

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[19] Suojanens, op. cit., p. 120.

> In view of the fact that the general staff concept has required extensive modification to meet the needs of a routine-oriented, management type of conflict, the question is posed whether the recurring suggestion that business adopt this device might not be completely missing the point.[20]

In the second article, Gerald G. Fisch focuses on the special staff in the areas of engineering, finance and research.[21] The author contends that in modern diversified organizations the line-staff dichotomy should be replaced by a functional-teamwork arrangement whereby the experts that are necessary for a diversified corporation to compete in several different markets have joint authority and responsibility with production managers. This is integration of staff in a functional sense. Division of responsibility is to be made according to function and proper emphasis placed on the truly important functions in the enterprise. For example, under traditional line-staff relations authority was vested in production or line executives while financial specialists were considered staff without authority. In a diversified organization, however, Fisch points out that financial management may be the most important function and fiscal experts should have managerial authority.

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[20] Suojanens, op. cit., p. 122.

[21] Gerald G. Fisch, "Line-Staff is obsolete", Harvard Business Review, 39, No. 5 (September-October 1961).

In addition, there is teamwork between functional units where the decisions of one unit overlap that of another. This differs from the functional approach developed by Taylor because it occurs at the top levels of management. In fact, those managers who participate in the functional-teamwork activities are, regardless of the traditional line-staff labels, acting as a general staff for organizational policy decision-making.

Suojanens provides some justification for declaring the traditional general staff concept obsolete in organizations where output as characterized by diversity and responsiveness to a wide variety of demands. An alternative to traditional concepts of staff is offered by Fisch where a more flexible type of general staff is integrated with units responsible for producing outputs.

In looking at public policy-making organizations, especially regional development agencies, we find just such a diversified situation in which demands for many kinds of action outputs are being made. These may range from vocational rehabilitation programs to new highways, or plans for some aspects of regional resource development. Expert advice and counsel is useful to these organizations to enable them to perceive demands properly, to design programs to meet these demands, and to facilitate agreement on broad

regional policies that cut across functional and jurisdictional lines.

A useful framework for approaching the design of organizations with functionally integrated expert advisors at the top policy levels is provided by the system's view of organizations. Here again we must look at literature concerned with business organizations. The book by Richard A. Johnson, F. E. Kast and J. E. Rosenzweig, The Theory and Management of Systems,[22] contains a general introduction to systems concepts in managerial organizations. This includes consideration of systems concepts in organizational planning, control, and communication. In regard specifically to planning, the authors state that the people associated with an operating system must do the planning. This may be applied also to governmental organizations.

In this approach to designing the organization, the experts necessary for planning are integrated at three major organizational levels termed the Master Planning Council, the Resource Allocation Committee, and the Operations Committee. Figure one represents a hypothetical organization structure based on the system approach where,

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[22]Richard A. Johnson, F. E. Kast and J. E. Rosenzweig, The Theory and Management of Systems (New York: McGraw-Hill Book Co., Inc., 1963).

> The Master Planning Council has broad planning, control, and integrative functions; the Resource Allocation Committee has the primary function of allocating manpower and facilities and aids in systems design for the facilitating of project systems.[23]

The system approach rests on a project orientation for the organization and is especially well suited to the production of complex products that require complex interrelationships of sub components. It can also be linked to cost effectiveness performance criteria since projects are developed according to specific missions.

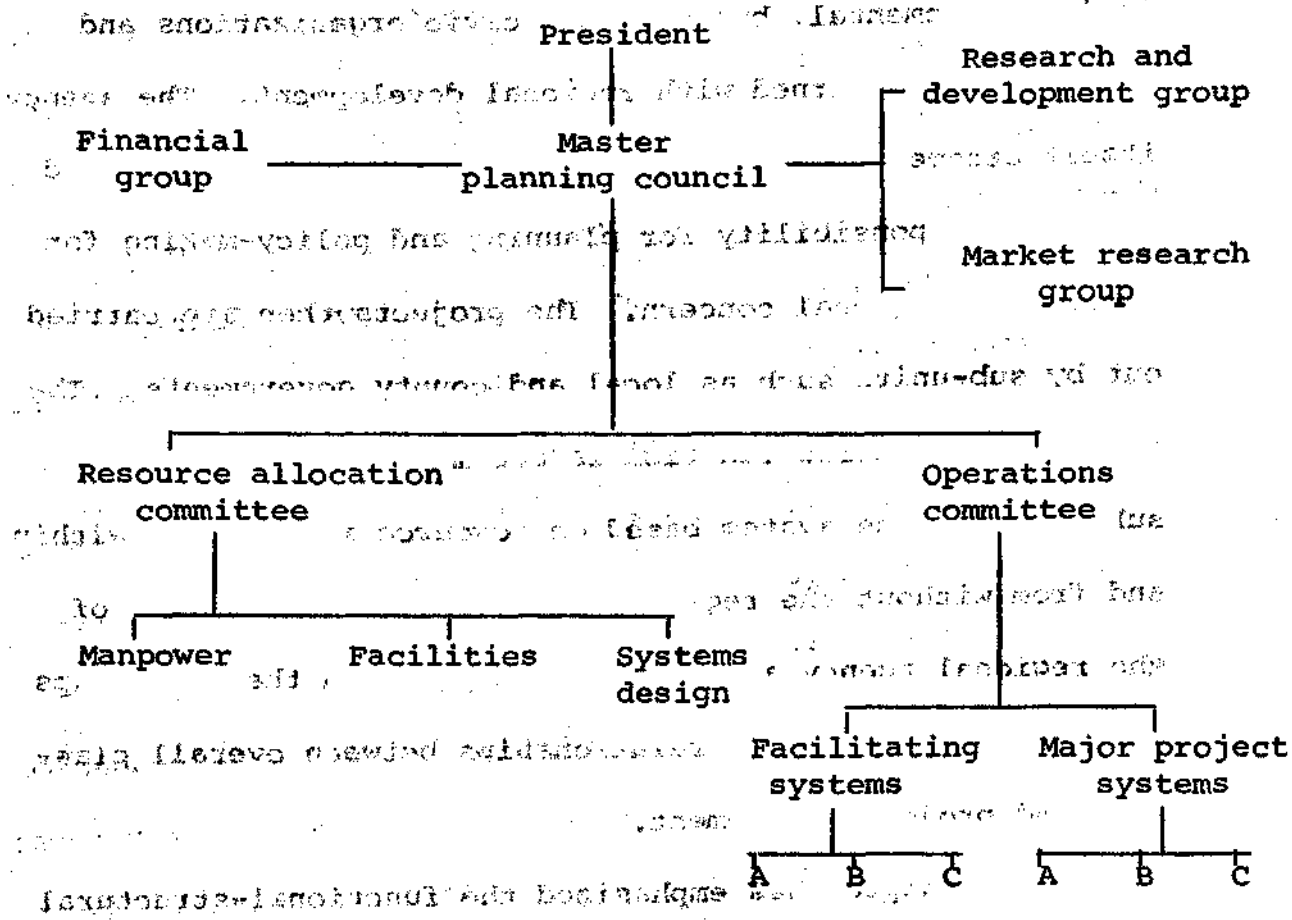
This is not intended to imply that regional development agencies can be organized along the lines of aerospace industries. The very significant differences between organizations politically responsible to the people in a specified area and a corporation that is financially responsible to its stockholders render unsuitable the application of such rigorous organizational models as Figure 1. It is useful, however, to consider new approaches to the incorporation of expert advisors at the general staff level in government organizations. The literature on the concept of general staff illustrates the relevance of attempts at integrating expert advisors into governmental organizations, defined in terms of public policy-making systems, to regional development agencies.

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[23] Richard A. Johnson, F. E. Kast and J. E. Rosenzweig, The Theory and Management of Systems (New York: McGraw-Hill Book Co., Inc., 1963), p. 100.

## Chapter Three

**Figure One**




**Source: Johnson, Kast and Rosenzweig, p. 96.**

## Conclusions

A regional economic development agency may be viewed as part of a regional development system made up of political, governmental, business and civic organizations and individuals concerned with regional development. The agency itself becomes a general staff, within the system, charged with the responsibility for planning and policy-making for matters of regional concern. The projects then are carried out by sub-units such as local and county governments. The resource allocation function is accomplished jointly with sub-units in the system based on resource inputs from within and from without the region. Furthermore, the members of the regional agency are also participants in the sub-groups providing the necessary relationships between overall planning and project management.

This chapter has emphasized the functional-structural aspects of knowledge-power relations to bring out structural characteristics that affect the relationship between expert and policy-maker. It may be that the structure in institutional settings is determined by factors affecting the advisory relation. However, it is doubtful that this is entirely the case and the degree to which elements, such as type of policy issue, affect the institutional structure should be kept in mind.

The investigation of general staff concepts in administration provided an understanding of the structural characteristics that should be taken into account. The approach to integrating staff and discriminating functions also contribute to the formulation of concepts of effectiveness of the advisory relation.

# CHAPTER FOUR

## ROLE THEORY APPLIED TO THE STAFF EXPERT IN PUBLIC POLICY-MAKING ORGANIZATIONS

### Introduction

In this chapter the concept of organizational role is explored as a way of looking at the relationship of expert advisors to public policy-making organizations. By defining the expert advisory role as one which requires the transformation of data into relevant policy knowledge it is possible to consider determinants of the advisor-principal relationship. The term 'data transformation' will be used hereafter to refer to the process of converting information into knowledge for particular decision situations.

Several advisory roles are noted and a data transformer role is defined that summarizes other partial roles and emphasizes the decision-making process. The data transformer role is analyzed according to four structural positions. The determinants of the data transformer role are considered across organizational types and the data transformer role analyzed with regard to the advisory role set.

The advisory function in organizations is linked to the decision process by the flow of knowledge from the staff to the decision-makers. Some writers on administrative organization theory classify the activities of an advisory staff according to three phases: the informative, advisory, and supervisory.[1] The staff is expected to provide information about organizational operations. Units primarily involved in this activity are usually considered special staff such as personnel and accounting departments in business organizations. Advisory activities are directed toward influencing the decision-making process by supplying and advocating knowledge that enriches the consideration of alternatives and their outcomes. This is a means for moving toward objective rationality. The supervisory aspect of staff work corresponds to the concept of organizational control. Staff organizations may be required to supply feedback information on operations that assist in maintaining control over the implementation of decisions.

The staff function in local government has been employed more regularly in operations than in policy determination. One exception to this is the urban planner.

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[1] James D. Mooney, The Principles of Organization (New York: Harper and Bros., 1947), p. 33.

The planner is concerned with operations only in the sense of administration of legal controls. He performs more of a general staff function.

The importance of the general staff concept is its focus on comprehensive functional areas of policy development rather than narrow technical sub-areas. This has been carried over into business organizations in the form of general assistants to the officers of the company. In government, at the national level, general staffs have been used by presidents in a more informal but generally similar manner to that of the military.[2] Even here, however, expansion of planning staffs did not occur until operational programs such as urban renewal demanded implementation.

Functional Roles of Staff Experts in Public Policy-Making Organizations; Some Types

From a review of literature concerned with theory and principles of organization and staff in organizations, several functional roles may be identified that are

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[2]Ernest Dale and L. F. Urwick, Staff in Organization (New York: McGraw-Hill Book Company, 1960). See: pp. 112-149 and 186-213.

appropriate to political systems.[3] These roles could probably be differentiated as elements of the staff role. However, in keeping with the functional emphasis in this analysis, staff is considered as a structural position in the organization within which functional roles may be assumed by the occupants.[4] Any actual staff position will usually contain more than one of these roles and the individual may assume different roles simultaneously or successively.

Data Transformer Role. The role of data transformer is the most basic element of the advisory function. The term means, essentially, the processing of data in such

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[3]Henri Fayol, General and Industrial Management (New York: Pitman Publishing Corp., 1949).

Mary Parker Follett, Freedom and Coordination (Great Britain: Management Publication Trust Ltd., 1949).

Luther Gulick and L. F. Urwick, eds., Papers on the Science of Administration (New York: Institute of Public Administration, Columbia University, 1937).

It is interesting to note that literature on administrative organization theory since about 1950, with the exception of Dale and Urwick, does not elaborate on the staff concept. Rather, attention has turned to consideration of human relations in organizations and to decision-making processes.

[4]The concept of role used in this research corresponds to the notion of role as a pattern of behavior or performance as developed by Harry Stack Sullivan and Ralph Linton. See: Lionel J. Neiman and James W. Hughes, "The Problem of the Concept of Role", Social Forces, Vol. 30, (1951), pp. 145-146.

a way as to produce knowledge for the decision-making process. This affects the search and collection of data at one extreme and the reporting of advocacy or knowledge at the other. The role requires intellectual processes similar to decision-making itself.[5]

Five other advisory roles are described briefly below. Each requires the performance of the data transformer role that is considered central to the functioning of an advisory relation. In the latter part of this chapter the data transformer role will be developed in more detail in connection with different types of structural positions that affect the knowledge-power relation.

Planner Role. Planning is an acknowledge part of staff work because in order to see the implications of alternative policies it is necessary to stipulate the steps required for actually attaining the policy. In government, the development of traditional physical design plans by urban planners is quite common. These contain elements such as patterns of land use, location of highways and

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[5] In the military, however, the doctrine of completed staff work may be carried to an extreme such that the decision-maker is merely ratifying the decision of the staff. This is intended for efficient handling of routine matters but may also carry over into policy decisions thus limiting the usefulness of those individuals with the responsibility for policy decisions.

capital expenditure programs that are thought necessary to attain certain community development policies.

Innovator and Idea Producer Role. The staff position may contain an innovator role such that the development of policy is assisted by formulation of new alternatives and novel ways of deciding on policy matters. Government officials may be unable to develop policy that meets perceived needs without finding new types of policies not previously considered. Staff members should be able to perceive situations where they can suggest hitherto unarticulated alternatives for meeting demands.

Coordinator Role. This role is characterized by activities designed to increase communication among the parts of the organization and assist in the determination of general objectives that may be attained by particular units working in concert. In terms of public policy, the staff coordinator is concerned with coordinating departmental programs so that broader policy objectives may be achieved.

Decision Routinizer Role. One important activity of the staff may be to translate policy decisions into working guide lines. The military staff, for example, is often required to propose detailed orders to accompany a decision

that is recommended to the commander. In public policy-making this appears primarily in legislative matters where legislation is drawn up by legislator's staff members for enactment by a legislative body. An urban planner may assist in the development of various public regulations or ordinances and in the issuance of instructions to operating departments concerning specific policy matters. This latter activity is not so common in local government because the department heads themselves often act also in an advisory capacity for their particular policy areas.

Control Guidance Role. Here the role requires evaluation of programs and program results in terms of policy objectives. Maintenance of control is accomplished by learning about operations, matching them with policy objectives, and reporting to the policy body. This might include collection and analysis of performance reports from government departments.

It must be remembered that the expert advisor will often be characterized by elements of more than one role. This is especially true when the concept of role is applied to an expert advisory organization. In order to avoid reification difficulties that occur when one talks about an organizational role it is necessary to define organizational

role as a role set. The organizational role set is made up of roles determined by individual responses to demands within and outside the organization.

### Data Transformer Role in the Decision Process Under Four Different Structural Positions

The four structural positions to be considered in this section are staff assistant, staff specialist, general advisor, and special advisor. The staff assistant is primarily an executive secretary who assists in the details of administration and supports the decision-makers by doing work that they would otherwise have to do themselves. Much of this is concerned only with the procedural aspects of the decision itself. These may include calling a meeting, securing copies of reports and answering routine requests for clarification of policies and decisions. In this situation the data transformer role is limited to the processing of secondary data that concerns the general milieu within which policy-making takes place, rather than the substantive elements of policy formulation. These activities may affect the decisions that are made, although in a peripheral way.

The staff specialist corresponds to the popular concept of staff (such as corporation counsel, auditor and personnel specialist) that assist the operating units

of the organization. In this situation the data transformer role requires the handling of specialized information that may be useful to the organization in carrying out policies as well as for the formulation of policies in specialized areas. The date transformer role is most relevant to the relationships with the organization's middle level officials in transforming data into knowledge that can help them to move toward objective rationality in decisions within general policy frameworks.

In public policy-making organizations the data transformer role of the staff specialist is important to the operating departments in terms of supplying budget advice, knowledge of civil service and personnel practices, and other specialized aspects of government activities. At the upper levels of policy-making the staff specialist may participate as data transformer in policy decisions that involve certain special issues rather than over a wide range of policy matters.[6] This distinguishes the data transformer role occupied by the staff specialist from that of the general advisor.

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[6]It is always useful to note that policy-making is not confined to the top levels of government any more than the other kinds of organizations. Policy may be made and modified by decisions at all levels of the organization.

The general advisor and the general staff are similar in that both are responsible for overall knowledge of a functional sector of public activity. This kind of advisory position is not especially common in government although it has been developed within the Executive Office of the President.

In local government, for example, the urban planner is often both a staff specialist and general advisor. As a staff specialist he may transform information into knowledge about specific development proposals, rezoning requests, and redevelopment projects. As a general staff advisor the planner transforms data concerning the development of the community into knowledge about the alternatives for community growth, improvement of the environment, public capital investments, and other general policies including the social implications of these policies.

The basis for this transformation is the specialized knowledge and training of the planner. This includes concepts of urban development, procedures and techniques for planning and professional values for the improvement of the physical environment that provides the framework for the transformation of data into policy knowledge. It also indicates the kinds of data required and provides the basis for the formulation of evaluative criteria.

The data transformer role is perhaps best illustrated in the case of the general advisor. Here the requirements of the role indicate the complexity of the data transformation function and its importance to policy formulation. The data transformer is required to produce a wide variety of kinds of knowledge in order to attain subjective rationality as a step toward objective rationality in many areas of general public policy formulation. Performance of the data transformer role necessitates the use of proper search procedures for collection of information and selection of information both during and after search activities. The actual transformation of information requires a kind of creative intellectual effort whose inputs include not only information from the environment but also information concerning the elements of the policy under consideration and the policy objectives of those formulating the policy and making the decisions among alternatives.

The final step is the transmission of knowledge, resulting from the data transformation process, to the policy-making unit. This requires clear communication of the advice supported by advocacy that may be required in establishing the validity and appropriateness of the knowledge offered. Advocacy and persuasion is an important element in the data transformer role because the data

transformation process is not complete unless the output is transmitted into the decision-making situation and available to the policy-maker.

The special advisor position should be distinguished from the general advisor, not in terms of the level of policy-making, but because of his location outside the formal boundaries of the policy-making organization. The special advisor is usually concerned with a specific issue or policy matter. His tie with the organization may or may not end once that policy has been decided upon.

Usually the special advisor is a consultant working outside the organization and giving advice on a contractual basis. The urban planning consultant is one example of this type of special advisor although he may also be retained to assist in the formulation of policy that will affect the overall development of the community.

For the part time advisor the data transformer role is influenced by the narrowness of the area to be considered, limits on the scope of available knowledge, and the perspective of the advisor. In a sense the data transformer role is highly focused in the position of special advisor, but it may also be more superficial because of the short term nature of the role under these conditions.

Experience in data transformation in the appropriate area is a particularly important aspect of the role. The organization's choice of occupants for the data transformation role is influenced by the rapidity with which the occupant can transform data into knowledge for policy-making as well as by the degree of expertise. The special advisor class of data transformer is most useful where specialized or unusual types of policy decisons arise.

## Role Determinants; A Structural Functional Analysis

This section is divided into six parts, each being a discussion of one set of role determinants pertinent to the data transformer role. The determinants are stated as follows:

1. Kind of organization in terms of its relation to the environment.
2. Location of advisor in terms of structural position.
3. Different types of public policy-making organizations.
4. Types of decision-making in the organization.
5. Kinds of knowledge required, transformation, potential, and organizational development.
6. Kinds of outputs required.

These determinants are concerned with the organizational and functional aspects of the role but do not include

personal social-psychological characteristics of the occupant of the role. These interpersonal determinants will vary greatly of course, depending on the sets of individual personalities involved in each advisory situation. These have been considered as constants in the present research to reduce the complexity of the structural functional role determinants. This is not to minimize the importance of interpersonal determinants in specific cases, but rather to attempt to develop a more generalizable model.[7]

Kind of Organization in Terms of its Relation to the Environment. An organization may be characterized according to its relationships with other organizations. In some cases the balance of power may be such that the particular policy-making organization must consider the power of the other organization before it acts. This produces an inter-dependent relationship that limits the organization's

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[7]It is important to recognize the effect that interpersonal variables have on advisory relations. An investigation of these could be framed in a social psychological research study. The present research is structured such that interpersonal variables could be added to modify the framework in particular situations where personal relations are especially important. There will be cases where interpersonal variables are dominant and others where they are significant. The general apporach in this research is to develop a set of variables that will be valid in either case.

flexibility to decide among alternatives and produces interdependent policy programs. Conversely, the balance of power relation may result in a largely independent relationship and the policy-making organization can then act without worrying much about the reaction of other organizations.[8]

It is possible to extend Flash's concept and characterize balance of power conditions as insensitive, sensitive, or transitive. This may affect the data transformer role in several ways. Primarily, the role will be altered because of the different demands generated by the decision-making process under different balance of power conditions. Where the organization is independent, the knowledge required for policy will be oriented toward the consequences of alternative decisions for the decision-making organization. There will be less regard for the effects on other organizations and groups. For example, there will usually be more knowledge about the reaction of business toward a law regulating commerce than about the preferences of criminals regarding a penal law.

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[8]This idea is developed as a way of determining the effectiveness of the advisory function by Edward S. Flash, Jr., Economic Advice and Presidential Leadership (New York: Columbia University Press, 1965).

Where the policy-making organization is independent the data transformer role is apt to be narrow in terms of both the consideration of alternatives and the determination of reactions by the effected groups. The army staff provides an example where the command has highly independent status regarding the units under it and the consideration of alternatives for action is usually limited to detailed study of a few that are specified within general guide lines set forth. As mentioned previously the General Staff is expected to develop plans and programs for the implementation if its recommendations. It evaluates line units on the basis of their capabilities rather than their agreement to participate. This, coupled with the expectation that policy guidelines will come from commanding officers, narrows the staff concern considerably. Of course, when you consider the command's relationship with the enemy you have a highly dependent situation and the data transformer must supply detailed knowledge on the response of the enemy to specific courses of action.

An organization that is in transition from one balance of power relationship to another experiences a change in certain role determinants. Therefore, changing balance of power relations will produce tension due to

changing role determinants and to modified requirements for data transformation.

Location of advisor in terms of structural position. Structural positions may be broadly considered in two dimensions. One of these is the specialized or general nature of the advisory position. In a general staff situation the requirements for taansformed data will encompass a larger area of concern, may involve several specialities, and requires an interdisciplinary approach to the production of knowledge. In the more specialized position the concern will be for knowledge that is technically accurate and complete but not necessarily encompassing all ramifications of the alternative policies.

The second dimension is the temporal aspect of policy development. The special advisor may be concerned with a decision that is not temporally related to other policies and the transformation of date represents an activity that occurs at one point in time. Information that is accumulated during the actual data transformation activity may be small but there is considerable emphasis on the use of data stored from previous similar situations. The consultant is an example of the data transformer who participates in data transformation for particular decisions over a relatively short period of time. One advantage of a

consultant over advisors within the organization is that this accumulated information is already partially transformed into knowledge.

Different types of public policy-making organizations. Four kinds of governmental public policy-making organizations may be identified to provide a frame of reference for the data transformer role. These are: a body of elected officials under a weak mayor charter, an appointed executive such as city manager-council, and an elected executive with strong mayor charter.

In the governmental organization with a weak mayor and an elected council the demands for knowledge come from the body of elected officials and this puts specific constraints on the data transformer role. Since policy is decided by negotiation and so called "partisan mutual adjustment,"[9] there are often conflicting demands for knowledge and it may be difficult for all members of the organization to utilize knowledge at specific levels of complexity. In simple terms, what may be policy knowledge for one member of the council may be unintelligible to another.

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[9]Charles E. Lindbloom, The Intelligence of Democracy, (New York: Free Press, 1965), pp. 1-87.

A second problem concerns the advocacy aspect of the data transformer role when knowledge is transmitted to a body of partisans. It will be difficult for the data transformer to emphasize the applicability of the knowledge that he produces without becoming involved in matters of substantial interest to the individual policy-makers.

An appointed body is, in many ways, similar to the elected body except that the opportunity for successful advocacy by advisors is greater because the representation of interests is not as diverse in the process of making policy decisions. On the other hand the transmission of knowledge may be hampered by a low level of involvement on the part of the members of the appointed body. Although they may be supporters of the objectives of the organization, they may not have the same stake in decisions as elected officials and, therefore, be less concerned with the acquisition of knowledge to reach an accommodation with the other members of the agency. A similar situation may exist where political parties are strong and the elected body is dominated by one party.

The appointed and elected executive forms of government also manifest determinants of the data transformer role that are somewhat different from those cited above. Under the elected executive or strong mayor, the transmission

of knowledge is less complicated for the data transformer and the advocacy of knowledge more successful and a more critical element of the role. Knowledge produced by the data transformer may be more detailed and better structured because it is being used by a more unified policy-making organization or individual. The study by Flash, cited above, is a useful explication of the data transformer role in relation to the Executive Office of the President of the United States.

The data transformer role will be more closely molded by the demands of the elected executive than by those of an elected council, if for no other reason than because the latter organization itself is more diversified.

The appointed executive, generally the professional city manager, establishes special demands on the data transformer that determines certain aspects of the role. For example, the professional orientation of the manager will lead him to require data transformation in a fairly synoptic fashion such that knowledge about many alternatives will be produced by the data transformer. Here, more than in the other three forms of policy-making organizations, the data transformer role will be affected by differences between demands made by the executive or manager and those made by the elected council. The role

itself may be unclear as to the appropriate transformation response to the political knowledge demands of the manager. Knowledge for policy-making based on accommodation of interests may not be easily produced alongside knowledge for policy-making based on management practices. The result may be that with this form of organization the role of data transformer becomes blurred and performance criteria ambiguous.

Types of decision-making in the organization. The type of decision-making that takes place in the organization may be an important determinant of the data transformer role. Studies of decision-making have emphasized the process of deciding and the steps in making a decision as well as the behavior of people in decision-making groups and as individuals.

One concept of types of decision-making has been suggested by Herbert Simon.[10] He contrasts the making of programmed with non programmed decisions. Programmed decisions are those made in a fairly routinized way. Decisions with similar characteristics to those that have been made in the past allow the use of certain guides for the interpretation of knowledge that increases the probability of making at least a satisfactory choice among

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[10]Herbert Simon, The New Science of Management Decision (New York: Harper and Row, 1960), pp. 1-13.

alternatives. An example of highly programmed decision-making may be found in standing operating procedures (sop) that prescribe action to be taken under certain conditions once sufficient knowledge about the situation is available.

Non programmed decisions are generally made where the scenario is unique, past experience is not relevant, or some alternatives required radical departure from existing policies. The decision situation is therefore highly unstructured. Innovative behavior is an important element in the decision activity and the probabilities of making a satisfactory choice among alternatives is itself difficult to ascertain.

> Decisions are programmed to the extent that they are repetitive and routine, to the extent that a definite procedure has been worked out for handling them so they don't have to be treated de novo each time they occur. Decisions are non programmed to the extent that they are novel, unstructured, and consequential. There is no cut-and-dried method for handling the problem because it hasn't arisen before, or because its precise nature and structure are elusive or complex, or because it is so important that it deserves a custom-tailored treatment.[11]

It seems logical that the data transformer role will vary according to the type of decision-making process. In a programmed decision situation the knowledge requirements

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[11] Herbert Simon, The New Science of Management Decision (New York: Harper and Row, 1960), pp. 5-6.

will be routinized, the transmission of transformed data will be consistent, and areas of knowledge are well defined. In non programmed decision-making there will be a greater emphasis on search and innovation. The data transformer role and the unstructured demand for knowledge will probably exceed the output capacity of the data transformer. In programmed decision-making, the range and intensity of data transformation activity may be low, whereas in non programmed decision-making it will be extremely high. On the one hand there is the danger of overlooking unanticipated effects of routinized decisions caused by changing conditions, while on the other there is the danger of indecisiveness due to the hyperactive consideration of alternatives and search for information without sufficient priorities. Both of these factors will detract from the performance of the data transformer role.

Kinds of knowledge required, transformation potential, and organizational development. The role of data transformer is colored by the kinds of knowledge required for particular decisions. Highly technical policy decisions will require knowledge with different characteristics than policy decisions of a more general social nature. For example, the role of the data transformer in advising

on specific methods for sewage disposal will have a higher status or legitimacy, conditioned by "correctness" of advice, than the role of data transformer in advising on changes in the social environment. This is due, in part, to the presence of a quantifiable 'scientific' solution for gaining the immediate objective as compared to conflicting solutions of a 'non scientific' nature that are laden with social values. Also, the scope of the question concerning the social environment is a much broader one than that raised by sewage disposal.

A second aspect of this question is the potential for data transformation. Some kinds of policy decisions require knowledge based on information that is easily transformed. Of special difficulty is the transformation of information about social values and of information about conditions in the future that are expected to be different from those of the present and past. Knowledge for decisions that require the transformation of a large proportion of data with these characteristics has a bearing on the data transformer role in terms of the transformation process itself. For example, certain mechanisms for handling values or discounting the future may be incorporated into the transformation function.

Finally, we can relate these two determinants to evolutionary stages in the life of the organization.[12] The characteristics of knowledge required by an organization may vary according to the stage of the organization at any particular time. This is directly related to the kinds of decisions being made and therefore the characteristics of the knowledge required. In a political sense the 'establishment' of an organization may be said to occur with the election of new officials or new leadership in an existing governmental structure.

A new organization may concentrate on technical decisions until it reaches a stage of maturity where it is able to make broader policy decisions involving the adjustment of interests and reduction of conflicts. At a later time in the life of the organization it may be concerned with decisions which change or redirect policy established earlier that will cause readjustment of interests and realignment of the organization in relation to its environment.

This is only one possible evolutionary pattern that may develop. Demands for knowledge will vary in accord with the different kinds of decisions and policies

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[12] James G. Stinchcombe, "Social Structure and Organizations", Handbook of Organizations, by James G. March, ed., (New York: Rand McNally 1966) Chapter 4.

developed by the organization and this effects the characteristics of the data transformer role.

Kinds of outputs required. The kinds of outputs that the organization generates have an effect on the data transformer role in an indirect way by determining the kinds of decisions and thus the kinds of knowledge required. It should be acknowledged that the factors determining the kinds of decisions made by an organization are not entirely under the control of the organization but also originate in the demands for policy made by the clientele of the organization.

In reviewing the six groups of determinants discussed above, it is evident that there is considerable interrelation between them and that it is somewhat artificial to attempt to isolate each one's particular contribution to the character of the data transformer role. An attempt to do this was felt appropriate, however, because by considering each separately it is hoped that the interrelationships emerge more clearly.

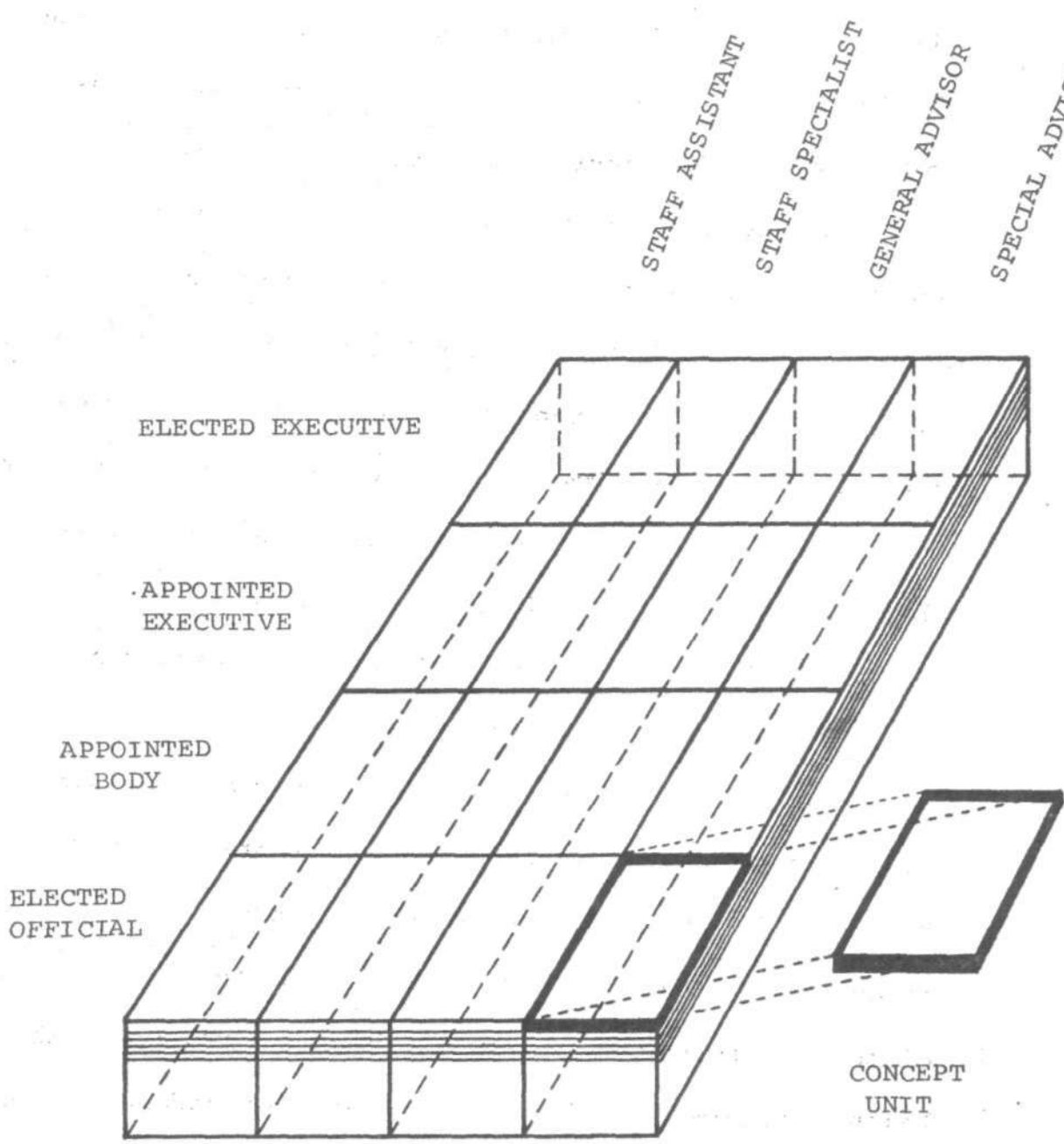
## The Data Transformer Role, The Advisory Role Set and Objective Rationality in Public Policy-Making

The data transformer role is determined by a series of factors, we might call them independent variables, that

have been stated above. One of the important aspects of these factors is their interrelatedness. This may be illustrated by a three dimensional matrix that contains the important independent variables in the data transformer role. The matrix could look like figure one.

In this diagram the groups of determinants fall across all the cells whose location is described by the basic structure of the governmental policy-making organization and by the structural position of the data transformer. Each three dimensional block would represent one concept of the data transformer role as determined by the role determinants and their interaction with the structural factors and with each other assuming the determinants are independent.

This overall conceptualization provides a basis for the exploration of the interrelatinnships between the determinants set forth above. A number of determinants are closely related to the decision-making aspects of the organization's behavior. The internal-external balance of power is linked to the decision-making process. The time and specificity of decisions is also an element of role determinism as is the type of decision-making porcess and the kind of decision to be made. Decision-making and policy-making activities appear to provide a




Chapter Four
Figure One

link between major sets of determinants. The decision-making process serves as a central indicator of the character of the data transformer role. In other words, it may be possible to understand the characteristics of the data transformer role in a particular situation through a reading of the decision-making process. This could serve as a substitute for dealing directly with the determinants themselves. For example, although the specificity of the decision is derived from the nature of the subject matter and the kinds of demands placed on the policy-making body, the decision-making process itself can be explained as an indicator of the specificity of the decision without knowing the exact demands on the organization for policy nor the subject matter itself.

This may be of importance in an empirical way because it is often difficult to determine accurately the demands on the policy-making organization and their magnitude. Also, the subject matter may be complex and specialized, making it difficult for the researcher to understand the implications for the data transformer role.

Beside the decision process itself, the two structural aspects serve as a link between the determinants. The structure of the organization affects the decision-

making process, the kinds of policies considered, and the array of participants involved. The position of the data transformer in the organization also affects the decision-making situation.

And finally, there is the temporal factor expressed by the evolutionary concept of organizational life. The change of processes over time, the changing relations between structure and process, and the constraints placed on decision-making by the passage of time are themes common to many of the role determinants.

In concluding this chapter it may be helpful to return to the array of functional role types of the expert advisory position in governmental policy-making bodies. The data transformer role in relation to the five other advisory roles may be considered a group or role set as defined by Merton and others.[13]

The expert advisory position in an organization indicates a certain role set that determines the behavior options of the occupant of the position. This research indicates that the data transformer role will be central

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[13]Robert K. Merton, Social Theory and Social Structure (Glencoe: The Free Press, 1957).

to increasing the rationality of public policy-making. The transformation of information into knowledge for decision-making appears to be of major importance in increasing the policy knowledge available to the policy-making organization. Of course, any descriptions of the role must include the ancillary activities of data collection and communication of knowledge to decision-makers.

Creating knowledge for decision-making from relevant information is the central function of the data transformer role. It is this function that can be most crucial for increasing the level of subjective rationality to the point that public policy can move closer to the attainment of objective rationality. The expert advisor as an incumbant in the role can be an important force in augmenting the flow of policy knowledge into the governmental decision-making systems.

The theoretical concepts developed in this and earlier chapters provide a basis for postulating the determinants of the relation between expert advisor and public policy-making organizations. The final chapter in this section presents a framework that encompasses the

theories discussed in the earlier chapters while at the same time bridging the gap between general concern for the advisor-principal relation and the more specific problem of advisory relationships as an interorganizational matter in governmental policy-making activities.

## CHAPTER FIVE

### A THEORY OF THE ADVISORY RELATIONSHIP: THE KNOWLEDGE-POWER FRAMEWORK

It has been perceptively noted by Lyman Bryson writing in the Political Science Quarterly that in determining ways of putting "knowledge at the service of power", the "right relation of knowledge and power" is one of the important problems in an age when "power is so developed and knowledge is so dispersed."[1] Bryson discusses two aspects of advisory relationships. One is the way that the relation of the advisor to the principal varies according to different configurations of power between the principal and other organizations or actors. The second is the relationship of the principal to other decision-makers as determined by relative levels of support.

These two concerns are expressed by Edward S. Flash, Jr. in his book Economic Advice and Presidential Leadership as the "internal-external environment" and the "balance of power" and are developed in accord with a general equilibrium

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[1]Lyman Bryson, "Notes on a Theory of Advice", Political Science Quarterly, vol. LXVI, no. 3 (Sept., 1951).

theory to determine the characteristics of the right relation of knowledge to power.

> It (internal-external environment) represents the complex pressures and opportunities growing out of socio-economic, technological, political and administrative consideration that devolve upon an administrator and crystallize into the balance of power operating between his organization and its external surroundings.[2]

The balance of power is established somewhere along a continuum from sensitive to insensitive. When conditions are sensitive the leader or principal acts with caution because of the need to protect his own power base. He assumes a defensive posture as mediator with a short run emphasis on strategies and tactics and a curb on his own desires. Under conditions of insensitivity however, Flash postulates that the principal has relative impunity from an attack on his power base and he has wider discretion in terms of either taking action or deciding not to respond to certain demands made by components of the organization and outside clientele.[3]

> Although the effect is in part reciprocal, the internal-external environment as registered by the sensitivity-insensitivity character of the balance of power has an overriding impact upon other determinants of the knowledge-power relationship as well as upon the relationship itself.[4]

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[2]Edward S. Flash, Jr., Economic Advice and Presidential Leadership (New York: Columbia University Press, 1965) p. 329.

[3]Ibid., p. 331.

[4]Ibid., p. 331.

Three other factors that act as determinants of the knowledge power relation are stated by Flash as the advisory objective, the essential advising activity and the nature of the expertise. Within each of these elements a kind of equilibrium or balance of forces exist.

The Advisory Objective

The advisory orjective, by definition, is to fulfill organizational objectives through the use of knowledge and expertise produced by the expert. This in itself becomes the objective of the advisory staff. Flash postulates that the organizational objectives as influenced by the external-internal environment determine locations of the advisory objective along a dimension where the advisory objective is inherently coordinative at one end and inherently conceptual at the other.

The Essential Activity

Flash identifies three elements of the essential activity as it refers to the means for carrying out the advisory objective. In a three point system, "the balance between the conceptualizing and the coordinating objectives influences a similar balance between the activities of planning, control, and evaluation."[5] The degree to which one of

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[5]Edward S. Flash, Jr., Economic Advice and Presidential Leadership (New York: Columbia University Press, 1965) p. 333.

these activities is emphasized will determine the abstractness or operationality of the activity which may, according to Flash, be reflective of the conceptual or coordinative nature of the advisory objective.

## The Nature of the Expertise

The character of the advisory function is also influenced by the nature of the expertise involved. This is defined by Flash as "...the character of the body of knowledge involved, the applicability of the expertise to the organizational objective and to the advisory objective and activity, and the professional or bureaucratic orientation of the expertise."[6] Flash concludes that "the expertise is either self-contained or dependent, either pervasive or limited, and either professionally or bureaucratically oriented.[7]

## The Hypothesis

Flash, in developing his theory of the determinants of the knowledge-power relationship, argues that it is not self-determined but rather is influenced by the balance of power and the balance among the factors of advisory objectives, advisory activity, and advisory expertise, as components of

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[6]Edward S. Flash, Jr., Economic Advice and Presidential Leadership (New York: Columbia University Press, 1965) p. 334.

[7]Ibid., p. 336.

the advisory function. The concepts synthesized by Flash are extremely complex in themselves. It is hoped that the reader will be able to identify them in the case material and analysis that is presented below, and in fact will already be familiar with them in somewhat different forms from the discussion of role theory above.

It seems that a desirable summary of the theory can be provided by the hypothesis Flash has developed for explaining the interrelationship of the factors he identifies as being determinants of the knowledge-power relationship.

> The more the complex internal-external balance of power is 'sensitive' rather than 'insensitive', the more the advisory objective is conceptual rather than coordinative, the more the essential advisory activity is abstract rather than operational, and the more the advisory expertise is pervasive, self-contained, and professional rather than limited, dependent, and bureaucratic; then the more the knowledge-power relationship is interdependent and variable rather than independent and stable and the more its impact on decision-making processes is general and more peripheral rather than specific and integral.
>
> The more this (knowledge-power) relationship is characterized by interdependence, variability, and ideological features, the more the processes of the advisory function are characterized by the experts taking the initiative in maintaining the relationship with the leader (principal) by accepting a wide latitude in the choice of objectives and procedures, seeking involvement in accordance with these objectives and procedures, accomodating to its environment, and developing a combination of unique values and operations.

> Conversely, under essentially opposite determining factors, essentially opposite knowledge-power relations will exist and the advisory process will more nearly conform to the contrary characteristics of depending upon precedent and instructions, following an established range of objectives and procedures, limiting its involvement, impinging upon its environment, and in general maintaining the advisory institution's established combination of values and operations.[8]

To clarify these hypotheses it may be useful to look at the elements in chart or skeletal form organized according to the independent variable as it determines the dependent variable and as these determine the characteristics of the knowledge power relation and the processes of the advisory function. This is presented in Figure one.

This theoretical framework developed by Flash in connection with his study of the President's Council of Economic Advisers provides a basis for understanding the advisory relations revealed in the district development organization case studies presented below. The tenets of the theory will be incorporated in the statement of hypotheses and major variables in the next chapter.

## Summary

In this and the preceding chapters theoretical concepts relevant to identifying the variables in the advisory

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[8]Edward S. Flash, Jr., Economic Advice and Presidential Leadership (New York: Columbia University Press, 1965) p. 337-338.

(limits) (limits)

INDEPENDENT VARIABLE: The Internal-External Balance of Power

Sensitive — Insensitive

Dependent Variables:

Conceptual — Coordinative

Advisory Objective

Abstract — Operational

Essential Advising Activity

Pervasive, Self Contained, Professional — Limited, Dependent, Bureaucratic

Advisory Expertise

CHARACTERISTICS OF THE KNOWLEDGE-POWER RELATION

Interdependent Variable Ideological — Independent Stable Pragmatic

CHARACTERISTICS OF THE PROCESSES OF THE ADVISORY FUNCTIONS

Experts take initiative in maintenance of relation by:
- Accepting a wide latitude in choice of objectives and procedures.
- Seeking involvement in accord with those objectives and procedures.
- Accomodating to its environment.
- Developing a combination of unique values and operations.

Experts are dependent on precedence and instructions.
- Following an established range of objectives and procedures.
- Limiting its involvement. impinging on its environment.
- Maintain the advisory institution's established combination of values and operations.

relationship between experts and public policy-making organizations several different areas have been explored. These included analysis of political systems, concepts of staff and staff function, organizational roles and role perception, and the knowledge-power framework. In the next chapter some basic assumptions or working hypotheses are identified and variables stated to summarize the variety of theoretical concepts discussed above.

# CHAPTER SIX

## MAJOR DETERMINANTS: HYPOTHESES AND VARIABLES

### Working Hypotheses and Major Variables

This chapter is devoted to a presentation of three working hypotheses and the development of major variables that specify the relation between the hypotheses and the theoretical concepts presented in the previous chapters. The variables will be discussed in the analysis of the case material presented in Section III and evaluated according to empirical findings. The final section of this dissertation will restate the major variables and relate them to a general theory for describing the relationship between expert advisors and public policy-making organizations.

The three hypotheses are intended to serve two purposes. They provide a general summary of the theoretical concepts that are felt to be pertinent to the advisory relation. They also set forth three areas of concern in the analysis of the advisory relation; (1) the characteristics, (2) the magnitude and intensity, and (3) the effectiveness of the relations.

## Some Working Hypotheses

STRUCTURAL-FUNCTIONAL CHARACTERISTICS OF THE ADVISORY RELATIONSHIP WILL VARY ACCORDING TO THE ORGANIZATIONAL STRUCTURE OF THE PUBLIC POLICY-MAKING ORGANIZATION IN THE POLITICAL-ADMINISTRATIVE ENVIRONMENT, THE ORGANIZATIONAL OBJECTIVES AS THEY INFLUENCE DEMANDS FOR KNOWLEDGE, THE TYPE OF DECISION-MAKING IN THE ORGANIZATION, THE KINDS OF DECISIONS MADE, AND THE TYPE OF ADVISORY EXPERTISE REQUIRED.

For example, the formal distinction between line and staff in regard to authority and responsibility for operation will be maintained in an organization that is hierarchical and oriented toward routine production type output. In this case the demands for knowledge will be routine and the decision-making largely programmed in nature. The type of advisory expertise required will be of a standardized technical repetitive nature.

In organizations where responsibility and authority are diffused, where the lines of authority are lateral rather than hierarchical, where decision-making is largely non-programmed or innovative and the knowledge demands and output highly differentiated, the distinction between line and staff will be minimized. In this type of organization the advisory relation will be characterized by informality

and exchange of positions such that expertise will come from a variety of positions located both within and outside the policy-making organizations.

THE MAGNITUDE AND INTENSITY OF THE ADVISORY RELATIONSHIP WILL BE DETERMINED BY THE LEVEL OF DEMAND FOR POLICY KNOWLEDGE, AVAILABILITY AND COMPLEXITY OF THAT KNOWLEDGE, AND THE INTERNAL-EXTERNAL BALANCE OF POWER CONDITION.

For example, in organizations where the level of system demand inputs is moderate and constant, the availability of policy knowledge is high and the complexity low, and the balance of power condition is insensitive, the magnitude and intensity of the advisory relation will be low. Conversely, under conditions of sensitivity, with high and fluctuating demand input levels requiring scarce and complex policy knowledge the magnitude and intensity of the advisory relation will be high.

THE EFFECTIVENESS OF THE RELATION OF EXPERT ADVISOR TO POLICY-MAKING ORGANIZATION DEPENDS ON THE DEGREE OF INTEGRATION OF ADVISOR AND PRINCIPAL IN CONJUNCTION WITH STRUCTURAL-FUNCTIONAL CHARACTERISTICS AND THE MAGNITUDE AND INTENSITY OF THE RELATIONSHIP AS REFLECTED IN THE BALANCE OF POWER CONDITION.

This hypothesis follows from the two stated previously and concerns effectiveness defined as providing appropriate

policy knowledge for decisions that approach a state of objective rationality. Attainment of an effective relation is difficult to measure directly, as is net real probable output. The concept of integration is used as a secondary measure in terms of the social condition of advisory relations. Earlier, integration was defined as the structural functional combination of staff and line. Here the concept is broadened to encompass the interrelationships of social organizations or social groups. In this respect a regional development agency is a social organization and local city and town councils are social organizations.[1]

Where there is a sensitive balance of power condition there is social informality and structural flexibility, and the magnitude and intensity of the relationship is high. Under these conditions the advisory relation may be particularly effective in providing policy knowledge because of the integration of experts with the policy-making organization. When the need for policy knowledge is critical for the organization, the incorporation of advisors into the decision process will increase the consideration of policy knowledge by the policy-making organization.

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[1] Communicative integration and functional integration as defined by complex communication networks and mutual interdependence. See Werner S. Landecker, "Types of Integration and their Measurement", American Journal of Sociology, LVI No. 4 (Jan., 1951) p. 332.

The formulation of these hypotheses are directed toward the analysis of the multi jurisdictional public policy-making organization where the conditions stated under the third hypothesis have been found to exist in varying degrees. The following section sets forth the major variables or determinants of the advisory relationship and indicates operational definitions. In making a distinction between characteristics, magnitude and intensity, and effectiveness it should be noted that there will be overlap of variables between categories and that for the purposes of this discussion they are handled under the category in which they seem to be logically predominant. The numbers in parentheses refer to the theoretical chapter and section that supports the derivation of each variable.

## The Variables

### A. Structural Characteristics of the Advisory Relationship.

1. FORMAL ASSOCIATION WITH THE DECISION-MAKER AND HIS BUREAUCRACY.

Varies according to the degree of dependence or independence of the advisor and advisory organization to the decision-maker and the policy making organization. High dependence is indicative of a formal internal structure. High independence is a characteristic of an external structure.

This variable may be applied in terms of the formal designation of the advisor and principal such as incorporated government relating to incorporated planning consultant on one hand and personal advisor to the mayor on the other. Both institutional and personal relations are considered. Differences range between dependence and independence in terms of institutions and between intimate and remote in terms of persons.

2. RELATION OF STRUCTURAL CHANGE TO FUNCTIONAL OBJECTIVES IN POLICY AND ADVISORY ORGANIZATION.

There will be a modification of structural characteristics in relation to changing functional objectives. This variable is primarily concerned with structural change over time.

The application of this variable depends on identification of structural positions and job descriptions, and on objectives stated in work programs and assignments. One indicator is the creation of new positions and the tending to leave others unfilled as the work program is modified over time.

3. FORMAL MANDATE OF THE ADVISORY ORGANIZATION.

The structure of the advisory relationship will be influenced by the formal mandate of the advisory organization.

The mandate is usually in the form of a statement authorizing the establishment of the staff organization or a contract for staff services. Or an informal mandate may exist. These will indicate the structural relation, specifically in a formal document and generally in an informal understanding.

4. POLICY SUPPORT AND DEMAND CHARACTERISTICS OF DECISION-MAKING ORGANIZATION.

The structure of the advisory relationship will reflect the environment of policy support and demand. High levels of demand relative to support will produce a highly informal structure while high levels of support in relation to demand result in a more formalized structural relation.

Demand is perceived as requests for information, requirements for decisions and actions suggested for organizational survival. Support includes funds contributed, budget allocations, taxes and bond issues approved, political power and public opinion.

5. STRUCTURAL TYPE OF ORGANIZATION.

The degree of differentiation and specialization in both the advisory and policy-making organization will determine the breadth of the formal contacts between the two organizations. Where differentiation is

high the advisory relation will be characterized by an array of formal as well as informal contact points.

Differentiation and specialization are measured in terms of tables of organization, number of different specialists and complexity of assignments within the organization. Identification of these points leads to a determination of contacts between the decision-making and advisory organization.

B. Dynamics of the Advisory Relationship

1. SUBSTANTIVE NATURE OF THE DECISION: TYPES OF POLICY ISSUE.

The relationship will be modified in terms of the narrow or pervasive nature of a particular policy decision. The elements determining narrow or pervasive issues include:

- Precision and error characteristics of the advice.
- The time horizon of the policy.
- The complexity and technical content of advice.

Where advice has high precision, low error margin, high complexity and technical content and a short time horizon the issue is narrow and will result in a dependent relationship.

2. LEVEL OF POLITICAL CONFLICT AND PLURAL NATURE OF THE ISSUE.

In a situation where the level of conflict and fragmentation of interests is high the advisory relationship will be interdependent and loosely structured rather than dependent and close.

This is indicated by visibility of interest group conflicts, numerous political constituencies, and issues that directly effect particular interests or governmental units.

3. COMPETITIVENESS OF ADVICE AND SUBJECTIVITY OF ANALYSIS.

The intensity of the advisory relation will be lower where competition between advisors and subjectivity of analysis are great.

Competition among advisors is indicated by the kind of advocacy proceedings often found in quasi-judicial settings. The type of issue is one indicator of the subjectivity of analysis. Social questions for which a scientific solution is not evident usually produce competitive advisory recommendations.

4. DECISION-MAKING CHARACTERISTICS AND DEMANDS.

The magnitude and intensity of the advisory relationship will be influenced by several factors:

- Whether the decision environment is one of crisis or opportunity, that is defensive or offensive action is called for.

- Whether the decision is a result of programmed or non-programmed decision-making processes.

- Support inputs and demand inputs. High support and low demand decreases the intensity and magnitude of the advisory relationship as does programmed decision procedures.

A determination of crisis or opportunity may be made by considering the degree to which the continued survival of the decision-making organization is at stake. Questions directly involving budgets, votes, or highly visible negative issues indicate a defensive situation. Popular desire for change and a strong political and fiscal mandate signal an offensive situation.

Programmed decision-making is indicated by reliance on rules, regulations, and precedents. When this occurs in conjunction with a high level of support and neither opportunity nor crisis type demand situations, then magnitude and intensity will be low.

5. BUREAUCRATIC VERSUS PROFESSIONAL ORIENTATION OF THE ADVISORY ORGANIZATION.

A bureaucratic orientation indicates a dependent

and specialized relationship where the magnitude and intensity is highly focused. The opposite condition exists when the orientation is professional.

Bureaucracy is indicated by a highly structured organization with hierarchical control and positional differentiation as defined by Max Weber.

6. CONSISTENCY OF ROLE DETERMINANTS FOR THE DATA TRANSFORMER ADVISORY ROLE.

In order for high levels of magnitude and intensity of the advisory relationship to be realized there must be consistency in the determinants of the data transformer role. Consistency indicates a clear definition of the role allowing maximum advisory function.

An example of a consistent definition of the data transformer as general advisor would be as follows:

- Policy-making organization dependent on environment requiring broad concept of data transformer role.
- Placement of advisor in a generalized structural position with long term advisory responsibilities creating a need for the generalist advisor.
- An appointed, general or regional policy board will expect the advisory role to be general and comprehensive since it must deal with a wide variety of issues.

- Non programmed decision-making as a characteristic of the policy-making process will require an advisory relationship that is characterized by search and innovation and consideration of broadly defined areas of interest.
- The need for policy oriented knowledge that includes consideration of social values in essentially non quantifiable areas places the advisor in a general position with wide latitude for advice and competition with other advisors.
- Where demands for output from the environment are not high the advisory role will be wide ranging and innovative.

These six determinants, as stated, should result in an advisory relationship that is distinguished by a high level of magnitude and intensity with the data transformer role defined broadly and operating in the position of general advisor. This definition of the data transformer role is chosen as an illustration of role consistency because it fits the situation of regional economic development districts. The illustrative material presented in Section III is based on the study of two such districts.

C. Effectiveness of the Advisory Relation.

These variables are summarizations of the variables concerning structure and dynamics. Effectiveness as such can only be measured indirectly in terms of the flow of entropy of the communication channels and the social integration of role incumbents among the advisory and policy-making organizations.

1. PERCEPTION OF THE ADVISORY ROLE IN TERMS OF THE ADVISORY OBJECTIVE AND THE ESSENTIAL ADVISORY ACTIVITY.

The effectiveness of the advisory relationship depends on the degree to which advice and the advising activity correspond to the advisory expectations of the principal.

2. THE SENSITIVE-INSENSITIVE NATURE OF THE INTERNAL-EXTERNAL POWER RELATIONSHIP.

When the internal-external power relation is sensitive, an effective advisory relation will be marked by a conceptual rather than coordinative advisory objective, by an abstract rather than operational essential advising activity and by an advisory expertise that is pervasive, self contained and professional rather than limited, dependent and bureaucratic.

In this case the advisory relation that does not conform to this hypothesis will be ineffective in

transmitting recommendations to the policy-making body. For example, a coordinative advisory objective would be very difficult to achieve with a sensitive internal-external power relation.

3. LEVEL OF INTEGRATION BASED ON ROLE PERCEPTION AND THE KNOWLEDGE POWER RELATION.

The effectiveness of the advisory relationship may be summarily indicated by the degree of integration of advisory and policy-making functions. This integration is based on consistency of role determinants, correspondence of role perception and conformance of advisory activities to those appropriate to the internal-external balance of power. Where there is an integrative relationship, the knowledge-power relation will be interdependent and variable under environmental conditions of sensitivity and independent and stable under conditions of insensitivity.

The preceeding statement of major variables derived from theory is further illustrated in Section Two by the case material that follows. The variables are discussed in relation to the cases in Section Three.

## SECTION TWO

## THE ADVISORY RELATION: SETTING AND BACKGROUND

### CHAPTER SEVEN

The Public Policy-making Organization
and The Expert Advisor in Regional Development

### CHAPTER EIGHT

Science Advice and Government Policy

### CHAPTER NINE

Policy and Advice:
The Case of Urban Development

## CHAPTER SEVEN

# THE PUBLIC POLICY-MAKING ORGANIZATION AND THE EXPERT ADVISOR IN REGIONAL DEVELOPMENT

### The Public Policy-making Organization

It is generally conceded by analysis of public policy-making that policies usually originate from more than one element of the political system, and are seldom conceived in their entirety by a single unit. The making of public policy is a process that involves many different individuals, groups and organizations.[1] The pluralistic notion of political power in American communities is a recurrent theme in much of the urban political analysis of today.[2]

In attempting to formulate the major variables in the relationship between advisory organizations and public policy-making organizations it is necessary to specify some primary policy-making organization. This is required in order to focus the empirical research used to illustrate the major variables.

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[1] See Edward C. Banfield, Political Influence (New York: The Free Press, 1961), pp. 235-285.

[2] A well known work in this area is Robert A. Dahl, Who Governs (New Haven: Yale University Press, 1961).

The substance of advisory relationships in public policy-making is revealed by the types of public policy organizations, the kinds of expert advisors, and the characteristics of policy issues and advisory recommendations.

## The Legislative Organization--City Council

The city council, county board of supervisors, state legislature, or the Congress are public policy-making organizations. These consist of a group of duly elected individuals who make policy decisions for the appropriate governmental unit.

Advice flows into this organization from four basic sources. These are: (1) The feelings, viewpoints, and desires of the electors or constituents. (2) The proposals of a political executive such as mayor or county executive. (3) Advice in the form of knowledge brought to the organizational decision-making process by the individual members' own memory and experience. (4) Advice that flows into the organization from experts and specialists who consciously undertake to transform data from information to knowledge that is relevant to specified decisions.

The legislative organization is usually identifiable by the absence of a dominant political executive and the making of policy through group interaction, bargaining

among subunits, and identification of majority sentiments through voting. This kind of legislative policy-making body exists at the local level under weak mayor municipal charters, village boards of selectmen, and county boards of supervisors when there is no county executive.

### The Executive Organization--Mayor/Manager

In these organizations policy-making leadership is exercised largely by one individual in conjunction with a legislative organization that ratifies or rejects alternatives that he proposes. In this situation substantive advice on policy matters comes most frequently from specialists and staff assistants engaged in transforming data into relevant knowledge. Political advice usually comes through party channels that may or may not include substantive policy advice. There is also knowledge input from constituents and interest groups who find the leader a convenient point of contact with the policy-making organization.

The manager-council form of government is a variation that is similar to what might be called the administrator-board government at the county level. The manager himself is considered an expert in municipal management combining the advisory function of a staff assistant to the council concerning administrative matters with the operating

responsibility for carrying out council policies and managing the work of government employees. In this case, the manager, as an agent of the council, may be one step removed from participation in policy decisions depending on the degree to which he accepts the non partisan role. In practice this distinction may be blurred but it is still in contrast to the political executive.

The specialist or advisor, such as the planning director, is further removed from the policy-making organization when the manager assumes the passive non partisan administrative role.

The strong mayor form of municipal charter or the elected county executive form provides a direct link between advice and policy-making through the executive. The executive relies on expertise not only in administrative matters but also in areas of political concern. For example, the President in considering economic policy may receive economic advice from the Council of Economic Advisers and political advice from the Postmaster General. The knowledge-power relationship under these circumstances would depend on the political sensitivity of the policy alternatives and on the critical nature of the economic situation.

## The Executive Board as a Policy-making Organization

The Executive Board of a district economic development organization as a type of policy-making organization is the subject of the illustrations presented later in this dissertation. These boards do not make final regional policy decisions for local governmental units. Rather, they participate in the development of metapolicy, that is, knowledge about the means and substance of policies within the regional environment.

The executive board receives policy knowledge and advice from the organization's staff and from organizations and persons known to the members of the board. For example, the board member who is president of a local bank may acquire knowledge concerning the future prospects of a particular kind of business from the trust officer of the bank as well as from a technical report by the staff.

The board-staff relationship may be defined as an advisory relation between specialists and a public policy-making organization. However, since the board does not have jurisdictional powers and public policy must be ratified by governmental units in the district, it was decided to treat the board and staff combined as an advisory organization. The advisory relation is between the board-staff unit and county public policy-making organizations as defined above.

## Other Policy-making Organizations

It should be recognized that nongovernmental groups are also involved in what might be termed quasi-public policy-making. One example, with reference to economic development, would be a chamber of commerce. An organization of this sort could develop a program for the expansion of economic activity and carry through actions that would have definite bearing on public programs and public policies for economic development.

Another slightly different type of organization is the industrial development corporation. This organization provides a vehicle for conducting operations as well as instituting programs regarding the location and growth of industry in an area. The development of a particular site as an industrial park by such a corporation represents a public policy decision that will benefit the people in the district to varying degrees.

Other similar organizations can also be identified as sources of quasi-public policy-making to varying degrees. In any area there are a large number of organizations of different types, with different kinds of legal authority to intervene in public matters. The activity and interactions of these organizations with each other, with citizens of the district and with units of government provide

the total web of public policy-making activity. The focus in this study on the relationship between a district economic development organization and the formal chartered units of local and county government should not obscure the importance of the broader overall complex of inter-organizational relations.

## The Expert Adviser

The case material that will be used to illustrate the variables presented in Section One is based on the study of two economic development districts. The formally constituted governmental organizations are not the only public policy-making organizations in the district and the district organization is not the only advisory group. Different types of advisory organizations are discussed below to indicate the setting within which the district organization operates.

There are four kinds of advisory organizations and organizational components that are interrelated and have direct relevance to this research. These are: (1) The staff organization such as a planning agency. (2) The substantive expert or specialist. (3) The consultant organization either private or governmental. (4) The citizen advisor or citizen advisory board. The first three of

these perform a data transformation function that includes gathering data and transforming it into relevant policy knowledge. The fourth type, citizen advisor, is distinguished by the fact that policy knowledge is contributed by the members of the organization as representatives of external interest groups or as a result of their own careers and life styles.

The citizen adviser is of particular interest because policy-making organizations tend to maintain an internal advisory capacity through the inherent expertise of some of the members. In a city council, for example, one of the members may be a real estate salesman, a building contractor or an accountant by profession. Similarly, a member of the district board of an economic development council may also represent the interests of a public utility, the chamber of commerce, or a trade association.

## The Planning Agency

One example of a staff organization is the municipal planning agency. Its work includes supplying information, developing policies, and evaluating alternatives concerned with the overall growth and development of communities. The American Institute of Planners defines as its area of

concern "The planning of the unified development of urban communities and their environs and of states, regions, and the nation."[3]

This broad definition of the scope of urban planning is applicable to several different types of planning agencies. These develop out of six assumptions about planning agencies.

1. The primary function to be performed by a planning agency is to offer advice and recommendations on planning matters and to develop plans as models or symbols for a complex set of advisory recommendations. Planning here is defined as comprehensive long range specification of community development and formulation of goals for this development.

2. Citizens and professionals performing the planning function do so in an advisory capacity to the municipal government.[4]

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[3]Constitution of the American Institute of Planners. The American Institute of Planners (Washington, D.C., 1967).

[4]See: Robert A. Walker, The Planning Function in Urban Government (Chicago: University of Chicago Press, 1947), pp. 166-171 for a discussion of the appropriateness of planning as a staff function. Confusion exists between staff and line in characterizing planning functions. "The second type of (Planning) agency is the regular line department in the municipal government..." Valentin Rupeiks, An Investigation of Planning Commission Members. Master's Thesis, Unpub. University of North Carolina, p. 14, illustrates the confusion by mistakenly placing planning in a line category.

3. There are three basic approaches to the structural relation of the planning agency to the governmental policy-making organization at the local level that illustrates the setting of the agency in its environmental context.

- The planning agency is an autonomous body with the power to hire staff, develop plans, and make recommendations independent of the executive and legislative elements of local government. This type of agency has formal responsibility for planning and informal responsibility for implementation.[5]

- The planning agency is an advisory body to the executive and/or legislative elements. The hiring of planning staff and the development of plans are under the jurisdiction of the city council, mayor or manager. The agency or department in this circumstance still has informal responsibility for implementation.

- The planning agency exists according to and at the pleasure of the executive-legislative elements. The agency has formal responsibility for developing plans and hiring staff and is to some degree also responsible for implementation.

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[5] Responsibility is the accountability of individuals or organizational elements for their decisions. Simon defines responsibility as a primary function of organization. This definition requires that there be authority present to make responsibility valid. Herbert A. Simon, Administrative Behavior, (New York: Macmillan, 1957) p. 9-11. In the peculiar case of many planning agencies the responsibility does not carry with it concurrent authority in the classic sense.

4. These three organizational relationships will hold true regardless of the existence of other citizen boards, (redevelopment authority, sewer board); civic action groups (downtown association, neighborhood groups); or various forms of municipal government (council-manager, strong mayor, weak mayor or commission).[6]

5. For purposes of definition three major functions are assigned to planning agencies.

- Quasi-judicial. The drafting and administration of zoning ordinances, subdivision controls and other legal instruments for development control.

- Policy-making. Formulation and recommendation of policy matters pertaining to long range community planning and development.

- Community representation. Representing the community in in planning matters and promoting the general welfare of the community insofar as it can be defined.

6. In general, planning agencies have responsibility for planning matters, but as advisory organizations may not have the authority or responsibility for implementation of programs.

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[6] In some instances the organization is a joint city-county planning agency. In that case, the relationship to the municipal government is tempered by attachment to the county government. See: An Exploratory Study, W. H. Colonna, Jr., University of North Carolina Master's Thesis, Unpub. 1962, pp. 144-145.

7. The organizational relationships between the planning agency and the public policy-making organization that serves as its principal are conditioned by the environment and determined by specific legal requirements.

This description of the planning agency is an example of the staff advisory organization. The economic development council or board is conceived of as a staff agency similar in some respects to the planning agency. The major difference is in the less formal relations to principals and the broader scope of advisory expertise.

### The Substantive Expert

An advisory organization may contain group expertise or it may be made up of individual specialists who act independently when an organizational response is required. These specialists may act as individuals to affect regional development decisions as well as serving within the organization.

Harold L. Wilensky has undertaken a comprehensive study of experts in labor unions and developed a typology of experts and the characteristics of the knowledge they possess.[7] The author defines the union expert according

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[7]Harold L. Wilensky, Intellectuals in Labor Unions, (New York: The Free Press, 1956).

to two criteria:

1. He is a hired staff man responsible to elected officials and working full time in the headquarters of a national or international union.

2. He is a 'man of knowledge' in the sense that he brings to the problem at hand a body of specialized information and skill acquired through formal education and/or training on the job.[8]

In his study of labor unions, Wilensky developed a typology of the primary role orientations of experts in the union organizations studied. These were: (1) Missionaries, (2) Professional Service Experts, (3) Careerists, (4) Politicos.[9]

The missionary role is marked by an orientation toward a philosophy of the labor movement beyond the union organization. The union is viewed as a vehicle for social changes. The missionary role is assumed by an individual who is dedicated to using his knowledge to benefit the organization because this will also further his own philosophical cause.

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[8]Harold L. Wilensky, Intellectuals in Labor Unions, (New York: The Free Press, 1956), p. viii.

[9]Ibid., pp. 114-115.

The professional service expert is largely a product of specialized training rather than experience. He has completed a specific course of study that distinguishes him as a member of a professional group in society. The professional then relates to his collegues who share certain values and educational experiences. The professional is oriented to the possession of specialized skills rather than a personal philosophy and the exercise of these skills provides him with job satisfaction.

Wilensky identifies the program professional and the technical professional within this professional service category. These two subtypes are characterized as follows:

- The Program Professional combines his high professional identification and his desire for full utilization of his professional skills with an interest in achieving substantial program impact within his area of specialization.[10]

- The Technical Professional is solidly means centered when he describes his work. He exhibits a preoccupation with technical detail, technique, "pitch", he does not speak in terms of values or goals.[11]

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[10]Harold L. Wilensky, Intellectuals in Labor Unions, (New York: The Free Press, 1956), p. 138.

[11]Ibid., p. 143.

The careerist expert is highly oriented toward the union organization and looks toward upward mobility within the union hierarchy. He may be either rank and file, coming up from within the union or an outsider whose early worth as a specialist was established in other organizations. An important contrast between the careerist and the professional is the high degree to which the careerist expertise is acquired through experience and job duties whereas the professional acquires his expertise through formal instruction and training programs. One contribution to the understanding of experts in public policy-making made by Wilensky's study, is the broadening of the concept of expert to include specialists whose main qualifications stem from experience rather than education.

The fourth type of expert found in labor unions is termed the Politico. This expert values his political skills and his ability to advise on policy-making. In contrast to the other types of experts he contributes knowledge about the process of policy-making rather than substantive program recommendations. His emphasis on instrumentality separates him from the professionals and his lack of ideological commitment is in contrast to the Missionary and Careerist experts. Wilensky sums up his typology by saying:

> The Missionary's political energies, while put out in less 'realistic' style, are goal directed, attached to principle, typically guided by some image of Utopia. The professional types have some commitment to a professional ideology of dispassionate service; they prize the values of objectivity and independence, respect technical competence. Finally, the Careerist is typically oriented toward middle class values sustained by church, family and community. The Politico, in contrast, lacking the stabilizing influence of a firm set of values reacts to politics with a hard-boiled manipulative outlook.[12]

Although the above typology of experts was formulated on the basis of a study of union organizations it reveals some interesting distinctions that are useful in examining the expert in regional development advisory organizations. The professional regional economic planner and other technical specialists generally fit the professional category. These experts owe their allegience to external reference groups and serve the regional organization by accomplishing their assignments according to professional criteria.

There is also a second important type involved in regional development organizations that corresponds to Wilensky's Politico. This is the industrial development specialist. These advisors generally have considerable experience, and a relatively small amount of formal training in their area of expertise consisting primarily of attendance

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[12]Harold L. Wilensky, Intellectuals in Labor Unions, (New York: The Free Press, 1956), pp. 158-159.

at institutes and conferences subsequent to their entering the industrial development field. The main reward of the industrial development specialist is putting together a "package", that is, arranging a deal where industrial entrepreneurs adopt a particular location on the basis of specified conditions and agreements concerning such things as services provided, local community assistance, and site improvements.

In the district economic development organization the industrial development specialist may be a primary advisory resource because of the applied and pragmatic nature of his activities. It was found that in the Mohawk Valley District of New York the industrial development specialist provided a major link between the local elected policy-making units and the district advisory organization. These specialists were able to provide relevant knowledge on regional policy matters and also to advise on the policy-making process itself. Their knowledge of local conditions and local policy-making procedures provides the regional organization with information concerning the types of recommendations that would be useful and effective in terms of the characteristics of the local environment and the local policy-making process.

## The Consultant, Private and Governmental

A third kind of advisory organization relevant to advisory relationships is the consultant and consultant organization. In regional economic development activities the private consultant is generally a firm or partnership that is capable of carrying out a specific contractual assignment of a technical nature. These organizations may be employed to advise in certain technical aspects of a program and also may produce a specific plan or program as a finished product. Generally, there are few consultants who specialize in policy advice or provide knowledge about policy-making per se, except for the forays of academicians and public figures who are employed for their skills as generalists.

A more unique type of consultant involved in regional economic development areas is the governmental consultant. In both of the illustrative cases investigated a county planning agency served as a consultant to local governmental units. For example, in the Mohawk Valley, New York, economic development district, the Oneida County Planning Department contracted with Herkimer County, the Cities of Utica and Rome, and the Herkimer-Oneida joint county planning board for planning services. Thus the professional staff under

the county planning commissioner divided its duties among two counties and two cities.

One advantage of this arrangement over the use of a private consultant was the degree of continuity that could be maintained under the open ended yearly contract. A second advantage was the possibility for coordination of plans and programs where city-county and bi-county problems existed. This provided a basis for the early identification of conflict and afforded opportunities for working them out before hard policy decisions were made by the governmental policy-making organization.

The obvious disadvantages of the governmental consultant include lack of sufficient specialization to handle detailed investigations, and conflicts of interest and time due to pressures from the parent organization. For example, the Oneida County planning agency could not always provide the same level of intensity in its consulting contracts when problems arose in Oneida County that demanded a sudden heavy investment in staff time.

Under certain circumstances the district advisory organization may become a governmental consultant to sub-units in the region as well as an advisor or regional problems and regional development programs and policies.

Although an exploration of this dual purpose approach is not appropriate in this section it is noted because of the possibility that exists for governmental consultants to provide specialized advisory services in an area.

## The Citizen Advisor

A basic input of policy knowledge may be attributed to the citizen advisor as a member of an advisory body such as a planning board or economic development council. The expertise stems from the advisor's knowledge about the desires and behavior of some identifiable group. The importance of this knowledge in bureaucracies has been stated at length by Norton Long[13] and its presence in elected bodies is evident in the many studies of Congress beginning with Woodrow Wilson's Congressional Government.

In the district development agency the board of directors supplies this type of policy knowledge. The executive board or council may itself contain experts who represent industrial sectors of the local economy, special interest groups and organizations, occupational groups, and financial institutions.

These citizen advisors should be distinguished from professional staff and advisors as defined previously. They

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[13]Norton Long, "Bureaucracy and Constitutionalism" in The Polity (New York: Rand McNally, 1966) pp. 64-76.

represent an important source of policy knowledge and are considered here for this reason. Some indication of the kinds of knowledge contributed by citizen members of advisory boards is revealed by a study of planning board representation in major United States cities.

Cities were selected from the top thirty in population size according to 1965 estimates on the basis of general relevance for the study and for broad geographical representation. The cities chosen for the study are listed below:

| CITY | est. pop. 1965* | CITY | est. pop. 1965* |
|---|---|---|---|
| Buffalo, N.Y. | 505,000 | Los Angeles, Cal. | 2,695,000 |
| Chicago, Ill. | 3,520,000 | Milwaukee, Wis. | 765,000 |
| Cincinnati, O. | 495,000 | Minneapolis, Minn. | 465,000 |
| Cleveland, O. | 825,000 | Pittsburgh, Pa. | 560,000 |
| Denver, Col. | 520,000 | St. Louis, Mo. | 710,000 |
| Detroit, Mich. | 1,660,000 | San Diego, Cal. | 636,000 |
| Indianapolis, Ind. | 530,000 | Seattle, Wash. | 565,000 |
| Kansas City, Mo. | 530,000 | | |

*Source: Municipal Yearbook 1966, International City Managers' Association. Chicago. By permission of Rand McNally & Co.

The study of these cities provided data for a general profile of the representativeness of planning boards in major United States cities. The boards are generally made up of appointees representing the upper socio-economic level in the community. The business segment is heavily represented although the proportion of Negroes and labor leaders has in-

creased since the war. This has added voices that were not traditionally heard on citizen planning boards. The boards themselves appear to have a legitimate role in the community political structure, although it is marked by tension between the immediate demands of land use control administration and the feeling by board members that their major task is to formulate long range development policy. The members of the board would generally be considered influentials in the community, and their jobs, memberships in social organizations, and personal friendships provide many possibilities for them to be involved in both public and private community development policy-making.

The planning body may be an advisory body, but it is also charged with the authority to make certain specific recommendations. The planning boards, even in major cities, have few members who are professional specialists in urban development. However, the specialists in these circumstances, may well be the community leaders who represent special knowledge gained from involvement in a major sector of the community's economic and social life. In terms of the relationship to the principal, it appears from the study that the board's potential influence on policy was greater where a strong individual link existed between the mayor and the planning board.

Edward S. Flash, Jr. reaches a conclusion about the Council of Economic Advisers which might, slightly rephrased, be said in the future about urban development advisory boards.

> Without doubt, the Council has made a significant difference. It has become the institutional embodiment of the President's responsibility for the nation's economic welfare and his initiative in behalf of economic growth. The Council's position of acceptance by the President and of influence on national economic policy represents the combining of economic expertise and political power. The availability and application of this expertise has strengthened presidential leadership and control. The political power behind the Presidency has clothed economic expertise with force and at the same time tied such expertise to criteria of political feasability rather than to some theoretical or academic ideals.[14]

Flash makes a further point concerning the policy creation and planning activities of the Council as follows:

> While providing information, analysis and recommendations on correct economic activity, the Council will strengthen its role as economic ideologist by becoming the integrator at the conceptual level of its Administration's major programs of economic and economic-related significance.[15]

The economic development district executive board is an expansion of the city planning board and as such possesses

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[14] Edward S. Flash, Jr., "The Broadening Scope of the President's Economic Advice", The George Washington Law Review, Vol. 35, No. 2 (December, 1966), p. 292.

[15] Ibid., p. 296.

the kind of expertness and general policy advisory function that has been demonstrated in the study of planning boards in the major cities of the United States.

The discussion of different types of expert advisors provides the basis for consideration of the advisory relation in regional economic development organizations. The special case of citizen advisor does not fit the definition of expert advisor for purposes of this research. It must be recognized, however, as an important factor in the input of knowledge for policy-making.

The next section focuses on the advisory relation as revealed in the study of science advice in government. In that situation the utility of the citizen advisor is minimal.

# CHAPTER EIGHT

## SCIENCE ADVICE AND GOVERNMENT POLICY

### Introduction

A rapid expansion of scientific advisory activity in relation to public policy-making has occurred since World War II, primarily in the area of National Defense. Much has been written about the scientist in government and the social and philosophical problems of applying scientific technology to weapons development. Many aspects of the role of science advice in government have been explored as an extension of a general concern for the role of intellectuals in society.[1] The broad spectrum of issues involving science and government are introduced in a series of articles edited by Robert Gilpin and Christopher Wright Scientists and National Policy-Making.[2]

A review of primary literature in the area of science and government indicates that the focus of interest has been

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[1] See, for example, George B. Huszar, Ed., The Intellectuals, (New York: Free Press, 1960).

[2] Robert Gilpin, Christopher Wright, Eds., Scientists and National Policy-Making, (New York, Columbia University Press, 1964).

on questions of social role, the scientific community in society and the degree of control or power that scientists may exert on public policy-decisions at the national level of government. A less well-developed area of interest that is pertinent to the advisory relationship at the local level and regional level, concerns the demand for science advice and the response of individuals and institutions for this demand. This includes relationships between independent advisory organizations and executive or legislative policy makers, and between individual consultants and government.

The issues appear to be grouped according to degree of autonomy, degree of client diversity and degree of responsibility for acceptance of advice. Degree of autonomy concerns the advisory organizations's structural and institutional position with regard to the policy-maker. The White House Science Adviser is, for example, in a less autonomous position than the Director of the National Academy of Science. Degree of client diversity refers to the number of clients served by the advisory organization either in terms of individuals or organizations. Thus the RAND Corporation has had until recently primarily only the Navy Department as its client whereas organizations such as

the Stanford Research Institute may have a number of governmental clients.

Responsibility for a principal's acceptance of advice is of concern in science advising because basic factual "scientific" conclusions are traditionally expected to stand on their own merits. However, as political, and particularly strategic considerations are interjected by policy-makers these must be increasingly taken into account in making advisory recommendations. Effectiveness of the advisory organization, in terms, of consideration of advice by policy-makers, may be determined by the efforts directed toward gaining acceptance as much as by thorough research and study.

## Science Advising as Examples of the Relation of Advisor To Policy-Making Organization

The potential for learning about expert advisory relationships at the local and regional level from investigations of national scientific advisory organizations is indicated by a recent study of the RAND Corporation.[3]

In the case of not-for-profit scientific research organizations the relationship between advisor and principal is generally an organizational one. This is more comparable

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[3] Bruce L. R. Smith, The RAND Corporation, (Cambridge: Harvard University Press, 1966).

to the advisory planning and development organizations than relations between individual scientists and members of government. Bruce Smith, in his study of the establishment and growth of the RAND Corporation and its involvement in a study of air defense bases for the Air Force, provides one example of this relation.

The RAND Corporation was formed in response to a basic organizational need in the Army Air Force. This was the need to spend ten million dollars of research funds that remained at the termination of World War II.[4] A research contract was drawn up between the Air Force and the Douglas Aircraft Company to continue research in inter-continental warfare focusing on air weapons and bases. This contract enabled Douglas to retain a number of scientists who had been working on war-time research. Project RAND (Research and Development) commenced in 1946 and a number of technical studies were completed during the early years of RAND's growth.

Contract difficulties and possible conflicts of interest arose during 1947 that made it seem desirable to create a separate non-profit corporation and remove RAND entirely from the Douglas Company. This was accomplished

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[4] Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), p. 41.

on May 14, 1948 and the purpose of the corporation stated as "to further and promote scientific, educational, and charitable purposes, all for the public welfare and security of the United States of America."[5]

From this point RAND broadened its concern to include more emphasis on the social service aspects of defense research particularly economics. The Air Force remained the primary client of RAND. It was permitted to seek other outside sponsors but the primary relation with the Air Force in terms of defense studies was maintained until about 1960. After the inauguration of John F. Kennedy, RAND accepted more outside sponsors and began to conduct substantial research for both governmental and private organizations outside the Air Force. This resulted in a diminished relationship with the Air Force due to the feeling that RAND was no longer a "personal" advisor.

The bureaucratic segment of the organization also increased in response to the diversification of clientele and the heightened public and Congressional interest in RAND research activities.[6] RAND was beginning to find that its relation with other sponsors also had drawbacks

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[5]Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), p. 74 from Article 2 paragraph a, Articles of Incorporation.

[6]Ibid., pp. 125-133.

due to sponsors' difficulty in perceiving the freedom and flexibility that RAND was accustomed to under Air Force Contracts. How RAND responds to this more complex environmental situation remains to be seen.

Some of the determinants of the changing relation between RAND and the Air Force will be discussed in the following section. This provides an example of science advising at the national level that emphasizes the similarities with other types of advisory organizations. It seems clear that when policy advice is required, even scientific and technically-oriented research organizations adapt to the strategic and social aspects of the advisory demands and technical solutions often become of secondary importance.[7] The case of the Strategic Bases Study presented by Smith illustrates this phenomenon and the need to press for the implementation of advisory recommendations rather than allowing them to stand on "scientific" merit. The evidence that scientific advice for public policy is similar to other types of specialized policy advice is supported by the RAND case and runs through much of the literature on scientists in government. The now somewhat classic

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[7] See Robert N. Kreidler "The President's Science Advisors and National Science Policy" in Gilpin and Wright Scientists and National Policy-Making, op. cit.

Tizard-Lindemann case described by Sir Charles P. Snow indicated that this may be as true of individuals science advisors as of organizations.[8]

## Problems and Issues in the Advisory Relation

The case of the Stretegic Bases Study (SBS) reported by Smith in his analysis of the RAND Corporation provides an illustration of some of the problems and issues that concern scientific advisory organizations.

The SBS was begun in 1951 when the problem of selecting overseas air bases was submitted for study by the Air Force. In a fashion characteristic of the RAND approach to research assignments the problem was offered to the staff, since the interest of a staff member was necessary for RAND to accept the project. The general policy recommendations were adopted by the Air Force in 1953, the study published by RAND in 1954 and declassified in 1962.[9]

A draft of the study, over 400 pages in length, was completed in 1952 a year after its initiation. The work of transmitting the findings to the Air Force occupied half

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[8] Sir Charles P. Snow, Science and Government (Cambridge: Harvard University Press, 1961).

[9] Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), fn. p. 195.

of 1952 and most of 1953. Transmitting the findings and recommendations to the Air Force actually took longer than the substantive research and occupied considerable staff time.

The RAND Corporation's contribution to defense policy in this case was as much one of education as of scientific research. This was necessary even though the SBS indicated that one approach to foreign bases was significantly superior to several alternatives after allowing for a factor of uncertainty. Both tactical and cost criteria was satisfied by the proposed solution but this was not sufficient for adoption of the recommendations by the Air Force.[10] This case amply illustrates that the effectiveness of an advisory relationship may be evaluated on the ability to overcome many obstacles in the way of transmitting policy knowledge to the decision-making center.

Some of the problems and issues that are apparent in a study of science advisory organizations relevant to other advisory organizations may be discussed in relation to the SBS case. These are: (1) Short range vs. long range research orientation,(2) Internal survival versus advisory output, (3) Client diversification, (4) Autonomy of the

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[10]Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), pp. 216-229.

research organization, (5) Transmitting advice to the decision center.[11]

Short Range vs. Long Range Research Orientation. This involves the same kinds of problems that are revealed by a planning advisory organization's concern over time horizons and the relation of long range planning activities to immediate demands for project advice. In the case of RAND, the daily demands of routine problems advising would most likely diminish the productive effort devoted to broader policy research that could set guidelines for project decisions.

For example, requests for design of strategic bases as they become necessary would be missing the point if no general strategic criteria for type and location of bases had been adopted. Therefore, the location of RAND in California rather than Washington and the creation of other units such as Analytic Services, Inc. (ANSER) by the Air Force provided a screen for advisory demands on RAND. The Institute for Defense Analysis (IDA) is, like ANSER, also located in Washington and again responds to short range demands for research and advice.

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[11] Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), pp. 74-75.

This issue is further illustrated by RAND's creation of subsidiary units when additional clients and general research recommendations required more specific operational types of research. In late 1957 RAND created a separate non-profit corporation for its Systems Development Division that had been organized to satisfy demands for systems training activities by the Air Force.

A second spin off from RAND was ANSER, separated from RAND in January 1961. The reason for this separation was also to provide a research organization for types of research not suited to the long range interdisciplinary work at RAND. Smith indicates that "The bulk of ANSER effort has tended to be channeled into short range projects and fulfilling requests for immediate staff assistance from the Air Force Directorate for Development Planning."[12]

Thus RAND followed a consistent policy of screening itself from day to day research and technical requests through its decision to locate in California far from the Pentagon, through its policy of staff acceptance of research proposals, and by spinning off separate organizations to handle research that had begun at RAND but appeared inappropriate it its general mission.

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[12]Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), p. 124.

Internal Survival vs. Advisory Output. A problem that occured during the growth of RAND concerns the internal structure of the advisory organization as it is modified to meet changes in the external environment. During the growth of RAND the internal organization became more complex and the proportion of administrative personnel increased from forty-nine percent to sixty per cent. Smith notes that, "... diversification in sponsorship, reinforced by such factors as increasing size and the emergence of congressional critics and other real or potential enemies, has led to more formal management practices and to somewhat less flexibility in internal operation."[13] This phenomenon of bureaucratization is a response to the environment in which demand levels are increased while support levels decrease. This is, increased volume and diversity of research requests occurred as RAND became more visible and subject to criticism. The original exclusive relation between RAND and the Air Force was diminished and the advisory organization responded by changes in its internal structure. To what extent this reduced the advisory capacity of RAND is unclear, save for the lower ratio of research personnel to administrative personnel.

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[13] Bruce L. R. Smith, The RAND Corporation, (Cambridge: Harvard University Press, 1966), p. 132.

Certainly the effectiveness of RAND in the implementation of the SBS in 1953 would not have been easily duplicated in 1963. The environmental change that took place over these ten years appears to have reduced the potential for RAND to contribute to broad scale governmental policy decisions.

Client Diversification. As mentioned above, one of the factors that caused internal organizational change in RAND was its attempt to diversify its clientele rather than relying solely on the Air Force. This decision was spurred by a projected freeze on Air Force funds in 1959 such that Air Force support dropped from ninety-five per cent of the corporation's budget to sixty-eight per cent in the early 1960's.[14] The second major consequence of diversification was a change in the relationship with the Air Force. Smith discusses the advantages and disadvantages of RAND diversification and its relation to both internal organization and client relations.[15] He views the situation as one where some diversification is necessary and desirable but when pushed too far it will result in a severe reduction in the effectiveness of RAND's relation with centers of government policy decision.

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[14] Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), p. 129.

[15] Ibid., pp. 135-139.

If we are concerned with the relation of an advisory organization to centers of governmental policy-making then the diversification problem becomes an important issue. RAND could not maintain the integrity and confidentiality of its relation with the Air Force while accepting contrasts from other service branches or from the Defense Department. Work for private firms, especially defense contractors raised questions of conflict of interest. This is a problem in law firms and advertising agencies who may have clients with similar or competitive objectives. In terms of RAND and its relation to public policy formulation the dangers of diversification are real. This applies to most advisory organizations with public-governmental clients. Therefore, the effectiveness of the organization in transmitting knowledge into the decision-making process would depend on the ability to handle broad research assignments without conflict and to allocate sufficient personnel to ensure a high level of competence in carrying out the research. In addition, the close relationship between principal and advisor when diversification is low will assist in the transmission of advice to policy centers and the acceptance and internalization of new knowledge.

Autonomy of the Research Organization. RAND is a highly autonomous organization as indicated by its policy for

accepting research assignments and its desire to diversify in spite of some Air Force pressure to the contrary. Smith considers the importance of autonomy both for the advisory organization and for the client. He concludes that a high degree of autonomy is important to allow the organization freedom to select research and formulate research problems, and to ensure that the client benefits from independent thinking and that the roles and responsibilities of the research and decision-making organizations are not confused.[16]

The problem of autonomy in scientific advisory organizations is particularly important in preserving the "mystique" of science that provides one basis for acceptance of recommendations. Preventing premature interference by political issues and the distractions of frequent program problems are also justification for autonomy. This applies equally well to other advisory organizations having governmental policy-making organizations for clients. Even when the advisory function is not based in the natural sciences the mystique of specialization and the need for freedom of orientation are important to the production of policy knowledge.

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[16]Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), pp. 268-270.

Transmitting advice to the Decision Center. Clearly the most interesting aspect of the RAND case is the need, even in science advising, to expend considerable energy on gaining acceptance for recommendations. This occured in the SBS even though the policy was mandated on a thorough, reasoned and broad scale research effort. If the organization should be autonomous it should also be able to close the gap quickly and effectively to provide the support necessary for the transmission of the new knowledge to the decision process.

Smith observes in the RAND case that the results of the research had to be presented to the Air Force as a policy matter. The reports were distributed only to the appropriate officers in the Air Force since leaks could severely compromise the Air Force's ability to make a policy decision to modify existing procedures. The authors of the study permeated the Air Force at different levels to gain acceptance by diverse groups who could be effected by the proposed changes. In sum, the advisory organization had to act as a pressure group in order to have its own recommendations considered by the top policy body, the Air Force Council. In fact it was even necessary for RAND president Franklin R. Collbohm and two vice-presidents to meet with the Acting Air Force Chief of Staff General Thomas

S. White before the policy recommendations were transmitted to the Air Force Council for consideration.[17]

In many organizations there will be different points of view within sub units. This was true in the Air Force where jurisdictional problems combined with controversy over the size of bombers to be employed and the inertia of established programs to sand bag consideration of the findings.[18]

It seems clear that the political and promotional aspects of the advisory relation are common to various types of research advisory organizations. The ability to state research findings relevant to policy issues and to educate the client as to the meaning of the advice are important aspects of the advisory relation. In regional development advisory organizations this has been recognized as a critical function to the production of relevant policy knowledge. It appears to be an equally valid assumption to apply to scientific advisors.

The RAND case refutes the legend of science advisors as seers who make profound statements which are automatically accepted by the policy-makers. Even in areas such as

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[17]Bruce L. R. Smith, The RAND Corporation (Cambridge: Harvard University Press, 1966), pp. 224-225.

[18]Ibid., pp. 221-223.

the use of new drugs where testing is rigorously scientific there has been scientific controversy over Food and Drug Administration actions. Wallace Sayre, writing on scientists and science policy has concluded that there is no single science interest group. Rather, there are many specialized groups who may argue with each other based on each one's specialized view of the problem or policy issue. "In this characteristic, the associations of the scientists share the pluralistic, fragmented, and internally competitive attributes of the other participants in the American political process..."[19]

The Science Advisor - Summary. Harvey Brooks in an article titled "The Scientific Advisor" identifies functions of scientific advisory committees in government as follows.[20]

- Analyze technical aspects of major policy issues.

- Evaluate specific scientific and technological programs.

- Determine new opportunities for research and development.

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[19] Wallace S. Sayre "Scientists and American Science Policy" in Gilpin and Wright, Scientists and National Policy-Making, op. cit., p. 101.

[20] Harvey Brooks, The Government of Science, (Cambridge: The MIT Press, 1968), pp. 83-85.

- Advise on organizational matters (utilization of Scientists).

- Advise in selection of research proposals.

Accompanying these functions Brooks discusses seven roles for the science advisor.[21]

- Scientific thinker applying a way of thinking to related areas.

- Liaison between scientific community and policy makers.

- Proponent and supporter of particular policy decisions.

- Specialist in policy research.

- Intellectual.

- Expert.

- Problem solver.

Any one science advisor may assume a number of these roles either simultaneously or successively according to his primary function. Although the concept of organizational role is not well defined, organizations can be characterized according to the roles of the members of the organization.

The functions that Brooks identifies cover the activities of scientific advisory committees but do not consider the research organization as such. Therefore, it is nec-

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[21] Harvey Brooks, The Government of Science, (Cambridge: The MIT Press, 1968), pp. 86-89.

essary to add functions such as definition of problems, conduct of original scientific research, identify policy issues in technical problems and educate or sell clients on the value of the research recommendations.

Considering these functions and roles, a series of general problems defined by Brooks, may be considered to illustrate the broader aspects of scientific advising than revealed by the RAND case.[22]

Selection of Advisors. The selection of top level scientific advisors has been according to a system of personal knowledge and trial experience. Senior scientific advisors choose people known to them who have administrative skills and political sophistication in addition to scientific expertise. This is indicative of the variety of roles that an advisor must assume. Selection purely on the basis of expertise could limit the ability of the advisor to transmit relevant, policy oriented knowledge to policy decision-makers.

Representation of the Scientific Community. This is a general concern because of the fragmented condition of the scientific community. Therefore, a committee of science advisors may be either too specialized to perceive the

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[22]Harvey Brooks, The Government of Science, (Cambridge: The MIT Press, 1968), pp. 90-107.

merits of a proposal in another area of specialization or too general to understand the policy implications of a specific technical finding. The use of a system of sub-committees in the structure of national scientific advisory organizations is an attempt to avoid these two extremes.

Communication with Policy-Makers. This problem has been considered in detail earlier in this section and it should be recognized as a general problem in scientific advisory relations.

Advice versus Decision. This again refers to the problem of communication and the degree to which advice is transformed into decision. Brooks makes the point that prestige, predictive value, political power and a definable constituency all enter into the acceptance of scientific advice by public policy-makers.

Responsibility. A general problem that has been argued at length from a moral point of view is also evident at the level of science versus budget restraints. It is here that the definition between scientific and political expertise becomes clear in policy issues. The science advisor may evaluate the relative merits of ten proposals competing for funds but the final equivocation may depend on political judgement according to the financial and political resources available.

Resolution of Conflict. Brooks criticizes science advisory committees for seeking consensus that is difficult to secure rather than exploring ways of narrowing and defining disagreements. In the RAND case the Air Force tried to impose a system of concurrent majorities on those researchers trying to present their findings. This necessitated high level meetings because it was found that little progress could be made gaining consensus at the lower levels. Science advisors may overcome this problem by defining disagreements and conflicts so they may be resolved at the upper levels where procedures for conflict resolution exist.

Executive Privilege. The problem of confidentiality pervades most scientific advisory relations, especially when they involve defense matters, patent rights or competition between organizations with similar goals or with a shared and limited resource base. Brooks recognizes the need for confidence and separation of scientific advisory committees from public scrutiny. In the RAND case isolation was an important element in the organization's ability to produce significant research studies and recommendations. The problem of client diversification has at least one foot in the morass of confidentiality, security classifications, and prevention of premature disclosure of recommendations. Both Brooks and Smith

conclude that science advisory organizations must be given privileges beyond those accorded agencies and departments within the government.

Conflict of Interest. At RAND steps were taken to see that individuals were not profiting from recommendations that could have monetary value. Disclosure of stock holdings and other interests were required. Conflict of interest in terms of prestige or career gains rather than purely monetary rewards is more difficult to control but of some concern in scientific advisory organizations. The same kinds of problems may apply to other advisory organizations where prior knowledge of possible government action could be of financial benefit to the advisor.

These eight general problem areas identified by Brooks in a study of the science advisory committees of the executive branch of the Federal Government provide an overall summary of the characteristics of science advising. It seems clear that the issues in the relation of science advisors to public policy-makers are not substantially different from those faced by other organizations that furnish policy advice to government whether federal, state, or local.

## Applicability to Regional Development Advisors

The issues and problems explored above are meaningful if they reveal some uniqueness that accrues to science advisory organizations or if they reinforce conclusions about other government advisors such as regional development organizations. Analysis of the issues presented above in relation to the cases under consideration indicates that there are substantial grounds for discussion of similarities and little reason to claim uniqueness.

The range of response of the research organization is an important consideration in regional development and planning organizations. The local planning agencies within local governments are generally unable to develop a broad perspective due to close ties with the decision-making unit and the constant demands for current studies. The regional agency on the other hand has a measure of insulation that is accompanied by autonomy and independence due to its broad basis of support. This permits research and issue-formulation on a more comprehensive basis.

The diversity of support coupled with a single client focus is somewhat diminished however by the sub regional interests of the local governments. When there are competitive environmental pressures support levels may be reduced such that the advisory organization must serve individual

local needs for advice at the expense of regionally oriented research. A second effect of environmental tensions on the internal operation of the organization is a lack of policy issue formulation and resulting sterility of research in terms of recommendations for action. For example, the North East Pennsylvania Economic Development District devoted staff time to general regional studies without clearly defining regional policy issues during the period of environmental conflict when the district was reorganized. In the Mohawk Valley, New York, emphasis was placed on assistance to local communities in developing projects rather than the kinds of policy studies needed to back up project allocations. These acts are analogous to the RAND Corporation's studying the design of overseas bases or the relative strength of the United States long range war-making power rather than the overall locational problem of bases.

The complexity and diversity of client relationships is important for regional advisory organizations because problems of privilege and conflict of interest may inhabit the advisory functions. While serving a regional constituency the organization also serves a number of local policy units who are all interested in regional decisions. This is similar to the problems RAND would have had if it accepted

assignments from other branches of the Defense Department while working on the SBS. The regional organization must be able to conduct research without being exposed to constant criticism and evaluation by local governmental units. One way of accomplishing this is by selecting the organization's executive committee members on the basis of their regional perspective rather than local relationships.

Once recommendations are formulated on the basis of policy oriented research, the advisory organization focuses on the acute problems of transmitting the knowledge and recommendations to policy-making bodies. In the RAND case an educational effort was directed at the various sub units in the Air Force. In a regional development organization a similar effort is necessary to inform the local government units that must concur on regional policy decisions. Attention must also be paid to conflict resolution in both cases where some action may be needed to define alternatives and clarify disagreements so that policy decisions may be considered without requiring the full satisfaction of all units. In the Air Force a hierarchy of command and final authority makes this possible if recommendations can be communicated to the top levels. This is more difficult to achieve in regions without such institutions.

There are many similarities to the factors effecting the relationship between scientific advisor and the federal government, and regional advisory organizations and local governmental units. The RAND case and the study of the President's science advisory committees provide illustrations of these factors where only the prestige and mythology of science has generally been thought to facilitate the effectiveness of the advisory relation.

# CHAPTER NINE

## POLICY AND ADVICE, THE CASE OF URBAN DEVELOPMENT

### Introduction

In this chapter economic development policies are identified that are based on economic theory. These are contrasted with political policies based on knowledge of politics and governmental institutions. Together they provide the substantive bases from which regional economic development policy is formulated. An understanding of the substantive policy issues is important in analyzing the advisory relations as presented in the case studies.

### Economic Development

#### Long Term Development Policies

Economic development policies established for specified regions generally focus on the spatial distributions of economic activity and the labor force. Concepts of spatial distribution stem from the early work of Say,[1] Von Thunen,[2]

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[1] Jean Baptiste Say, A Treatise on Political Economy, 1857 Book II.

[2] Peter Hall, (ed.) Von Thunen's Isolated State. (Oxford: Pergamon Press, 1966).

Levasseur,[3] and Weber.[4]

These writers were concerned with the intra-regional distribution of population and economic activity and ranged from Von Thunen's attempt to derive principles of space economy illustrated by a hypothetical region, to Alfred Weber's concentration on the location of basic industrial activity. Early in the twentieth century two major contributions brought together lines of thought that had been developed in the eighteenth and nineteenth centuries.

The first of these dealt with distribution theories of population and activity. Walter Christaller developed a theory concerning the location, growth and centrality of human settlements based on an analysis of a region in Germany.[5] The growth of these settlement nodes was determined by the mix of economic activity and the relationship between settlements. Christaller attempted to develop a predictive model of regional growth and development based on empirical evidence from southern Germany. Subsequent analysis has shown this to be of limited application. One

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[3]Pierre Emile Levasseur, "The Concentration of Industry and Machinery in the United States," Annals of the American Academy of Political and Social Science. IX, (March, 1897) pp. 178-197.

[4]Alfred Weber, Theory of Location of Industry, Carl Friedrich, Trans. (Chicago: U. of Chicago Press) 1929.

[5]Walter Christaller, Central Places in Southern Germany, Trans. by Carlisle W. Boskin (Englewood Cliffs, N.J.: Prentice-Hall & Co., 1966).

important result of his work was an understanding of, and appreciation for, the relationship between centers in a region and the existence of a regional pattern of hierarchical relations. This meant that actions taken to increase economic activity in one center were thought to have an effect in other centers. This suggests a more comprehensive approach to area wide development.

The second major work was also by a German, August Losch.[6] Rather than looking at the distribution of economic activity in space, Losch considered the location problem and viewed the development of regions as an outgrowth of the separate location solutions of firms locating according to market and resource factors. He also incorporated the transportation factor into his analysis in terms of time-cost substitution problems. This included the cost and time factors for comparative transport routes and also the concept of substitution of units of transport for other locational advantages.

Losch proposed a hexagonal market area such that a whole network of nodes could be determined and a hierarchy of centers established by the correspondence of market areas.

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[6]August Losch, The Economics of Location (New Haven: Yale University Press, 1954).

Advantages of agglomeration such as numbers of firms and associations of like or complementary activities would accrue to these nodes.

The concept of a hierarchy of centers and the establishment of locational advantages suggested that concentration on augmentation of the locational attributes of major centers would in turn benefit other lesser centers. This could provide a rationale for investment in centers that possessed a significant locational advantage.

These concepts concerning intra-regional interaction and location of economic activity may be applied to the problem of determining a point of intervention in the regional economy where actions could result in an increased output of regional product. This has resulted in the definition of a growth center or "pole de croissance."[7] An analysis of the regional economy and estimates of sector potential will yield appropriate types of actions that can be applied most effectively to the growth centers in the region.

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[7]Albert O. Hirschman, "Interregional and International Transmission of Economic Growth" in John Friedman and William Alonso, eds., Regional Development and Planning, (Cambridge: MIT Press, 1964) Chapter 32, pp. 623-641; See also fn. 3, p. 623, Perrons, "Notes sur le Notion de 'pole de croissance'" and Boudeville, J. R. "Contribution a l'etude des poles de croissance brisiliens."

This concept is at odds with the historical notion that each community can compete individually as the location for a wide range of economic activity. It infers that a coordinated effort by the settlements in the region will yield a higher level of regional economic growth than a free market competitive approach.

Public Investment Programs and Multiplier Effects.

Closely related to the intra-regional pattern of activities is the concept of public investment programs acting according to a multiplier factor in stimulating private investment. Adam Smith in Wealth of Nations points out the importance of certain public actions to the operation of a free market mechanism.[8] This basic acknowledgement of the need for some public investment even in a free market economy has been expanded by later writers to include a multiplier concept. Keynes, of course, developed this concept in terms of national economic growth in a manner that has had a profound influence on government fiscal policy and political ideology. It has also been applied to regions and subregional units primarily through two different approaches. One of these is the economic base concept and the other input-output analysis.

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[8] Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations. (New York: Modern Library, 1937). Book V, Chap. 1.

The economic base idea developed essentially from models of international trade activity.[9] This approach was refined and further developed by Homer Hoyt, Charles M. Tiebout and others.[10] The concept is important because

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[9]Some relevant references to the development of the concept in a sub national area are:

M. Aurousseau, "The Distribution of Population: A Constructive Problem", Geographical Review XI (1921), p. 574.

Robert M. Haig, Major Economic Factors in Metropolitan Growth and Development: Vol. I of Regional Survey of New York and Environs (New York: Regional Plan Associates, 1927).

Arthur M. Weiner, and Homer Hoyt, Principles of Urban Real Estate, (New York: The Ronald Press Company, 1939).

M. C. Daly, "On Approximation to a Geographic Multiplier," The Economic Journal 1, No. 198-199 (June-September, 1940) pp. 248-58.

George Hildebrand and Arthur Mace Jr., "The Employment Multiplier in an Expanding Industrial Market: Los Angeles County, 1940-47," Review of Economics and Statistics XXXII (Aug. 1950).

John Alexander, "The Basic-Nonbasic Concept of Urban Economic Functions," Economic Geography XXX (1954), pp. 246-61.

[10]Charles M. Tiebout, "The Urban Economic Base Reconsidered," Land Economics XXXII (Feb. 1956) pp. 95-99.

_____, The Community Economic Base Study (New York: Committee for Economic Development, 1962.

Ralph W. Pfouts, (Ed.) The Techniques of Urban Economic Analysis, (West Trenton, N.J.: Chandler-David, 1960). See also Pfout's critique of the method in this volume.

Homer Hoyt, "The Utility of the Economic Base Method in Calculating Urban Growth," Land Economics, February, 1961, Vol. XXXVII No. 1.

it introduces the multiplier effect to spatially defined areas such as regions and because it suggests a system for distinguishing between economic activity that supports the growth of regions and that which serves it.

The economic base approach has provided a basis for determining sectors of the regional economy that will yield the greatest regional growth in relation to sector growth. Besides assigning priorities to locations for investment it now becomes important to select specific sectors of the economy. The multiplier is incorporated as a ratio between those sectors and other sectors and as a relation to the population as a whole. Furthermore, public investments become important as stimulators of private investment since they may provide for a reduction in externalities at particular locations and create direct primary effects through the inflow of dollars to the region.

Two points of interest emerge from this work that relate to development policy. One of these is the need to concentrate area wide on selected sectors of economic activity to maximize the increase in regional growth. The second is to concentrate public investment in areas that have the greatest locational advantage in terms of stimulating private investment in these selected sectors.

Generally these efforts are intended to result in raising the level of economic development of a region through increased GRP per capita and are indicated by rising levels of complexity and differentiation.[11]

The input-output approach to regional economic development is distinguished from the economic base concept by its emphasis on analysis of transactions rather than institutions and the development of sector multipliers in matrix form.

This approach was originated in the work of Leontief[12] and adapted to regional analysis largely through the efforts of Walter Isard.[13] Basic discussions of the method of analysis and its application may be found in two publications,

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[11] Complexity and differentiation are concepts that some investigators have constructed as indicators of economic development. Essentially, complexity refers to the degree of division of labor and specialization of occupations. Differentiation has a similar meaning in terms of the range of distinguishable economic and social organizations. See: Frank W. Young, and Isao Fujimoto, "Social Differentiation in Latin American Communities," Economic Development and Cultural Change, Vol. 13, (1965), pp. 344-352.

[12] Wassily Leontief, The Structure of the American Economy, 1919-1939, (Oxford: Oxford University Press, 1951).

_____, "Quantitative Input-Output Relations in The Economic System of the United States," Review of Economics and Statistics, (August 1936).

[13] Walter Isard, Location and Space Economy, (New York and Cambridge: Wiley & Sons, Inc., and Technology Press, 1956).

one by Isard[14] and one by Miernyk.[15] This approach is described as follows:

> The technique postulates that any given line of economic activity bears a measurable relationship to every other industry in the economy, and that these relationships can be set forth in a series of equations readily solved by computing machines. These inter-industry relationships can be expressed in terms of what Leontief has referred to as a huge revenue expenditure accounting system. The revenue side of the balance sheet shows how the output for every industry is distributed, and the expenditure side records for each industry the distribution of inputs per unit of output for all industries.[16]

The technique therefore, establishes a basic relationship between the volume of output of any given industry in any given region and the volume of input required in the production process from all other industries in this and all other regions.[17]

The importance of this technique in terms of regional development policy is its focus on the relationships between industries and the use of the multiplier concept for defining the magnitude of these relationships. This regional refinement of a technique, developed first on a

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[14] Walter Isard, Methods of Regional Analysis: An Introduction to Regional Science. (Cambridge: The MIT Press, 1960) pp. 309-374.

[15] William H. Miernyk, The Elements of Input-Output Analysis (New York: Random House, 1965).

[16] F. Stuart Chapin, Jr., Urban Land Use Planning, Second Edition (Urbana: Univ. of Illinois Press, 1965).

[17] Ibid., p. 113.

national basis by Leontief, provided the dynamic counterpart to the regional interpretation of trade theory embodied in economic base studies. The input-output idea makes its contribution to the setting of regional economic policy as a model for the regional economy rather than as a technique for analysis. It provided the impetus for the study of interrelated sectors and the importance of secondary and tertiary exchanges that would accrue to certain types of economic activity. As a result it became important to formulate development policies that would consider more than "basic" industries or locational attributes pertaining to industry types. The effects of industrial activity on the system of inter-industry relations of both an inter-regional and intra-regional nature had to be determined.

The importance of the input-output model over other approaches to regional analysis such as regional income estimation, social accounting, and interregional flow analysis is emphasized by Isard as follows:

> Of the general interdependence approaches which have been investigated, the interregional input-output approach is most prominent, both in terms of accomplishment and recognition. It presents a fruitful approach for depicting and investigating the underlying processes which bind together the regions of a system and all

> the separate facets of their economies...In essence it expresses the basic fabric of an interindustry system as it exists not only within each region but among regions.[18]

Other advanced techniques of a general interdependence approach, such as industrial complex analysis, and inter-regional linear programming are not considered to have had an impact on development activities because they have had only limited application and are understood by only the most sophisticated and research oriented regional economists.

These basic approaches to the analysis of economic development strategies provide a basis for the dissemination of concepts that result in economic development policies.

A concern for locational advantage and the concept of market areas prompts the adoption of policies that will improve the market position of one particular area in relation to another. Since location is fixed, the programs often focus on reduction of externalities and introduction of external economies in terms of public facilities.

The concepts of growth centers and economic base have engendered policies designed to reinforce the strong competitive market locations within a region so that the entire region would increase its GRP in relation to other

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[18] Walter Isard, Methods of Regional Analysis, op. cit., p. 310.

regions. The multiplier effect became an important factor in determining the potential for public investment in particular areas.

A third general policy area stems from approaches to inter-industry transactions and sector analysis. In this case, it was realized that certain sectors of economic activity would provide for greater expansion than other sectors. Under this assumption the promotion of industry would be focused on the industrial sectors that had growth potential for the national economy. This could be translated into secondary and tertiary relations depending on the suitability of the area for particular types of industry and the availability of existing industrial plants.

Subsequent consideration of human resource development and general development models will further illustrate the array of economic policies for regional development.

Human Resource Development Plans.

In describing the setting for urban development policy and advice, human resource development approaches are important because they focus on the labor factor rather than other factors of production. Interest in human resource development stems both from the economic concerns of the entrepreneur and the social welfare concerns of

public officials, civic organizations, and social service foundations.

On the economic side, the concern for labor force characteristics is a major one in the location of labor intensive or highly specialized industry. Until the enactment of the Economic Opportunity Act of 1964, community job training and retraining programs were developed only in a limited fashion. Industries felt that the community should provide them with a trained labor force and those communities deficient in this respect returned the responsibility to industry, or state and private organizations. The job training that did exist took place either in small inservice training programs or vocational schools. The small impact of industry efforts was due to the specialized nature of their programs and the fact that it included only those already employed. Vocational education, although processing a large number of students was of limited value because the nature and level of vocational training was often not appropriate for industry needs.

The Economic Opportunity Act of 1964 and subsequent programs in the Departments of Labor, and Health, Education and Welfare have provided a broader base for human resource development programs which are of importance to regional

development efforts. Establishment of county OEO organizations provides an institutional base for manpower training programs. Contracting for job training through industries has increased the participation of the private sector in raising the level of skills in the local labor pool.

This increased concern for development of productive skills in the labor force is accompanied by educational programs and community service activities under the general "poverty program" label. Of particular interest is the opportunity for joint action by economic development organizations and community action agencies. There is a significant opportunity for the combination and coordination of economic development and human resource development in a complementary fashion. This occured in Fulton and Montgomery counties New York with the creation of the Fulmont Facilities Corporation combining both economic development activities with an antipoverty program for the two counties.

The importance of increased attention to human resource development programs lies in the relationship of human skills to levels of economic development and the opportunities for an integration of the two in district wide development planning.

The regional development policies that resulted from the recognition of manpower training are directed toward improving the public educational, health, and communication facilities. To improve the position of particular communities and regions policies were formulated that emphasized investment in schools, hospitals, roads, electrification, and telecommunications.

In the Mohawk Valley particular attention was paid to the creation of graduate engineering programs at a local college to provide advanced training opportunities for engineers employed in local industries. Theoretically, the advancement of professionals should lead to a general increase in the achievement of all levels of the population through both direct and indirect effects.

Intra-Regional and Inter-Regional Development Models.

Models of economic development are an outgrowth of theoretical work in space economy and may be distinguished by the general integration and summarization of existing concepts.

As previously discussed, Losch drew on considerable early work on trade areas and the distribution of cities. His primary accomplishment in terms of constructing a general model was the linking of location theory and central place theory with equilibrium theory.

More recently Edgar M. Hoover provided a general synthesis of location theory with special emphasis on transfer costs and site rents.[19] He further developed the Lochian concept of substitution of site, market and transport advantages. The imperfectability of the market participants, Hoover maintained, impeded the optimum use of land.

This combination of substitution concepts with the probabalistic nature of the regional and interregional distribution of economic activity provided a perspective on regional development efforts that encouraged a more general approach to development than was suggested by narrower models.

Walter Isard in his book Location and Space Economy has provided the most far reaching synthesis of previous work to the extent that a general theoretical approach to regional and interregional space economy is available.[20] Isard summarizes this effort by stating a basic principle of location.

> The marginal rate of substitution between any two transport inputs or groups of transport inputs, however the transport inputs or groups

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[19] Edgar M. Hoover, The Location of Economic Activity, (New York: McGraw Hill Book Co., Inc., 1948).

[20] Walter Isard, Location and Space Economy, op. cit.

> of transport inputs may be defined, must equal the reciprocal of the ratio of their transport rates, social surplus (however defined) less costs on all other transport inputs being held constant.[21]

As this quotation indicates, the basis of Isard's approach is the application of substitution analysis to regional location with distance quantified in terms of transport inputs and rates. This provides a framework to tie together the transport orientation of Weber, the market and supply area analysis of Fetter-Launhardt, Loschian market area definitions, and the agricultural location theory of Von Thunen. Isard states that his formulation permits a synthesis of locational doctrines and a generalization of theory as well as a fusion of location theory and production theory.

The impact of Isard's work has been primarily a recognition of the substitutability of locational factors. This tends to reduce blind adherence to an optimum approach to industrial location in regions and between regions. It places the policy emphasis on providing those factors that will yield locational advantage rather than focusing only on those industries for which a known locational advantage already exists.

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[21] Walter Isard, Location and Space Economy, op. cit., p. 286.

Isard himself has determined that the next step in developing a regional model of space economy is the incorporation of non economic factors that effect the economic relationships between activity and location. These are the elements that introduce uncertainties as described by Hoover and discussed in a preliminary fashion by Isard and Tung in a paper presented to the Regional Science Association in 1964.[22]

The difficulty in minimizing external effects has held back the development of a fully operational model of regional development. The general effect has been the adoption of concepts from partial models as illustrated in the case of economic base studies. The orientation and actions of planners and economists working on regional development programs has reflected this difficulty. Experiments with only incomplete theoretical backing have been undertaken. Policies in specific regions vary according to the concepts that dominate the thinking of experts in that particular location.

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[22]Walter Isard and Tze Hsuing Tung, "Selected Non Economic Commodities: Definition and Speculations on Supply and Demand, Measurement and Utility," The Regional Science Association Papers, Vol. XIII (1964) pp. 71-91.

These economic policies for regional development provide one source for regional policy formulation. A second source may be found in public and political considerations reviewed in the following section.

## Public Policy and Politics for Regional Development

The setting for regional development is established in part also by the characteristics of public policy in the region and the political considerations that may shape it.

The link between models of urban development and metropolitan policy-making is explored in a chapter by Britton Harris in Issues in Urban Economics edited by Harvey S. Perloff and Lowdon Wingo, Jr.[23] Harris asserts that he has chosen to concentrate on "optimal, long range, metropolitan planning with some considerable emphasis on its spatial aspects." The basic contrast between this theme illustrated by Harris and the demands of public policy-making in a regional political system are aptly illustrated by Anthony Down's comment on the Harris paper.

> The particular class (of models) on which he concentrates consists of 'optimal long-range,

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[23] Britton Harris, "Quantitative Models of Urban Development: Their Role in Metropolitan Policy-making," in Harvey S. Perloff and Lowdon Wingo, Jr. Eds. Issues in Urban Economics, (Baltimore: John Hopkins Press, 1968) pp. 363-412.

> metropolitan planning' models. Since no responsible decision-makers on this earth have viewpoints dominated by any one of these traits, the main area on which he focuses attention is almost guaranteed to be irrelevant to practical decisions in metropolitan areas.[24]

It is the gap indicated by the above writers, between comprehensive economic models of regional development and iterative, satisficing models of public policy formulation that may be narrowed by the advisor's performance of the data transformation function. Specialized information concerning economic policy must be transformed into knowledge that will be relevant and appropriate for public regional development policy. The attempt, often tried in regional planning, to change public policy-making procedures to conform with a rational planning format has met with little success. The purpose of this research is to bridge the gap with an appropriate mechanism rather than revise either type of activity.

There are three themes that run through public policy for regional development. These are: (1) The generation of fragmented localized project oriented policies; (2) A heavy

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[24]Britton Harris, "Quantitative Models of Urban Development: Their Role in Metropolitan Policy-making," in Harvey S. Perloff and Lowdon Wingo, Jr., Eds. Issues in Urban Economics, (Baltimore: John Hopkins Press, 1968), "Discussion of Part II," Comments by Anthony Downs, p. 427.

weighting of alternatives in favor of immediate or short run returns and pay-offs; (3) An emphasis on the physical development and infra-structure relative to "software" programs such as educational enrichment and job training.[25]

The basis for these themes lies in the political environment and power relationships in a multi jurisdictional region. Significant investigations of the characteristics of public policy in multi-jurisdictional areas have been conducted in metropolitan areas with urban centers.

These findings are appropriate for the two districts used in the case illustrations because they both contain large urbanized areas. However, most economic development districts established by the Economic Development Administration are located in areas of rural poverty and high unemployment. For studies of public policy in these areas it would be necessary to look at the work of rural sociologists concerned with patterns of community social structure and organizational characteristics.

A general review of policy formulation in multi jurisdictional urban areas is found in "Politics and Power in the Metropolis" chapter 7 in The Metropolis, by John C.

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[25]A series of cases of metropolitan public policy decisions that illustrate these themes may be found in Roscoe Martin, et al, Decisions in Syracuse (Indiana University Press, 1961, New York: Double Day Anchor Books edition, 1965).

Bollens and Henry J. Schmandt.[26] The authors discuss the patterns of political influence indicated by studies of Atlanta, New Haven, Chicago, and Syracuse and two small communities in New York State.

These studies, with the exception of Atlanta, describe a pluralistic policy-making environment where power is focused according to the issue through the coalition of interests or actors concerned. The extrapolation of these findings may be made to multi-jurisdictional areas and summarized by the concept of a 'web' of political influence.

The parts or reference points of this web are the political jurisdictions and the actors. There are cities, towns, villages and counties with varying degrees of powers and prerogatives under the state constitutions. The actors include business, labor, political parties and the formal decision-makers and bureaucracy.[27] The interaction of actors within and among the jurisdictions create what might be termed a political eco-system wherein each issue disturbs the ecological equilibrium and causes some degree of realignment. Major change, such as the adoption of a metropolitan or areawide government, represents one end of the

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[26]John C. Bollens and Henry J. Schmandt, The Metropolis, Its People, Politics and Economic Life, (New York: Harper and Row, 1965) pp. 183-212.

[27]For a more complete discussion of forms of government and types of actors see Edward C. Banfield and James Q. Wilson, City Politics (Cambridge: Harvard University Press, 1963).

spectrum while inability to agree on any movement or change at all represents the other.[28]

This multi-centered, issue oriented, political system affects the development of regional policies and gives them the characteristics or themes identified above. The first of these, fragmented, localized project oriented policies, stem from the bargaining method of making inter-jurisdictional policy decisions. Identified as partisan mutual adjustment by Charles Lindblom,[29] this process results in the matching of benefits or trade offs such that policies can be apportioned to the localities in some measureable way. To achieve this unit of measurement the specific project is normally the nomenclature for the policy.

This approach to policy for the region may achieve some coherence through a political market mechanism but it is quite different from the broad comprehensive approach to be found in the theories and models of regional economists and planners.

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[28] See Martin Meyerson and Edward C. Banfield, Politics, Planning and the Public Interest, (New York: Free Press, Macmillan, 1965) and Brett W. Hawkins, Nashville Metro: The Politics of City-County Consolidations. (Nashville: Vanderbuilt University Press, 1966).

[29] Charles E. Lindblom, Intelligence of Democracy, (New York: Macmillan, 1965).

A second theme is the heavy weighting of alternatives in favor of short run returns and payoffs. This is determined by the need for payoffs to support the political system. These payoffs must have visibility in the form of a project and must also be timed according to the demand of periodic elections. This is in obvious juxtaposition to the factors of economic development strategy which require substantial consistency of programs over extended periods of time. Any immediate changes or payoffs are discounted by a longer range perspective in which actions and opportunities act in a cumulative fashion. Conflict may occur when decisions are made based on short run payoffs that in the longer run are borrowing from future potentials for more comprehensive development. For example, tax incentive plans may result in attraction of industry that will provide immediate results in terms of employment but be unsuited to the longer term economic potential of the area.

The third theme places an emphasis on physical development and infrastructure improvements. This is due in part to the greater visibility of these kinds of actions and in part to the concrete and generally accepted benefits that they produce. As it is easier to gain potential agreement on a regional incinerator than on a regional police

force, it is politically more likely that projects resulting in physical improvements will be undertaken before social service and human resource development programs.

This is in contrast to economic development policies where external economies and economies of agglomeration based on infrastructure development are only a part of the total development approach. Programs for human resource development as a basic condition for economic development are a generally agreed upon theme in the literature.

Economic development policy also emphasizes the development of the labor factor and entrepreneurial skills. The reduction of regional opportunity losses may be substantial if the ability of people to make use of the potential advantages of a region is increased.

## Creation of Policy Knowledge

The formulation of policy, whether based on economic or political models, is supported by the process of converting information into policy knowledge. This process is a primary determinant of the data transformer role as ascribed to expert advisors. In a preceeding chapter the implications of the role for the advisory relation were explored.

The process of converting information into policy knowledge is exemplified by elements of the planning process applied to community development. The need to establish policy for an area is determined as a first step that initiates the collection of data. This search for information is guided by traditionally established areas for research, additional areas stated at the outset of the work, and the professional orientation of the expert in charge of the work.

For example, basic agreement may indicate the need to collect data on economic conditions. Established practice may lead to the use of employment and sales figures, and professional orientation of the economist may produce a search for data on inter-industry transactions.

As the search for information proceeds, the process of identification of problems and potentials begins. Actions based on theoretical and practical investigations are applied to the analysis of the data. This leads to the clarification of alternative futures or outcomes based on existing or revised policies. One or more technical solutions to problems or methods of realizing potentials are usually produced at this stage.

This information is then interpreted by the expert in light of political and public policy data that may

affect the selection of alternatives. The final advisory recommendations resulting from the consideration of public policy determinants are transmitted to the policy-making institution.

The transmission of policy knowledge to the decision-making unit or units is a critical part of the data transformation function. As indicated by the variables stated in chapter sixteen the relation between expert advisor and policy-making organization is extremely important. The process of converting information into policy knowledge is influenced by the type of relationship that exists and the flow of policy knowledge is indicated by the magnitude and intensity of the relation.

The process of converting information into policy knowledge is marked by an input of specialized technical data that is subsequently modified by inputs of political and social needs. The search for a policy response to a technical or social problem is usually formulated first in terms of a technical solution. For example, waste disposal problems in communities may be critical to maintenance of political support for an existing governmental policy body. First a technical solution will be sought with regard to methods of disposal or site for disposal. Only when the technical solutions have been explored, will political alternatives such as regional cooperation or redefinition of

public responsibility be considered.

For this reason it is important that the public policy aspects of decision alternatives be included in the data transformation process. This is what distinguishes it from purely fact finding inquiries or technical assistance programs. To have maximum positive impact on policy-making in complex situations where expert information may be particularly helpful, advice must be presented by the expert advisor in the form of relevant policy knowledge (RPK). Otherwise, recommendations with a high degree of technical accuracy will usually be of little help to the policy-maker.

The discussion of the setting for regional development advice has covered three major areas. These are the public policy-making body, the expert advisor, and the characteristics of political policy and economic policy for regional development.

The picture that emerges provides an image of two quite different kinds of policy formulation pertaining to regional community economic development. Economic policy, as formulated by expert advisors and advisory organizations, is not easily integrated into public policy formulated by governmental policy-making organizations. There is a demonstrated need for expert advice concerning substantive economic policy. There must also be policy advice concerning the

political process, the incorporation of economic policies, and their modification in terms of the political environment. This research will attempt to show, through the case illustrations, how the data transformer function as determined by the variables set forth above may accomplish this task.

## SECTION THREE

# THE ECONOMIC DEVELOPMENT DISTRICT: TWO ILLUSTRATIONS OF ADVISORY RELATIONS

### Chapter Ten

The Economic Development District Organization

### Chapter Eleven

Economic Development in the Mohawk Valley, New York

### Chapter Twelve

Economic Development in Northeast Pennsylvania

## CHAPTER TEN

## THE ECONOMIC DEVELOPMENT DISTRICT ORGANIZATION

### Introduction

Section Three is devoted to the presentation of a description of the activities of two economic development district organizations and their relations with development experts, local governments and local and county planning boards. It became apparent in the course of the research that the establishment of an advisory relationship was important in two respects. During the period of initial formation, the districts were expected to develop general district policy programs that required significant participation by expert advisors in economic development, community organization, law and community planning. As the district organizations began to function as development agencies they established advisory relationships with the cities, towns, and counties in the district. These relationships were critical to the adoption of overall policies and for coordination of development projects.

## A History of Area Redevelopment: The National Resources Planning Board, Area Redevelopment Administration and The Economic Development Administration

Two landmark programs directed toward economic development in the United States are the Tennessee Valley Authority and the National Resources Planning Board. The TVA remains unique in the United States where the Federal Government created a corporation to develop the natural resources of an entire valley section. The two best known books on the TVA are by David E. Lillianthal, TVA: Democracy on the March, and David O. Selznick TVA and the Grass Roots.[1] Lillianthal describes the organization and programs of the TVA from his own vantage point while Selznick analyzes the political and social interaction both internal to the organization and in its relations with other organizations and groups in the Valley. Selznick describes how, through the process of cooptation, the programs of the TVA were modified by local interests. The very unusual nature of government intervention in the Tennessee Valley and the fact that it has not been repeated does, however, diminish its usefulness for understanding later programs.

The National Resources Planning Board, created under President Franklin Roosevelt in the 1930's, has a more

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[1] David E. Lillianthal, TVA: Democracy on The March, (New York: Harper & Bros., 1953), David O. Selznick, TVA and The Grass Roots, (New York: Harper and Row Torchbook, 1966).

direct bearing on economic development programs of the 1960's. During more than a decade the Board promoted regional and national planning and development. Shortly after World War II a conservative Congress abolished the board in a reactionary move against any form of national planning similar to that undertaken in Soviet Russia.

The National Resources Planning Board concept was first embodied in the National Planning Board as an adjunct to the Public Works Board as of July 30, 1933. The Board was to advise on the preparation of public works through development of regional plans, surveys and research, and correlation of efforts among Federal, State and local agencies. On June 30, 1934 Executive Order 6777 established the National Planning Board and established a National Resources Board and Advisory Committee to prepare and present to the President a program for the use and development of land, water and other national resources. A year later Executive Order 7065 issued June 7, 1935 transferred these activities to a National Resources Committee which was abolished the following year under Reorganization Plan I of 1939. By public resolution on June 7, 1939 the National Resources Planning Board was established in the Executive Office of the President.[2] Executive Order 8248 September 8,

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[2](53 Stat., 813, 5USC133$_s$note, 133$_t$note).

1939 called upon the Board to "prepare and make available to the President with recommendations such plans, data and information as may be helpful to planned development and use of national resources."

The National Resources Planning Board was abolished by a resolution of the Congress on June 26, 1943 to be effective August 31, 1943.[3] Rexford Tugwell, one of President Roosevelt's friends and advisors, later Governor of Puerto Rico and Chairman of the Interdisciplinary Urban Planning Program at the University of Chicago, summed up the efforts at national planning and economic development as follows:

> It (National Resources Planning Board) had at first been an adjunct of the Public Works Board, then had gained more autonomy as the National Resources Planning Committee. It had carried out some useful surveys in the conservation field, had sponsored planning units in the state governments, and had made cautious suggestions concerning policy. But it had not ventured into the fiscal field and had tried to conciliate both Executive Departments and the Congress. It never possessed the necessary independence and review authority for genuine planning, and it was always feeble and insecure.[4]

The National Resources Planning Board was largely concerned with planning for public investment in community

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[3](57 Stat., 169; 5USC133$_t$note).

[4]Rexford G. Tugwell, The Enlargement of the Presidency (New York: 1960, Doubleday & Company), p. 408.

facilities. However, an important undercurrent was the philosophy that public investment would stimulate private industry to develop and expand. This same philosophy is apparent in the later Area Redevelopment Act with its emphasis on public facilities projects and in the Public Works and Economic Development Act of 1965.

In 1941 the National Resources Planning Board published a report on Development of Resources and Stabilization of Employment in the United States, in three parts entitled: "The Federal Program for National Development," "Regional Development Plans, " and "Functional Development Policies." These reports focused mainly on public works as the means for extending public services to the people, for creating jobs, and for planning the conservation of natural resources.

Part I of the report discussed the objectives for national and regional public works planning and development policies. The general objective was stated in the form of a question:

> Does the project aid manage to derive from all available resources the maximum benefit and satisfaction consistent with the permanent maintenance of our primary resource base? Does it increase economic welfare, private employment

> stabilization, and improve the utilization of resources?[5]

Later in Part III of the report the link between public works and private economic activity was more clearly stated,

> A soundly conceived public works program is an essential part of the total public activities and expenditures that are desired to stimulate a high level of employment and economic activity.[6]

The link between government and private industry was never clearly spelled out, however, and the emphasis remained on the primary and direct effects of public investment in terms of creating jobs and providing services.

The NRPB's apparent successor, the President's Council of Economic Advisers was created by the Employment Act of 1946. Rexford Tugwell in an article on "Governmental Planning at Mid-Century" discusses the Council of Economic Advisers as an outgrowth of the national economic and public works planning philosophy of the 1930's. The Council of Economic Advisers is of interest not only because of its ties with earlier efforts at national programs

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[5] National Resources Planning Board, Development of Resources and Stabilization of Employment in The United States. "Part I. The Federal Program for National Development." National Resources Planning Board. January, 1941 (Washington: U. S. Government Printing Office), p. 33.

[6] Ibid., "Part III. Functional Development Policies," p. 5.

to promote employment but also because it is an advisory organization to the President and as such was the subject of an important analysis of governmental political advisory relationships.[7]

The comprehensive study of the Council by Edward S. Flash, Jr. led to a number of conclusions about its role as an advisory organization in economic planning and policy determination. He found the Council to be concerned with broad policies and ideas that provided the foundation for the development of national economic policies. The Council often assumed both an educational and promotional role in its relations with the President. The Council emphasized the development of recommendations that were within the framework of policy issues involving the President. In addition, as the Council became more mature the planning aspect of economic policy came into greater prominence, first in terms of emergency planning and later as a more general strategy for reducing cyclical fluctuations.

From these directions the Council developed as a personal staff to the President with a pervasive, government wide perspective on economic matters relative to

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[7]Rexford G. Tugwell, "Governmental Planning at Mid-Century. The Journal of Politics Vol. 13, No. 2, (May, 1951). See also Stephen K. Bailey. Congress Makes a Law (New York: 1950, Columbia University Press).

public policy concerns. Flash concludes that the Council's relationship with the President is a relation between economic knowledge and presidential power distinguished by the fact that:

> The Council's reliance upon an interpretive and opportunistic application of its expertise has been inevitable and natural. It is an outgrowth of the environment of presidential association and political conflict, of broad-scale involvement and subjective analysis in which the council has lived and worked.[8]

Regional Economic Development Programs after World War II

After the enactment of the Employment Act of 1946 the next significant event in the path toward area development programs was the enactment of HR5141 as revised in conference July 27, 1953. This bill terminated the Reconstruction Finance Corporation and created the Small Business Administration on July 1, 1954. The SBA program began with a revolving loan fund of $275 million of which $150 million was for loans to businesses that could not obtain credit elsewhere.

This program continues today to be an important factor in regional economic development programs. The Small Business Administration, inspite of cases of mismanagement and corruption, has been a primary agent acting for the government

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[8]Edward S. Flash, Jr., Economic Advice and Presidential Leadership. (New York: Columbia University Press, 1964), p. 307.

in stimulating the creation and expansion of new businesses. The Small Business Act of 1958 made SBA a permanent federal agency and increased substantially the size of the revolving business loan fund.

Interest in area development programs was increasing during the 1950's under the promotion of Senator Paul Douglas of Illinois.[9] Senator Douglas introduced a bill in the Eighty Fourth Congress in 1956 that would have set up a $100 million revolving fund to aid urban industrial areas experiencing unemployment rates in excess of six percent. This introduction of the six percent unemployment base has remained a part of all subsequent area development legislation in one form or another. Interestingly, in light of the rural emphasis in the Public Works and Economic Development Act of 1965, provisions for aiding low income rural areas were added during the protracted legislative struggle in the late 1950's.[10] In 1956 the Douglas bill never reached

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[9]For a detailed historical discussion of area redevelopment legislation see: Sar A. Levitan; Federal Aid to Depressed Areas, (Baltimore: The John Hopkins Press, 1964), and Roger Davidson, The Depressed Areas Controversy; A Case of American Business Politics, (Ann Arbor: University Microfilm, Inc., 1964).

[10]In addition to the primary sources listed above, this summary benefits substantially from the historical analysis of area development legislation by Dennis Rondinelli in "The Evolution of Federal Regional Development Policies and Programs. A Political Analysis," (Ithaca: Cornell Penn State Regional Organization Study, January 1967). Working Paper No. 2. Mimeo.

the floor of the Senate inspite of a compromise between John Kennedy and J. William Fulbright. This compromise gave rural areas consideration equal to urban centers and gave jurisdiction for the bill to Kennedy's Senate Labor Subcommittee.

The Eisenhower administration prevented the consideration of the Douglas bill in 1956 and Douglas reintroduced it in the 85th Congress in 1958. This bill was enacted in amended form August 15, 1958 and was agreed to by the Senate on August 22. Eisenhower then vetoed the bill on September 6 explaining that there was too little "local responsibility."[11] Dennis Rondinelli points out in his monograph that the basic difference in philosophy between Eisenhower and Douglas was Douglas's belief that outside capital was needed to stimulate industrial expansion whereas, Eisenhower felt that industrial development was a local responsibility and that the market mechanism should allocate the location and magnitude of economic activity.

The problems of unemployment and depressed areas were becoming more visible as the 1960 election approached and provided an important political issue. In the 1958 elections the Democrats gained thirteen Senate seats and forty seven House seats. Douglas introduced a bill in 1959 that

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[11] Federal Economic Policy. 1945-1965. A Background Report, (Washington: Congressional Quarterly Service, Inc., 1966).

was caught up in mounting political pressure from both Republicans and Democrats. After protracted maneuvering a compromise bill was passed by the House on May 4 in a Calendar Wednesday proceeding and accepted by the Senate on May 6, 1960. The bill provided $251 million for loans, grants and technical assistance for industrial and rural areas and was again vetoed by President Eisenhower.

The end of a decade of relative inactivity by the federal government in the economic development of the nation was signalled by the Eisenhower veto and John Kennedy's primary campaign and victory in West Virginia. The nation's political forces began to indicate recognition of the need for some general effort to alleviate the economic problems of less developed regions of the country that had benefited little from "free market" economics.

On May 1, 1961 President John F. Kennedy signed into law the Area Redevelopment Act authorizing the President to appoint an Area Redevelopment Administrator to serve under the Secretary of Commerce. The Administrator was authorized to loan $300 million from the Treasury to finance industrial and rural redevelopment loans and public facility loans. On November 13, 1961 the ARA administrator announced that 135 industrial areas, 641 rural areas and

47 indian areas were eligible for aid under the unemployment and income provisions of the act.[12]

A related measure passed during 1962, the Public Works Acceleration Act, was designed to have an immediate impact by directly creating jobs in depressed areas similar to the public works program of the 1930's. Then in 1964 President Johnson signed two bills of importance to area development efforts. One of these, the Economic Opportunity Act, provided the authority and funds for human resource development programs that could be carried out in conjunction with economic development programs. The Community Action Programs, although favoring the larger cities, have also provided a basic organizational model for the more rural districts defined through ARA's successor, the Public Works and Economic Development Act of 1965. The Economic Opportunity Act also contained provisions for assistance to small business thus complementing the Small Business Administration programs.

Perhaps the most important piece of legislation that can be considered a prelude to the Public Works and Economic Development Act of 1965 was the Appalachian Regional Development Act of 1964. Here was a specific law providing for

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[12] Federal Economic Policy, 1945-1965. Op. Cit., p. 36.

federal assistance in the economic development of one section of the country. Over one billion dollars was authorized over a six year period for development in twelve states. The program was to be administered through a joint federal state partnership under the direct control of the governors or their representatives who serve on the Appalacian Regional Commission.

Meanwhile the ARA program had run into difficulties with the Congress in 1963. President Kennedy sent to Congress a bill to increase ARA funding authorization but it failed to pass inspite of a series of amendments reducing the amount of the authorization.

By 1963 ARA had approved nearly 300 projects costing more than $100 million but the impact was small in any one area and proponents of the bill found that these expenditures did not increase support for the program. ARA would expire in June 1965 and the prospects of its extension were not good. In 1964 and early 1965 the General Accounting Office issued several reports that were critical of ARA operations and noted administrative irregularities. ARA had been unable to establish a strong institutional base and clientele structure. The "pork barrel" aspect of public works programs added to the political problems of the agency

and did not strengthen it as has been the case with the Corps of Engineers. Administrative and procedural problems, common to most new organizations, were joined by substantive problems that continue to plague its successor.

The difficulty ARA had in establishing a substantial contribution to the economies of depressed areas was due, ironically, to national economic problems and the market economy. During 1960-63 national unemployment exceeded five percent and ARA tried not to sponsor projects that might be interpreted as competing with existing businesses. There are still substantial problems faced by area development programs. In the environment of the early 1960's they proved to be mortal for ARA.

Faced with the demise of ARA June 30, 1965 the administration began work on a substitute proposal that would encompass ARA activities but on a more politically acceptable basis. The President's Council of Economic Advisers indicated three major problems in ARA strategy and program. First, ARA dispersed its funds too widely to have an effect on any particular redevelopment area. Second, designated redevelopment areas were confined to single counties thus restricting the program's opportunity to assist the larger self sustaining economic regions.

Third, it was recognized that many areas did not have the basic infrastructure necessary for a higher order of economic development.[13]

To conteract these deficiencies the Johnson administration began to draft a new act to replace ARA after June of 1965. Working with the bureau of the Budget, two basic concepts were employed. One was the "Pole de croissance" or growth center that would act as the focus for development programs in a region. Investment in the growth center, it was felt, would result in multiplier effects that would promote the development of the entire region.

As a corollary to the growth center it was necessary to consider broadening the redevelopment area concept to encompass an economic region. Thus the draft bill contained provisions for the formation of economic development districts containing two or more redevelopment counties and such other counties as deemed appropriate to the regional definition. Within each development district there would be one or more growth centers.

This approach immediately raised political problems which are central to the case studies that follow. The controversy over growth center designation was accurately

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[13]Council of Economic Advisers, Annual Report of the Council of Economic Advisers (Washington: U.S. Government Printing Office, 1965), p. 140.

forseen by some members of Congress. On one hand every town in a depressed area might want to be designated as a growth center, and on the other it would be difficult to make a technical determination as to which had growth potential and which did not. These two problems became central issues in the case of the Mohawk Valley Economic Development District and provided important insight into the relation of expert to political and administrative organizations.

A third element of the new bill was the formation of Regional Commissions for sections of the country outside Appalachia. This so called "little Appalachia" proposal was specifically in return for Congressional support for the Appalachia Bill passed in 1964. So far it has not been widely implemented. Although other regional commissions have been established the funding levels are miniscule compared to Appalachia.

Political strategy played an important part in the drafting of the bill from another angle as well. Forseeing difficulties in reporting the bill through the House Banking and Currency Committee, as had occurred with the earlier Douglas bills, a new title I was added. This provided for federal grants for construction of public works and development facilities in redevelopment areas. Thus the bill had

public works added to its title and could be assigned to the friendlier Public Works Committees in Congress.

On June 22 the Public Works Committee of the House reported the bill (HR6991) with the seven Republicans on the committee issuing a minority report that stated in part;

> ...we believe that the measures it (HR6991) provides have been proved to be wasteful and ineffective, that the bill as reported was hastily and poorly drafted and that Congress would be abdicating its responsibilities if it enacted a bill of such sweeping scope with so few Congressional guidelines and controls for proper administration.[14]

The House accepted the bill with only three amendments, none weakening the intent of the legislation. House passage occurred on August 12 with the Senate approval following four days later.

The Public Works and Economic Development Act of 1965 was signed by President Lyndon Johnson on August 26, 1965 thus creating the Economic Development Administration to replace ARA whose expiration had been temporarily extended beyond the June 30 deadline.

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[14] "Regional Development", Congressional Quarterly. Vol. XXIII, No. 27 (July 2, 1965), pp. 1291-1292.

## CHAPTER ELEVEN

## ECONOMIC DEVELOPMENT OF THE MOHAWK VALLEY

### Introduction

The signing of the Public Works and Economic Development Act of 1965 authorized the designation of multi county economic development districts in areas across the country with high levels of unemployment. Two sections in the Northeastern United States that qualified under the Act were the Mohawk Valley counties between Utica-Rome and Johnstown-Gloversville and the Pennsylvania Counties surrounding Wilkes Barre-Scranton. The account that follows in this and chapter twelve is a description of the organization and first two years of existence of the Mohawk Valley Economic Development District and the Economic Development Council of Northeast Pennsylvania.

### History of Community Development Efforts in the Mohawk Valley

The Mohawk Valley in general and Utica-Rome in particular experienced five phases of economic development according to Dr. Virgil Crisafulli, Professor of Economics at Utica

College.[1] These were: the pre industrial phase, the early industrial and commercial phase, the mature industrial phase, the decline of the 19th Century economy, and the emergence of the new economy.

The pre industrial phase extended from early settlement to the War of 1812 and was marked by colonial economic activities such as farming, milling, tanning, dairying and metal working. The tendency to settle along the Mohawk River in this period, because of transportation needs and protection from indians, set a pattern of linear development in the valley. This corridor has been reinforced periodically by the creation of new transportation routes along the river.

Early industrial and commercial activity began after the War of 1812 and was signalled by an event of national importance in 1825 with the opening of the Erie Canal. By 1853 railroads connected Albany and Buffalo providing the second transportation link through the valley. The introduction of the power loom enabled textile industries to expand throughout the valley except for the flat lands around Utica. It was not until the introduction of steam

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[1] Virgil Crisafulli, "Economic Development Efforts in the Utica-Rome, New York Area", in John H. Nixon, Community Economic Development Efforts, (New York: Frederick A. Praeger, 1964), pp. 107-180.

power that the textile industry built factories in the city itself. The end of this phase of development was marked by the selection of a three member industrial development committee in 1845. This committee spearheaded the formation of industries in the Greater Utica area to take advantage of advances in the use of steam power. Local capital was employed by local entrepreneurs to develop this industrial base in contrast to more recent attempts to secure capital and managers from outside the region.

The mature industrial phase from 1865 to 1912 encompassed the period between the Civil War and World War I. Dr. Crisafulli notes that,

> The third phase of industrial growth saw the development of the industries for which the Utica-Rome area became best known. These include dairy farming and cheese manufacture, canning, water and rail transportation, textile manufacture, leather and leather products, metals, and metal products, copper and brass, and silverware.[2]

By 1912 textiles accounted for forty-four percent of total manufacturing employment for Herkimer and Oneida Counties. Both Utica and Rome experienced a growth in metal working and metal products industries. Of historical

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[2] Virgil Crisafulli, "Economic Development Efforts in the Utica-Rome, New York Area", in John H. Nixon, Community Economic Development Efforts, (New York: Frederick A. Praeger, 1964), p. 109.

significance is the design of an advanced rifle by Eliphalet Remington, Jr. and the invention of a typewriter, which led to the establishment of the Remington arms and typewriter industries in Ilion a few miles east of Utica.

The mature industrial phase reached its peak about 1910 and was carried along by World War I with the heavy demand for textiles, metal products and railroad transportation. The valley, a major corridor to the west, supported a large transportation industry. Vestiges of this period can be seen today in the still impressive but vacant factory buildings surrounding the river in Little Falls.

After 1918 a phase of decline set in that was partially hidden by the expansive period of the 1920's, the national depression of the 1930's and the artificial stimulation of the Second World War. After the war, the decline was quite noticeable and precipitous. By 1958 textile employment had declined from forty-four percent of manufacturing employment in 1912 to four point two percent. Of interest to communities searching for the "growth" industries of today is Dr. Crisafulli's comment that,

> The great expansion between the Civil War and 1912 was carried forward by about ten industries: textiles, transportation, agriculture, cheese manufacture, canning, gun manufacture, tools and other metal products, copper and brass, and lumber, building

> materials and furniture. These were by and large growth industries in the 19th Century and became declining industries in the area of the 20th Century. They carried with them many dependent supplier firms and other service industries. Thus, the decline was general, complex, profound, and of long duration.[3]

## Industrial Development Activity

Early attempts at industrial development appear to have been centered at the western portion of the valley in Utica-Rome. In 1896 the Utica Chamber of Commerce encouraged local citizens to raise $100,000 to form the Savage Arms Company and in 1919 favored the formation of a city planning commission. Little was accomplished during the 1920's and 1930's. In 1945 the Utica Industrial Development Corporation was founded and worked with the newly designated New York State Department of Commerce. These organizations was assisted through financing from the New York Business Development Corporation, established in 1955. A coalition of development groups, community leaders, and government officials was able to attract three major industries to the Utica area. The most important of these was General Electric which, beginning with a tube plant in 1942, expanded into the manu-

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[3] Virgil Crisafulli, "Economic Development Efforts in the Utica-Rome, New York Area", in John H. Nixon, Community Economic Development Efforts, (New York: Frederick A. Praeger, 1964), p. 117.

facture of radio receivers, phonographs, and military electronic equipment. In 1961 General Electric was the largest employer in the Utica area with 6,800 employees.

In 1948 Chicago Pneumatic Tool Company moved to a site in Frankfort just outside Utica. Employment levels have remained steady at around 2,000 employees. Then in 1953 Bendix Corporation moved into a plant built in 1947 by Continental Can Company in south Utica and has been employing between one and two thousand.

Further development efforts in the 1950's focused on a retraining program for electronic technicians and metal workers, the expansion of Sperry Rand Corporation, a new headquarters for Mohawk Airlines and the renovation and reuse of vacated manufacturing buildings. In so far as possible, the development organization assisted companies by providing sites and building plants under lease agreements. The city of Utica extended utilities, paved roads where necessary and made zoning changes to accomodate the new uses. Other towns also cooperated on siting of new industry.

In Rome, interest in the economic development of the area focused on Griffiss Air Force Base and Rome Air Material Area (ROAMA.) As the base expanded, private industry developed to serve the needs of the defense installation.

In 1960-61 a Defense Department decision to phase out the ROAMA installation was met by a storm of local protest. Subsequent defense considerations prompted retention of the facility until 1963 when discontinuance was again announced. A second "save ROAMA" drive was mounted and at present the facility remains in operation with some 3000 employees while the Air Force base alone employs 8000 civilian workers.

The results of the development efforts in the Utica-Rome Area as analyzed by Dr. Crisafulli are indicated in table 1.

Organizations Oriented to Economic Development

The Utica and Rome development corporations provided the legal and institutional basis for developing sites and securing financing for new or expanding industries. Other organizations also played a part in the "new economy" phase of the valley's industrial development. A New Products Clearing House was set up to stimulate new ideas and inventions that could be marketed. In 1957 a Mohawk Valley Council for Economic Development was established and, supported by a grant from the Committee for Economic Development, published a report by Dr. Crisafulli titled An Economic Analysis of the Utica-Rome Area. This led to the

Chapter Eleven

Table one. Establishments Assisted by Nonprofit Development Organizations and Public Officials, 1945-1961[4]

| ESTABLISHMENT | ASSISTANCE GIVEN | YEAR STARTED | 1961 EMPLOYMENT |
|---|---|---|---|
| G.E.-Radio Receiver Dept. | Purchased, renovated and leased building | 1945 | 1 |
| G.E.-Light Military Electronics Dept. | Provided site, streets, sewers, fire and police protection outside city | 1951 | 6,800 |
| Chicago Pneumatic Tool Co. | Donated site and building plans, provided sewers, fire and police protection | 1948 | 1,380 |
| Bendix Corp. | Rezoned site, trained workers | 1951 | 1,095 |
| Sperry-Rand Corp. | Renovated building | 1957 | 1,234 |
| Mohawk Airlines, Inc. | Developed site, constructed and leased buildings | 1958 | 675 |
| Utronics, Inc. | Provided building | 1959 | 83 |
| Hess Oil Co. | Sold site | 1960 | 16 |
| Bendix Radio Division | Renovated and leased building | 1960 | 140 |
| Oneida Electronics, Inc. | Helped find building | 1960 | 300 |
| Cook Electric Co. | Renovated and leased building | 1960 | 225 |
| Nohawk Valley Cement Co. | Sold site | 1961 | 13 |
| Subtotal | | | 11,961 |
| Griffiss Air Force Base | | | 11,282 |
| TOTAL EMPLOYMENT | | | 23,243 |

formation of the Mohawk Valley Federation of Local Governments supported by the mayors of 25 cities, towns and villages. The federation has not been active because it was not supported by the Republican dominated county governments. However, in 1963 the Oneida County Development Corporation was created and works with the city development agencies in attracting new industry.

New York State created a Job Development Authority in 1961 to supplement the work of local development authorities. By 1963 it had made loans totaling $329,000 to four development corporations in the Utica-Rome area.

Finally, there is the Oneida County Planning Department created through a reorganization of the county government in 1963 that provided for an elected county executive. Since its creation the department has become the major professional planning organization in the valley. The first county executive Charles Lanigan, former Mayor of Rome, New York, was interested in economic development as a part of county planning. He worked closely with the planning Commissioner D. David Brandon who attempted to initiate a planning program that would address itself to the economic development of Oneida and Herkimer counties. Herkimer county established its own planning board and contracted with the Oneida County Department of Planning for professional

services. In addition, a joint two county planning program was instituted under the guidance of a Governmental Policy and Liaison Committee.

In the eastern part of the valley, the major development effort is carried out by the Fulmont Facilities Corporation. This is a joint Fulton-Montgomery county agency that combines industrial development with economic opportunity programs under the direction of Raymond Sill. Its activities are centered around the Amsterdam area which faces some of the same problems as Utica-Rome. One unique aspect of Fulmont is that it combines in one agency economic resource development programs with human resource development. Job training and industrial site preparation are both carried out under the same corporation offering an opportunity to key industrial development to the available human resources.

Urban renewal has not been a major factor in the development of the valley. In Utica the urban renewal program was seriously bogged down with the important exception of a newly constructed department store. In Rome a project had been completed adjacent to downtown that added a motel and discount department store but did little to enhance a decaying and obsolete city commercial center. Little Falls completed one commercial project and is planning a second while in Amsterdam the major physical changes have been due

to highway construction. In essence, urban renewal has not been able to provide cleared land for industrial sites, in the cities of the valley, that is attractive to business and commercial prospects.

The current economy of the Utica-Rome area indicates the emergence of a new base for the future. While in the past heavy reliance was placed on textiles, in 1961 defense expenditures supported approximately one-fifth of the total employment in Oneida-Herkimer counties. Dr. Crisafulli sums up the new economy by the following contrast.

> Three factors characterize the new economy and distinguish it from its predecessor: 1) the shift of manufacturing concentration from textiles to machinery and transportation equipment; 2) the shift to non manufacturing employment; and 3) the new concentration of employment in defense activities both in manufacturing and at the Air Base.[5]

Participants in District Organization

| | |
|---|---|
| Assaro, Dominick | Mayor, Utica, N.Y. 1968-(Demo.) |
| Barwick, James | Director, Oneida County Planning Department, 1967- Senior Planner prior to Jan. 1967 |

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[5] Virgil Crisafulli, "Economic Development Efforts in the Utica-Rome, New York Area", in John H. Nixon, Community Economic Development Efforts, (New York: Frederick A. Praeger, 1964) p. 153. NOTE: The preceeding account of economic development in Utica-Rome relied on the report by Dr. Crisafulli and the following secondary sources: Paul B. Williams. Industrial Changes in Utica Since 1940, Oneida Historical Society (Utica: Utica Mutual Insurance Company Publisher, 1957). Harold Rubin, "Utica, New York, A Case Study in Community Efforts and Industrial Change." Unpublished MPA Thesis, Syracuse University, 1956.

| | |
|---|---|
| Brandon, D. David | Deputy Director, New York State Office of Planning Coordination, 1967-<br>Director, Oneida County Planning Department prior to January 1, 1967 |
| Brennan, William | Chief, District Support Division Office of Development Districts, EDA |
| Dildilian, Ara T. | President, MVEDD, Member OEDP Committee<br>President, Fiber Glass Products Corp. Amsterdam, New York |
| Dulan, Frank | Mayor of Utica prior to 1968 (Repub.) |
| Gapin, Michael | Planner, Oneida County Planning Department |
| Grabowski, Donald | Commerce Regional Supervisor, New York State Department of Commerce, Utica, New York |
| Herrick, Thomas | Economist, District Plans Division, Office of Development Districts, EDA |
| Kennedy, James G. | Planning Director, City of Utica 1968-Formerly Senior Planner, Oneida County Planning Department |
| Ladd, John M. | Executive Director, MVEDD, Member OEDP Committee |
| Lanigan, Charles | Director, New York State Office of Planning Coordination, 1967-<br>Formerly Oneida County Executive (Repub.) |
| Nichols, Paul | Program Director MVEDD |

| | |
|---|---|
| Nixon, John H. | Economic Development Advisor Formerly New York State Department of Commerce |
| Paolino, Raymond | Economist, New York State Department of Commerce |
| Peterson, Ronald | Commissioner, New York State Department of Commerce, formerly Director of the N.Y. State Office of Planning |
| Pirnie, Alexander | Member of Congress, Utica, New York (Repub.) |
| Sitterly, Mrs. Arlene | OEDP Committee, Chairman, Fulton County Economic Development Committee |
| Tyson, William | Bureau of Planning Administration, New York State Office of Planning Coordination, Formerly New York State Department of Commerce |
| Valentine, William | Mayor, Rome New York (Repub.) |
| Webster, Orlo | Retired, formerly Commerce Regional Supervisor State Department of Commerce, Utica New York |
| Wrigley, Robert | Chief, District Plans Division, Office of Development Districts, EDA |
| Zappone, Thomas A. | Member OEDP Committee, Executive Director, Oneida County Industrial Development Corporation |
| Zimmerman, William | Deputy Commissioner, New York State Department of Commerce |

NOTE: The above list comprises the major participants in the events described in the case. When additional participants are introduced they will be fully identified.

Organization of the District, Phase I

The Mohawk Valley Economic Development District, as constituted on July 1, 1968, is located in north-central New York State, west of Albany and east of Syracuse. It includes the counties of Oneida, Herkimer, Fulton, Montgomery and Schoharie; and the cities of Utica, Rome, Little Falls, Amsterdam, Gloversville and Johnstown. The district population in 1960 was 461,931 with about 350,000 people in the Utica-Rome SMSA.[6]

Unemployment in the district ranged from seven percent in 1950 to seven point five percent in 1960 and five point eight percent in 1965 with the exclusion of Schoharie County.[7] Schoharie County has experienced a continued unemployment rate of close to ten percent from 1958 to 1965 although the county contains only about four percent of the district employment.[8]

Currently the major industrial development is occuring in electrical equipment and machinery and in the expansion of Griffiss Air Force Base. Both of these activities are centered in the Utica-Rome SMSA.

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[6] Overall Economic Development Plan, Mohawk Valley Economic Development District, December 1967, pp. 15-18.

[7] Ibid., p. 27, Table 5.

[8] Ibid., Supplement 3, Mimeo.

Early efforts to further the economic development of the Utica-Rome SMSA was basic to the manifestation of interest in Federal economic development programs. The passage of the Public Works and Economic Development Act of 1965, noted earlier, and the role played by Congressman Alexander Pirnie and Oneida County Executive Charles Lanigan in developing this legislation stimulated local interest in a multi-jurisdictional development district. There also had been prior experience with Area Redevelopment Administration (ARA) programs which created awareness of the potential for funding of public works projects under the 1965 Act.

In November of 1965 D. David Brandon, Planning Commissioner of Oneida County, outlined the possibility of creating a six-county economic development district, to include Oneida, Herkimer, Fulton, Montgomery, Lewis and Hamilton counties, at a meeting with representatives of four of the six counties.[9] This idea was not pursued, however, and Oneida County joined with Herkimer under a two-county planning program, that had been originally approved on February 20, 1964, to develop an Overall Economic Development Plan (OEDP) for the two counties. At

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[9] Utica Press, November 23, 1965.

the end of 1965 both counties were eligible under Title I of the 1965 Act to receive grants for public works and development projects. The two-county OEDP was completed, but on July 1, 1966 Oneida County became ineligible under Title I due to a drop in its unemployment rate. At this point attention returned to the multi-county district concept as a means of continuing the eligibility of Oneida County and the cities of Utica and Rome. Brandon, who had reviewed a draft of the 1965 Act and suggested funding on a sliding scale based on different levels of unemployment,[10] began to rekindle local interest in a multi-county district. He was joined by Hon. William Valentine Mayor of Rome, who also saw the opportunity for continuing eligibility, especially since the city had been developing an application for a major study of tourism and recreation potential for the Rome area.

Some miles to the east in Albany, Governor Rockefeller and his Secretary of Commerce, Ronald Peterson, were also interested in the establishment of development districts. Shortly after passage of the act, Peterson and his deputy,

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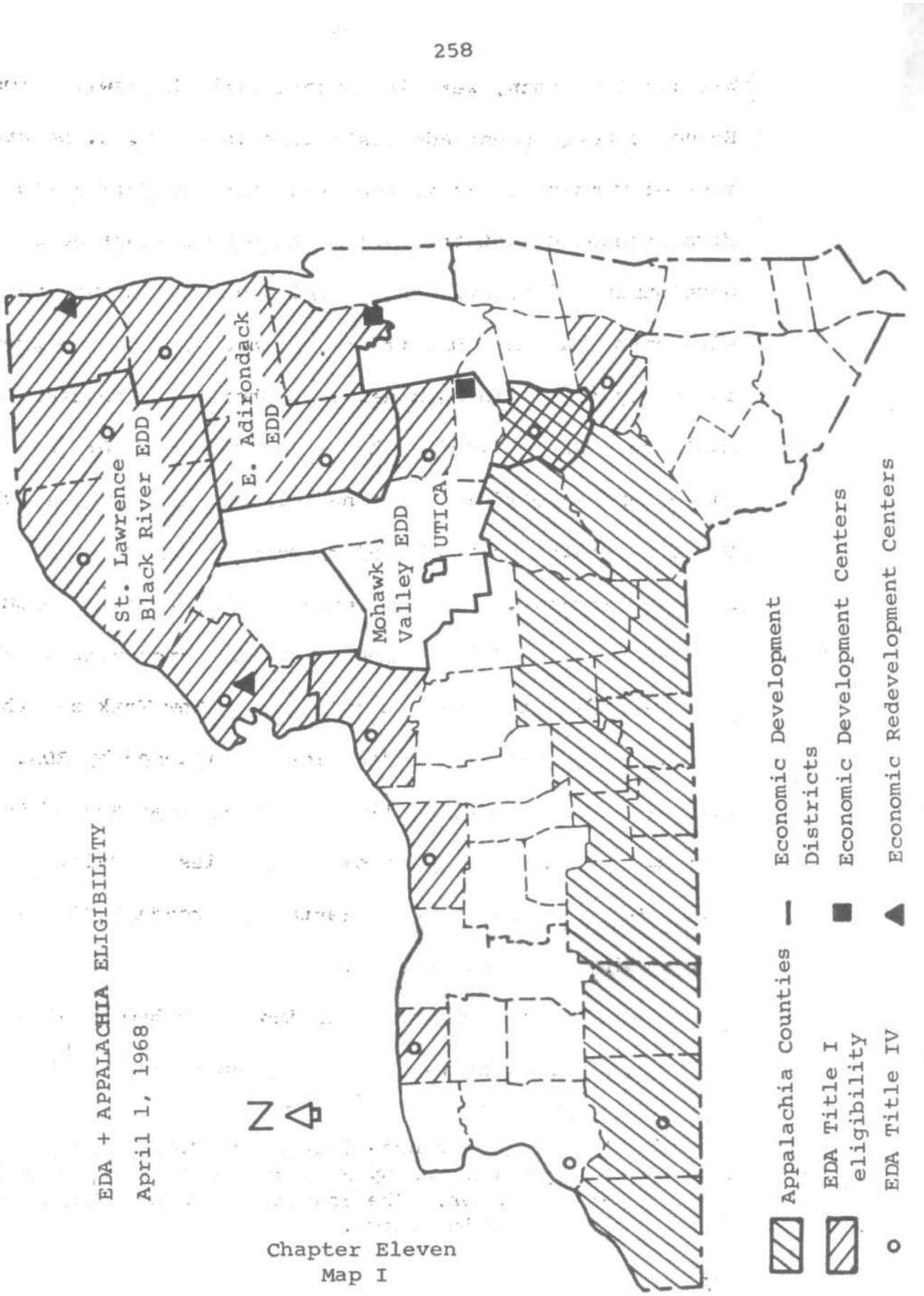
[10] Memo from Brandon to Charles Lanigan dated April 15, 1965. Lanigan sent this on to Senator Kennedy who acknowledged it but the suggestion was not incorporated into the Act.

William Zimmerman, were in contact with the newly formed Economic Development Administration in the U. S. Department of Commerce. It is reported that New York State first proposed that the entire state be designated as a development district. This opening gambit was not met with enthusiasm by EDA officials since it was interpreted as purely a bargaining maneuver. Shortly thereafter three districts were defined with the assistance of Dr. John Nixon, an EDA official, who had previously served in the New York State Department of Commerce under Governor Averill Harriman. His knowledge of the state's economy may have been useful in closing the distance between the statewide district concept proposed by New York and the smaller more homogeneous districts envisioned by EDA. In addition to the Mohawk Valley District, composed of Oneida, Herkimer, Fulton, and Montgomery counties, a Saint Lawrence-Black River District and an Eastern Adirondack District were defined.[11] See map one.

The actual task of organizing the Mohawk Valley Economic Development District and preparation of the

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[11] The Saint Lawrence-Black River District has prepared an OEDP, been designated by EDA, is funded and has employed an executive director. The Eastern Adirondack District is still in the formation stage.




Chapter Eleven
Map I

District OEDP was assumed by Mr. Zimmerman and his assistant, George Cooper in Albany, and by the New York State Commerce Department Regional supervisor, Orlo Webster, situated in Utica. Mr. Webster and his assistant, Donald Grabowski, became involved during the winter of 1965-66 and Mr. Webster proceeded to formulate a tentative list of district board members based on his long experience in economic development affairs in the Mohawk Valley area.

Those selected by Webster represented a broad cross section of people who had been prominent in public affairs. Many held positions either in public or semi-public organizations while others represented various economic occupations such as manufacturer, farmer, and salesman. In most cases these potential members were known to political and governmental officials within the district and this criteria entered into their selection since appointment was by the local and county governments. The diversity of backgrounds and interests of these fifty-eight people coupled with high local visibility lent a sensitivity to the board in terms of communication between local and regional organizations.

This list of fifty-eight names was sent to county boards of supervisors, mayors and other officials in the four counties with the suggestion that they consider them in the appointment of Board members and that they send

representatives to a preliminary meeting on August 17, 1966. Out of Webster's list, fifty-six of the fifty-eight were eligible, fifty-four were designated as members by their respective counties, and eight additional members were added for a total of sixty-two. It may be of some significance to note here that while seven of the eight additional members were elected to the thirty-two member Board of Directors, Mr. Webster had been able to identify twenty-five of the thirty-two potential board members. This was done several months prior to the drawing up of the by-laws that specified the composition of the membership.

As a further preliminary step Mr. Webster secured the services of Dr. William Gragg, President of Fulton-Montgomery Communtiy College, as acting president to preside over the organizational meetings. Dr. Gragg was interested in the development of the areas served by the college and at the same time was politically acceptable to the centers of influence in Amsterdam-Gloversville and in Utica-Rome.

The district was to be organized according to EDA policy that required creation of an independent public corporation. An alternative favored by some of the district representatives was an intergovernmental council. The Oneida County planners were particularly interested in this,

feeling that direct participation by government officials in regional policy recommendations would be important for implementation of proposals. The planners had experienced this structural difference in dealing on the one hand with a citizen planning board and on the other with a commissioner of planning.

On August 17, 1966 the organizational meeting was held through the efforts of Orlo Webster who was to serve as acting secretary for the organization until permanent officers were elected. Commissioner Peterson, Deputy Commissioner Zimmerman of the New York State Department of Commerce, William Brennan and Alan Yakely of EDA, and D. David Brandon of the Oneida County Planning Department were among those present. Mr. Brennan explained the requirements for district designation and it was decided to appoint two committees, one to prepare the by-laws and the second to prepare the OEDP. Subsequently, the State of New York received a grant from EDA for technical and administrative assistance to district organizations which contributed toward the preparation of the OEDP and the drafting of the by-laws and papers of incorporation.

The attendance at the organizational meeting indicated considerable interest in the formation of the District.

Some attended because they wished to be directly involved and others so they could report back to those who had selected them. A high level of attendance was maintained at general meetings, Board of Directors meetings and special committee sessions. As the organization of the district was accomplished the participation narrowed to a smaller more intensive group of people. The general membership provided a broad basis for passive participation. The Board of Directors acted as the legitimate governing body. An executive committee became the decision point for policy recommendations, and the special committees and staff provided the primary input of knowledge.

Dr. Gragg asked for names of people to serve on the two committees and, at the next meeting on September 6, announced the appointment of four individuals to each committee. The membership of the OEDP committee was as follows:

| | |
|---|---|
| Mrs. Arlene Sitterly | Fulton County |
| John M. Ladd | Herkimer County |
| Ara T. Dildilian | Montgomery County |
| Stephen T. McTigue | Oneida County |

The OEDP committee immediately held its first meeting with Dr. Gragg, Mr. Zimmerman and Raymond Paolino. Mr. Paolino, an economist in the New York State Department of Commerce, was assigned to write the OEDP in cooperation with the committee. At this meeting, Michael Gapin of the Oneida

County Planning Department offered his services to the committee.[12] Mr. Paolino was to proceed to write a draft of the descriptive sections of the OEDP for review at the next meeting. This preparation was guided by a manual of instruction provided by EDA as to content and format.

## The District OEDP

The next OEDP meeting was held on October 4 and George Cooper, Mr. Zimmerman's assistant, was present. The economic description section was reviewed and changes made where indicated by committee members' local knowledge. Mr. Gapin and James Barwick of the Oneida County Planning Department reviewed the material intensively before each meeting paying particular attention to statements concerning Oneida and Herkimer counties. George Cooper reported to Mr. Zimmerman after this meeting that he felt the OEDP Committee members were competent and interested and that Ray Paolino had established a good working relationship with them.[13] Those in attendance at this meeting were: Dr. Gragg, Mrs. Sitterly, Messers Dildilian, Ladd, McTigue, Gapin, Yakely, Cooper, Paolino, Webster, and Grabowski.

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[12] Memo from Donald Grabowski to Orlo Webster, September 7, 1966.

[13] Memo from Cooper to Zimmerman, October 6, 1966.

The relationship between the staff experts and the board members in the development of the OEDP was substantive rather than procedural. This is indicated by the informal nature of the meetings and the willingness of committee members to add knowledge that they felt relevant to the various sections of the OEDP. The process of drafting the OEDP was marked by concern for substantive rather than procedural matters. Paolino did follow the format of the EDA manual but, as the choice of growth centers will indicate, did not adhere to procedure when substantive issues intervened. This was an important factor in obtaining agreement among members of the board to OEDP policies.

On November 1, EDA officials held a meeting with the OEDP Committee to review their progress and to encourage them to complete the OEDP so they could qualify for district designation at the earliest possible time. In addition to Mr. Brennan, the EDA field coordinator, and the director of the EDA Regional Office in Portland, Maine, the meeting was attended by Dr. Gragg, David Brandon and Michael Gapin, Arlene Sitterly and Ara Dildilian.

A question was brought up at this meeting concerning the possible inclusion of Schenectady County in the district.

The idea had come from people in that county located out of the District but it was looked upon with disfavor by those in Fulton and Montgomery counties. This was due to the fear that the other counties would be overpowered by the Schenectady-Albany area with its large population and big cities. Oneida County representatives were not so strongly opposed, however, and had considered the possibility that eventually Fulton and Montgomery counties would become more closely allied with the Albany-Schenectady center leaving Oneida and Herkimer as a separate two-county metropolitan district. This was not possible at that time, however, due to EDA district eligibility requirements.

It was decided at this meeting that each of the four county representatives and the state and county planners and economists would take certain responsibility for further preparation of the OEDP, especially the sections on problems, objectives and projects. These assignments were to be agreed upon at the next meeting in one week's time.[14]

Therefore, on November 9, the OEDP Committee met in Fort Plain, N. Y., and each county representative agreed to form a sub-committee to assist Mr. Paolino in preparing the parts of the OEDP pertinent to each particular county.

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[14]Memo from Cooper to Zimmerman, November 10, 1966.

This meeting was well attended and included, in addition to Mr. Paolino, Messers Webster, Grabowski, Cooper, Fred Bennett and George Nishikawn from the New York State Office of Planning Coordination; Stephen Olney and Mike Gapin from the Oneida County Planning Department; Messers Yakely, McTigue, Ladd, Gragg, Dildilian and Mrs. Emma Krauss substituting for Mrs. Sitterly. Thus out of the fourteen people there were four professional planners, four employees of the New York State Department of Commerce and an EDA field coordinator.

Agreement was reached that the subcommittees would develop material on the problems and projects for their respective areas and would then hold separate meetings with Mr. Paolino to review their findings. The meeting concluded with a general discussion of the district's problems and potential for economic development.

The input of knowledge in the development of policies came from a variety of experts and types of experts. The major policies in the OEDP concerned education, transportation, use of resources for economic activity, planning and intergovernmental cooperation.[15] The recommendations based on these policies took the form of a list of projects

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[15] Overall Economic Development Plan, Mohawk Valley Economic Development District, December 1967, pp. 75-76.

for the district. The subjectivity of the advice that determined the selection of these policies and projects was minimized by the procedure used in making advisory recommendations. The economic analysis of the district was followed by identification of problems and potentials. The problems provided a basis for formulating policies and projects that would take advantage of the potentials. Subjectivity of the recommendations appeared primarily in the assignment of priorities to the projects. That these priorities did not create conflicts among local members of participating governments was due to the substantial input of political knowledge obtained from politicians and governmental members of the advisory organization.

Economic concerns dominated the analysis and formulation of problems and potentials. The collection and analysis of data followed a basic economic methodology. The economic concept of public investment as a factor in increased private economic activity provided the rationale for the acquisition and preparation of plant sites, provision of sewer and water facilities and conservation of natural resources. The basic concept of the importance of transportation in the location of economic activity was fundamental to the suggested improvement of transport

facilities. These improvements would, according to economic theory, give the region a comparative advantage over other regions that possessed a less articulated transport system. A further input of economic knowledge is illustrated by the growth center proposal that appears below.

The issues in the OEDP recommendations were such that a significant level of consensus was achieved and there was little evidence of dissatisfaction from any one section of the district. This was due to the consultative process in the development of the OEDP and the selection of issues that were based on district wide economic considerations. Consideration of the projects, however, reveals an emphasis on public investment that would have district wide impact. This was followed by selection of more specific projects designed to assist the various sections of the region. The "a" priority projects are listed below and the summary of problems, potentials and goals are included with a complete list of projects in the appendix to this chapter.

Projects one and three through six are regionwide in scope while the others provide assistance to localities such that all sections of the district are covered, especially the two urban centers of Amsterdam-Gloversville and Utica-Rome.

| Project[16] | Problem Number | Potential Number | Goal Number | Goal Priority |
|---|---|---|---|---|
| 1. Nuway | 1 | 3 | 2 | A |
| 2. Little Falls Thruway interchange | 1 | 3 | 4 | A |
| 3. Airport to serve Fulton and Montgomery counties | 2 | 3 | 10 | A |
| 4. Airport to serve Herkimer County | 2 | 3 | 10 | A |
| 5. Area vocational high schools | 3 | --- | 3 | A |
| 6. Expansion of higher education facilities | 3 | --- | 1 | A |
| 7. Little Falls industrial site development | 6 | --- | 5 | A |
| 8. Little Falls industrial park development | 6 | --- | 5 | A |
| 9. Gloversville water system expansion | 15 | --- | 16 | B |
| 10. Canajoharie water system expansion | 15 | --- | 16 | B |
| 11. Rome Tourism development | 10 | 1,6 | 8 | A |
| 12. Amsterdam industrial site development | 6 | --- | 5 | B |
| 13. Montgomery-Fulton regional water systems | 14,15 | 7 | 11,16 | A,B |
| 14. Montgomery-Fulton counties planning program | 13,14 | --- | 9,11 | A,A |
| 15. Amsterdam water system improvement | 15 | --- | 16 | B |

Two meetings were held on December 15, one in Utica and the other in Herkimer. At the Utica meeting a formal presentation was made on behalf of Oneida County emphasizing

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[16] Overall Economic Development Plan, Mohawk Valley Economic Development District, December 1967, p. 86.

the need for the establishment of two institutions of higher education and construction of the Nuway, a highway from Canada to Binghamton that would pass near Utica.

The second meeting, in Herkimer, was attended by the press and was less well organized. John Ladd had prepared a questionaire that had been sent out to people in Herkimer County. The response was very light however, and Mr. Ladd read the nine replies at the meeting. Some of the major needs for the county were identified as more industrial sites, a Nuway and a county airport.[17] The planners, Messers Gapin and Olney, from the Oneida County Planning Department were present at both meetings as part of their responsibility for the joint county planning program. Their contribution to the OEDP was made mainly at the meeting in Oneida County.

Further meetings were held in Fulton and Montgomery Counties that followed a fairly informal pattern. From these meetings, Ray Paolino was able to draft the OEDP section on problems, deficiencies, potentials for growth and development goals and there was a general review meeting February 10, 1967 concerned with a preliminary draft of district problems, potentials for growth and goals.

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[17] Memo from Paolino to Zimmerman, December 16, 1966.

The environment in which decisions on policy were made was one of high demand and substantial support. The OEDP was necessary for designation of the district and future funding from EDA. The decision-making process was essentially non-programmed since alternatives were evaluated according to a set of criteria that had not previously been utilized. The combination of experts in economics such as Paolino, with those knowledgeable about community needs and local political expectations such as Webster, was possible because of the general need for policy recommendations. The types of issues faced were such that support also remained high and disagreement did not prevent the achievement of consensus building.

In terms of policy decisions within the district it was primarily a question of gaining local acceptance of project recommendations. Most of the projects were already of interest to the local governments so that action depended on recommendations based on the expertise of the district organization concerning both the policies and methods of implementation.

The final meeting of the OEDP committee was held on March 1 to review a revised draft of the OEDP and to discuss projects. Paolino submitted a list of projects and included three that had EDA applications pending. These

were expansion of the water supply in Gloversville and Canajoharie and the development of an industrial site in Little Falls.

Mr. Paolino's list of ten projects appears in the final approved OEDP in essentially the same order of priority as listed by him with the exception of a Rome tourism project that he did not include but which played an important role in the final designation of the Rome Growth Center.[18]

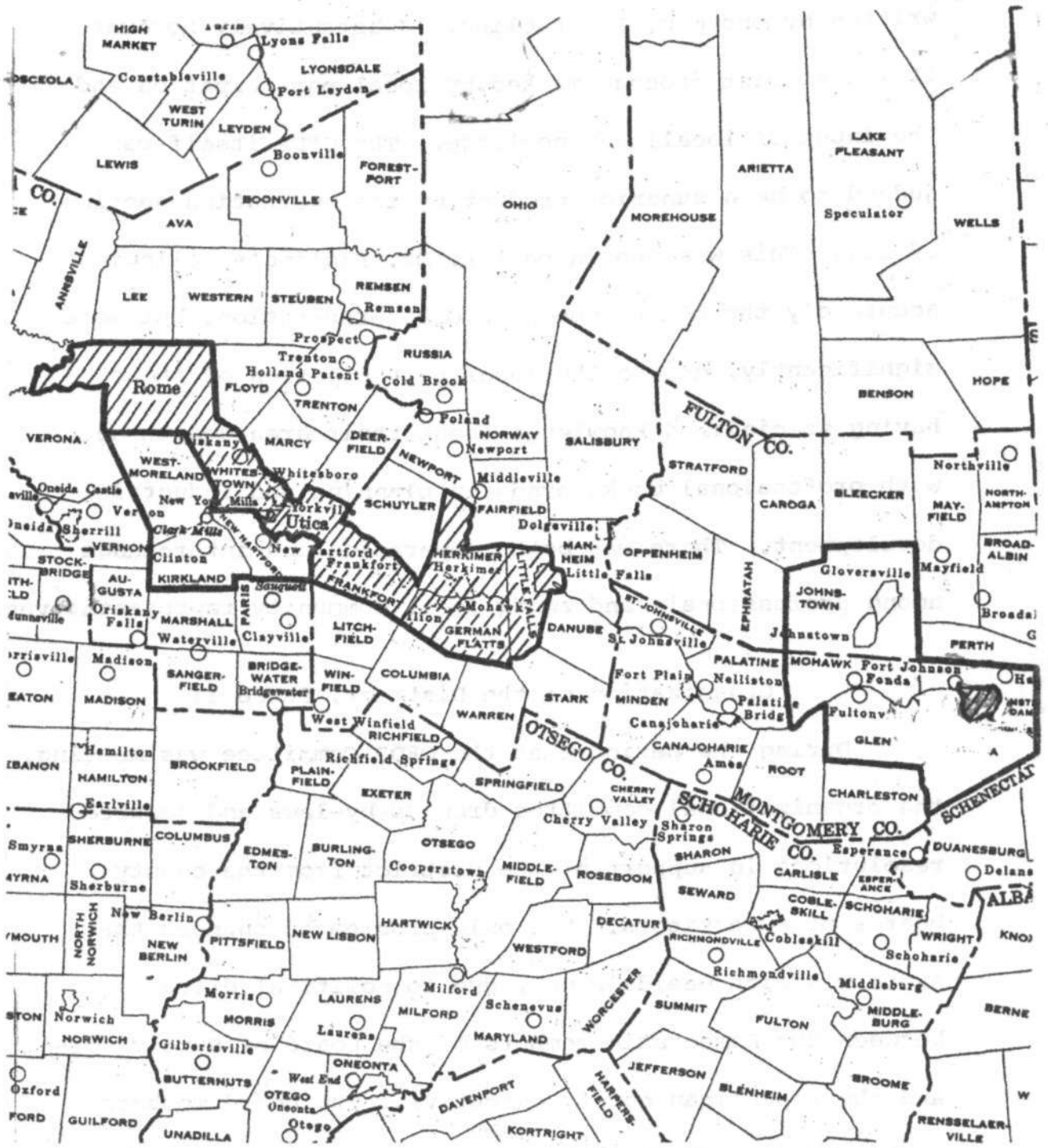
The growth center proposed in the OEDP was developed during the preparation of the plan and there was general agreement that there should be two growth centers, one covering the Utica-Rome area and a second covering the Amsterdam-Gloversville area. This aspect of the OEDP will be discussed in a subsequent section. See map two.

The drafting of an OEDP consists of three basic parts that require different kinds of participants and different configurations of knowledge inputs. The first is a historical description, the second an analysis of problems and the third a formulation of objectives, projects and priorities. The variety of people involved both on the OEDP

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[18] Memo from Paolino to MVEDD Committee, February 24, 1967. See OEDP, p. 86.

# Mohawk Valley Economic Development District




Original State Growth Center Definitions.

Growth Centers July 1, 1968 Approved by EDA.

Chapter Eleven
Map II

Committee and as outside advisors provided the resources necessary to develop the OEDP. Functionally, the OEDP was written by one man, Ray Paolino. Substantively however, it was a joint process marked by local participation and the input of localized knowledge. The OEDP itself was judged to be a superior product by the evaluation section of EDA. This was due in part to Mr. Paolino's following accurately the EDA handbook on OEDP preparation, but more significantly, due to the local participation of those having specialized knowledge about their area and those with professional backgrounds in planning and industrial development. There was both cooperation and interchange among professionals and among local community representatives.

## Organization of the District, Phase II

During the period that the OEDP Committee was meeting, the organizational committee drew up by-laws and secured resolutions in support of the district from the county boards of supervisors. The only problem of support that arose was with Oneida County due to political differences between the Democratic members of the Board of Supervisors and the Republican county executive. The board members would not approve a resolution naming the county executive as the representative from the county because they wished

to be represented by their Chairman. This matter was resolved in a characteristic manner by appointing both the County Executive and the Chairman of the Board of Supervisors as representatives.[19]

One other incident of a political nature occurred due to the sensitivity of the New York State Department of Commerce organization to the Republican party affiliation of the Governor. The previous year, 1966, Senator Robert Kennedy and Eugene Foley, Secretary of Commerce, had visited the Adirondack region of the State and Kennedy proposed the formation of a North County Council for which he secured an EDA grant in the neighborhood of $100,000 for the period June 1966 to September 1967. It was felt that the State had been by-passed and that the Council might be a barrier to the organization of the state planning districts and the EDA districts that had been worked out by Commissioner Peterson.

With this in the background, Orlo Webster learned that members of Senator Kennedy's office had arranged for the Senator to meet with Dr. Gragg and Thomas Zappone in Utica on June 3. Apparently, the Senator planned to be in Utica on that day. Webster advised Dr. Gragg to use caution in

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[19] Utica Observer Dispatch, December 6, 1966.

deciding whether or not to meet with Senator Kennedy, but Dr. Gragg decided tentatively to go ahead with it. However, the Senator cancelled plans to visit Utica and the meeting was never held.[20] As a footnote, the Congressman whose district includes Herkimer and Oneida counties is a Republican, Alexander Pirnie, and both Representative Pirnie and Senator Kennedy supported the Public Works and Economic Development Act of 1965.

The first official meeting of the Mohawk Valley Economic Development District, Incorporated, was held on January 17, 1967. Officers were elected and Maurice Richardson was named President pro tem because he was unable to accept the presidency for a full term. In addition to members of the district the following state and federal officials attended this meeting: Edward Unger, EDA program officer, Alan Yakeley, EDA field coordinator, William Zimmerman, Deputy Commissioner of the New York State Department of Commerce, and Orlo Webster, Commerce Regional Supervisor, New York State Department of Commerce.[21] No doubt this was a gratifying moment for Orlo Webster since he had been the key organizer at the local level and had spent considerable

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[20]Memo from Orlo Webster to McGrath, November 30, 1966.

[21]Utica Daily Press, January 18, 1967.

time and effort during the previous fall on district matters.

The articles of incorporation of the district contain the following statement of the formal organizational mandate as drafted by the organizational committee.

> To research, investigate, plan, initiate, perform, conduct and complete, and as to others to encourage, foster, advise, assist, promote, attract, coordinate, guide, collect and disseminate information regarding projects and research directed toward economic, industrial, educational development and betterment of the people of the Mohawk Valley, regionally or locally, and directly or in association with political subdivisions of Federal, State, County and local governments and agencies thereof, with interested individuals, groups, organizations, foundations, and corporations, and with universities, colleges, school districts and educational bodies of all types.[22]

This implies broad analysis and planning to increase GRP (Gross Regional Product) and provide the basis for a mix of productive factors that would produce expansion of employment and a rising level of per capita income for the region.

It should be noted that little newspaper publicity had appeared concerning the district or the preparation of the OEDP between the time of the organizational meeting in August and the first official meeting in January. No stories

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[22]Certificate of Incorporation of Mohawk Valley Economic Development District, Inc., Sec. 2.

were found in the files of the Utica Press and Utica Observer Dispatch on the OEDP prior to its approval at the Board meeting of March 30 when the OEDP was officially approved.

The research indicates, however, that this was not due to lack of participation but rather to the informal nature of the organizing effort and particularly the low level of political conflict within the district concerning regional matters.

The second official meeting was held on February 16, 1967 and consisted of members of the executive board. The general policy was that the Board would meet monthly and the entire membership would meet just once a year at an annual meeting. Later an executive committee was established to meet bi-monthly alternating with the full board. This practice was not instituted, however, until a year later.

At the meeting February 16, Ara T. Dildilian was elected president to replace Mr. Richardson. Then on March 30 the board gave final approval to the OEDP and it was sent to Dr. William J. Nagle, director of the Office of District and Area Planning of EDA with a letter of endorsement by Deputy Commissioner Zimmerman.

This OEDP contained the proposal for two growth centers, as mentioned previously, because both the state officials and district representatives felt it to be a sound recommendation in terms of economic development concepts and district organization.[23]

The organization of the district set the guidelines for the advisory objectives and essential advising activity. The selection of the executive director reinforced these objectives. The advisory objective was to provide recommendations for projects of regional significance that could be assisted by federal grants. The primary aspect of this objective was the OEDP statement that set the framework for project recommendations. The provision of information about sources of public financing apart from specific recommendations was also an important objective.

The essential advisory activity was the generation of project recommendations and technical assistance to industrial development groups within the district. This emerged after the completion of the OEDP and in conjunction with the hiring of professional staff. The essential advising activity was keyed directly to the local and county governments because of the breadth of board membership and the presence of government officials on the membership roster.

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[23]Interviews with Raymond Paolino, James Barwick, John Ladd and others.

The organizational experience of the Mohawk Valley District may be summarized by reviewing local, state and federal participation as the basis for the successful establishment of the District.

At the local level in the Mohawk Valley Charles Lanigan, through his former position as Mayor of Rome, was familiar with ARA type programs and was an early supporter of the 1965 Act when he was Oneida County Executive. This concern was coupled with the professional interest of D. David Brandon, the Oneida County Planning Commissioner, in development planning. His approach to planning emphasized the allocation of resources to achieve optimum levels and mixes of production rather than allocation of a fixed level of income. In essence, this was planning for production rather than planning for consumption.

At the state level, the interest in the 1965 Act was largely that of gaining a share in the program especially since the state was governed by a Republican whereas area development legislation was identified with the Democratic party. The state's first contact with the newly established Economic Development Administration supports this assumption as illustrated by the request to designate the entire state as an Economic Development District.

Once the executive branch of state government decided to establish development districts there was a joining of forces among local, state and federal officials. The local desire for project funds was coupled with the state government's wish to participate in federal grant programs. This union was then reinforced by the fledgling Economic Development Administration's desire to demonstrate its ability to implement the 1965 Act.

Some generalizations may be ventured from the organizational experiences of the districts. One is the importance of the state government in guiding the forces of local self interest into an organizational pattern that sets the basis for multi-jurisdictional cooperation. A second element is the usefulness of a field office system within the state agency. This provides a local base for organizers while maintaining the broader state wide perspective. In the third place, the presence of politicians and planners familiar with planning for production factors (development planning) coupled with prior experience in federal economic development programs provided a local initiative for participation. That a district was successfully organized within the political environment of the Mohawk Valley appears to be attributable to these three factors.

## The Growth Center Controversy, Phase I

As districts were formed under the 1965 Act the EDA administration worked to organize their efforts to encourage and support activities at the local level and at the state level. Primary responsibility for the organization of districts was lodged in the Office of District and Area Planning later designated the Office of Development Districts. The major efforts of EDA were divided between two deputy assistant secretaries, one for Economic Development Planning and the second for Economic Development Operation. The Office of Development Districts is the major operating office under Development Planning while the Office of Public Works and Development Operations handles project applications and grants.

The Office of Development Districts was originally organized according to geographic areas but by June 1968 was divided between pre-designated and post-designated districts with geographical divisions under these two functional headings. A third division is the District Plan Division, formerly called the District OEDP Policy and Evaluation Division, which is responsible for reviewing the OEDP's submitted by the districts to see that they conform with EDA requirements. (See chart one.)

Chart I

Office of Director
William J. Nagle,
Director

Training
and
Evaluation
Act

Special
Projects

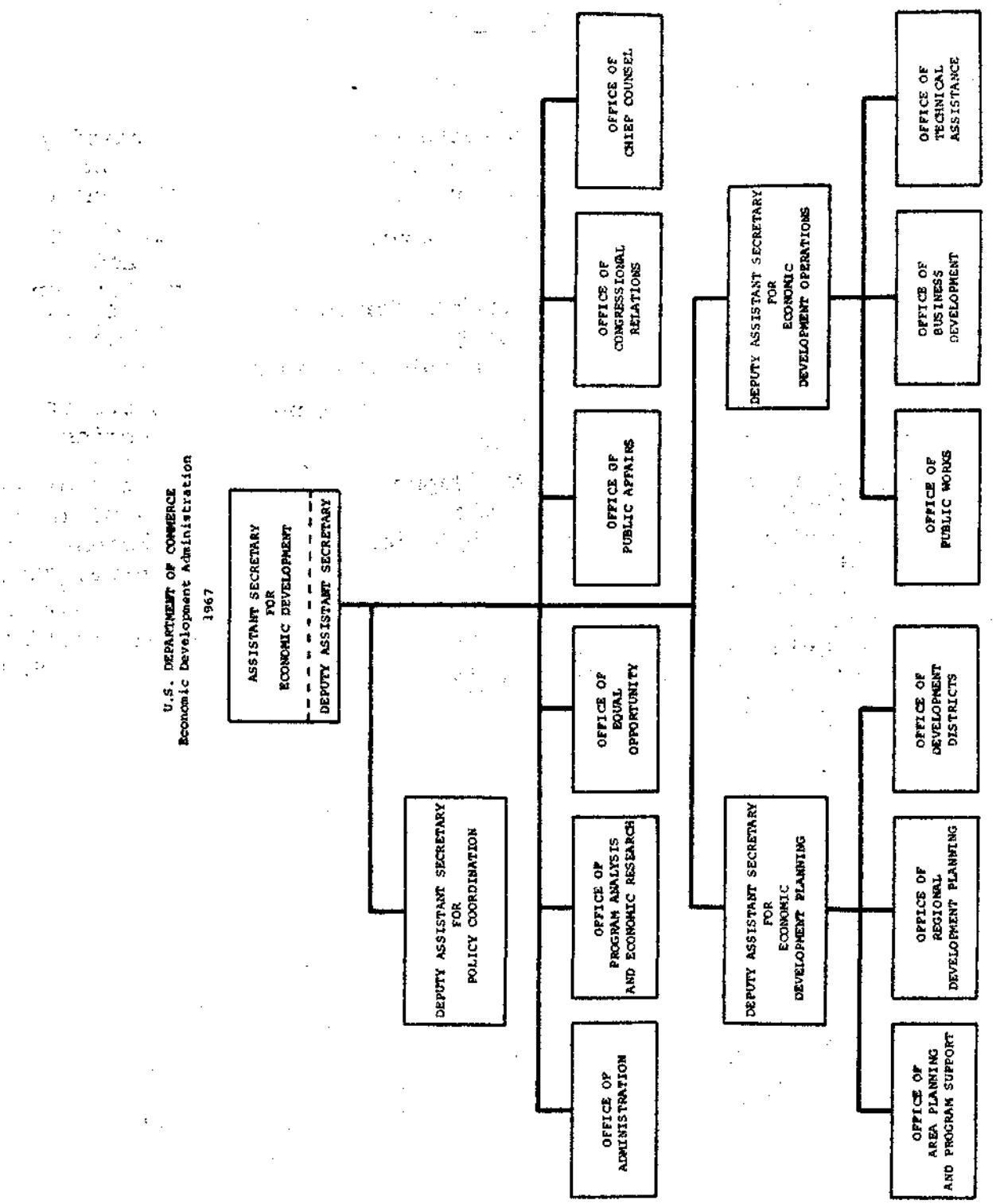
Deputy Director for Planning
Fred Eaton, Deputy Director

District
Action
Plans

District Plans
Division
Robert Wrigley,
Chief

District Support
Division
(Post-Designation)
William Brennan,
Chief

District Organization Division
(Pre-Designation)
Jack White, Chief




Chapter Eleven
Chart One

Of particular interest to the Mohawk Valley District is the EDA policy on "economic development centers" commonly known as "growth centers." The Act itself declares that these centers shall be designated by the Assistant Secretary in accordance with such regulations as he shall prescribe so long as the proposed center is included in the OEDP, is economically related to the growth of the district, and does not have a population exceeding 250,000.[24] The Act does not specify whether there may be more than one growth center per district nor does it specify the boundaries to be used in defining the growth centers.

EDA policy on growth centers was spelled out in Economic Development Order 1-28 dated January 6, 1967 which stated essentially that the growth center, in addition to having a population of 250,000 or less, must be a city or contiguous grouping of incorporated places. Further interpretation of this policy by EDA officials limited the district to one growth center only.

These administrative regulations were formulated on the basis of limited experience and a desire by EDA to proceed slowly in the establishment of growth centers. The primary reason for adhering to a single growth center defined

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[24]Public Law 89-136, Title IV, Part B, Sec. 403 (a)(2).

by a primary political boundary appears to have been a desire to hold down the number of growth center project applications in the face of limited availability of funds for project grants.[25]

The development center or growth center concept is fundamental to basic economic theory that assumes the market area model which operates according to a dynamic gravity principle. Significance is placed on existing centers and their potential for growth that will affect the surrounding areas. Economists and administrators at EDA generally subscribed to this theory in the abstract and modified it in accord with administrative constraints.

The OEDP Committee, however, was occupied with the application of the concept to their particular area. The designation of the district growth center depended on an economic analysis and evaluation of that location, whose development would provide the most significant economic advantage for the entire district. Knowledge that was necessary to make this determination was supplied by the economist Ray Paolino and by local area specialists such as John Ladd and Thomas Zappone. The recommendations of the economic experts coincided with the political assessment

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[25]Interview with Frederick Eaton, EDA administrator, Washington, D.C.

of the political and governmental experts on the board thus ensuring acceptance of the proposal by local and county governments.

A further refinement of the growth center concept was the expansion of the definition to include contiguous communities that were economically an integral part of the core city. Under these conditions the growth center proposal of the Mohawk Valley District was justified both in terms of economics and political expertise.

The official statement of the designation of growth centers in the Mohawk Valley District is as follows.

> Utica, largest city in the district, must be considered the nucleus of an economic development center for the district. It accounts for nearly one-fourth of the population and is 60 miles, via the New York State Thruway, from Amsterdam, the easternmost population center in the redevelopment areas. (Utica is only about 20 miles from the western border of the redevelopment areas.)
>
> Utica alone cannot comprise an effective economic development center, however. Although of sufficient size to foster growth in the redevelopment areas, its potential for economic impact upon the redevelopment areas is limited in several respects. As a highly developed urban center; it has high population density and limited available space for further development. In recent years, growth and development has occured in adjacent areas rather than within the city and this trend is expected to continue. An effective economic development center, therefore must extend beyond the city limits of Utica

> to areas which have shown development in the past and have a potential for further growth.[26]
>
> A secondary concentration of population and economic activity in the eastern part of the district, is identified as a redevelopment center. It includes the cities of Amsterdam, Gloversville and Johnstown and eight surrounding towns. This redevelopment center forms the nucleus of economic activity and its development within the redevelopment areas is necessarily an integral part of any developmental program. As in the case of the economic development center, political boundaries do not correspond exactly with the geographic area of the redevelopment center. Practical considerations make the use of political boundaries necessary for the purpose of definition.[27]

When the Mohawk Valley OEDP arrived in Washington with proposals for two growth centers each containing more than one city it was given careful review. EDA officials were quick to remember the earlier proposal that the entire state be designated as a development district. In a letter to Mr. Dildilian on May 19, Dr. Nagle reported that, "it (OEDP) is an excellent program that we can approve once you have revised and expanded the section that treats 'Development Centers'".[28]

The issue of growth center designation was one which served to unite the district governments and made it more likely that they would rely on the recommendations of the

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[26] Overall Economic Development Plan, p. 79.

[27] Ibid., p. 80.

[28] Letter from William J. Nagle to Ara T. Dildilian, May 19, 1967.

staff. In any public policy decision there are usually substantive, in this case economic, political and administrative aspects. In the case of the growth centers the coincidence of substantive and political knowledge provided support for the recommendations of the district staff. The administrative criteria imposed on the decision-making groups from a higher or more generalized position of authority actually stimulated close relations between the district and local governments.

The economic basis for the growth center recommendation has been explored in the discussion of the OEDP. Reference to chapter eleven on economic policy is suggested for a review of the growth center concept.

The letter from Dr. Nagle was received by the board of directors at their meeting on May 24, 1967 in Herkimer. Strong sentiment was expressed by members of the board that they should hold to the original recommendation for two growth centers and that by arranging a meeting in Washington with Congressmen and officials of EDA, they could present their case and persuade EDA to accept the proposal. A delegation was appointed to travel to Washington for a meeting on June 6 and an intermediate strategy

meeting was called for May 29. Members of the delegation were:[29]

Raymond Sill
William Valentine
John Keane, Jr.
John Ladd
Thomas Zappone
James Barwick
Harvey Mansfield
Ara T. Dildilian
Roy Watkins
Charles Eames
James Casey
Raymond Paolino

On May 29, two meetings took place at the Oneida County airport concerning the district's position regarding the designation of the growth centers. At a noon luncheon William Brennan of EDA was present and explained that the two growth centers would not be accepted because administrative policy required one growth center per district, limited in area to a single city. He suggested that the district prepare a letter identifying a single city as its growth center in order for the district to be designated and receive funding. A further incentive for doing this was provided when Brennan mentioned that a project application for Gloversville must be supported by the district if it were to be funded before the fiscal year ended on June 30, 1967.[30]

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[29]Minutes of Board of Directors meeting of the Mohawk Valley Development District, Inc., May 24, 1967.

[30]Memo from Orlo Webster to J. E. McGrath, May 31, 1967.

A Rome tourism grant proposal had been turned down by EDA and this was a second matter of major concern, especially to Mayor Valentine. On the basis of this project, and a lack of interest in the district on the part of elected officials in Utica, the district board decided to propose Rome, New York as the growth center if they could not attain both of the large centers.

At the May 29 meeting the planners from Oneida County suggested that their office should provide the technical staff and assistance for the district but others felt that there should be a separate district staff. It may be remembered that the Oneida County staff offered their services the previous August when the district was first being formed. There appeared to be a deep concern that the district would compete with the county in terms of planning activities.[31] So far this has not been the case as the district has emphasized project implementation in lieu of planning or research activities.

In the afternoon of May 29 a second meeting was held and the strategy was to have two letters ready to take to Washington, one designating Rome as the growth center and

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[31]Memo from Orlo Webster to J. E. McGrath, May 31, 1967.

the other designating both of the more extensive centers. However, Brennan attended this meeting and assisted the group in deciding that it would be better to have Rome designated now rather than face further delays in designation and funding. The group was more or less reconciled to this but planned to make a strong protest in Washington at any event. Whether or not Brennan returned to Washington with the letter in hand cannot be recalled by the participants. At the least, a verbal agreement was reached and at 5:00 P.M. on June 5 a telegram from Ross Davis, Assistant Secretary of Commerce, announcing the designation of the District was sent from Washington.[32]

The decision-making process was highly programmed in terms of the strict application of guidelines to the growth center problem. This process did not take into account the unusual nature of the situation nor the new alternatives suggested by the district. Under these conditions the knowledge and advice generated by the district were not utilized by EDA because the nature of the decision process precluded it.

When the delegation arrived in the Capital on June 6th, the district had been designated with Rome as the growth

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[32]Western Union Telegram dated 5:00 P.M., June 5, 1967, signed Ross Davis, Assistant Secretary of Commerce.

center. The meetings were held as scheduled but much of the purpose had been drained by the events of the previous week. A further complication had developed with the announcement by EDA that on July 1, 1967 Montgomery County would lose its designation as a redevelopment area due to a drop in unemployment. This meant that the District would be dedesignated because it did not contain two redevelopment counties and that, although it could continue to receive planning grants, only Fulton County would be eligible for project assistance. This left Oneida and Herkimer Counties at essentially the same place as they were the previous summer unless they could keep the district alive by adding Schoharie County along the southern boundary.

On the morning of June 6 the district delegation met with Congressmen Pirnie, Stratton and King and representatives of Senators Javits and Kennedy. During the meeting it was decided to discuss several matters with EDA officials in the afternoon. These were: securing a planning and administrative grant, continuing district designation by including Schoharie County and reconsideration of the Rome historical project, and the Gloversville and Canajoharie water projects.[33]

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[33]Memo from Raymond Paolino to Zimmerman, June 8, 1967.

At the afternoon meeting attended by the delegation, Congressman Pirnie, and Messers Eaton and Brennan of EDA; Fred Eaton said that they would ask the Office of Public Works to review the Rome project and indicated that the Gloversville project was already under active review.[34]

The outcome of the meetings, so far as the district delegation was concerned, was mainly a moral victory in being able to show EDA officials that their Congressmen were supporting the district. Certainly, the entire matter had worked out to the satisfaction of EDA officials, since they had been able to designate a new district without violating their policy limitation on growth centers.

EDA's request that the district choose one growth center and their rigid adherence to a policy that had justification only in terms of central administrative convenience bears careful evaluation. This policy stance almost caused the dissolution of the district although it might have been modified if Brennan had not been able to persuade the organization to go along with it. For example, if Utica's mayor had been strongly interested in planning and urban development it would probably have been necessary to have a Utica-Rome growth center in the first instance rather than

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[34]Memo by William Brennan to files, July 5, 1967.

waiting until a year later. We can suspect that EDA would have accepted this proposal since they did make one major deviation from their original policy by approving the Scranton-Wilkes Barre linear growth center in July of 1967.

At the June 12 meeting of the board of directors a telegram was received announcing the funding of the Glovers-ville water project in the amount of $301,000. Then on June 30 EDA notified the district that it had been awarded a grant of $40,795.20 for the operation of the district for one fiscal year. At the July 18 meeting of the board, John Ladd was appointed Executive Director and continued to work on the application for inclusion of Schoharie County, in the district. Apparently EDA had suspended dedesignation with the expectation that Schoharie County would be added, and in September, Ross Davis stated in a letter that EDA would approve its inclusion.[35]

The board held a meeting on September 21 to consider admission of Schoharie County and satisfactory arrangements concerning the county's representation on the board were worked out during the fall. The inclusion of Schoharie County was made official at the board meeting on December 19, 1967 and the district thus remained eligible for project assistance with Rome as its growth center.

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[35]Letter from Ross Davis, September 28, 1967.

## The District Staff

During the fall of 1967 a second staff member was added under the title of program officer. John Ladd and his new assistant Paul Nichols worked vigorously on the development of project applications for various parts of the district. Nichol's previous position with the OEO program in Schoharie County and his background as a native Utican gave him a knowledge of the district that a professional hired from elsewhere would not have had. His work in Schoharie County may also have been helpful in securing the County Board of Supervisor's approval for the county's joining the district.

John Ladd also had considerable experience in the Mohawk Valley. In addition to working as a sales representative, he had served as Supervisor, Town of Schuyler, New York, President of the Adirondack-Mohawk Development Alliance and President and Executive Director of the Herkimer County Area Development Corporation. He had also chaired a Special Committee on County Development in Herkimer County.

Ladd and Nichols constituted the entire paid staff of the District with the exception of a competent secretary, but were assisted by governmental consultants such as Ray Paolino, Alan Yakely and Thomas Zappone. The degree of

professionalism inherent in the paid staff was low in terms of formal training in economic development and development planning. However, their backgrounds in terms of experience and their perception as specialists by lay board members placed them in the kind of independent position characteristic of professionals as opposed to bureaucratic staff organizations. Both men worked independently developing programs, consulting with board members and transmitting knowledge to local governmental policy bodies and other organizations concerned with the economic development of the district. This kind of activity is a characteristic of the professional orientation in staff organizations.

With this orientation the district staff took as their major objective the implementation of the OEDP. This included the expediting of existing projects and the development of project applications for new projects listed in the OEDP. Further planning and research on district problems did not form a part of the staff activity during the first year of district designation. It was generally supposed that when studies, such as airport location, were to be made they would be done by consultants.

The types of activities engaged in by the staff were compatible with and largely determined by their own

experience. Basically, the decision to hire them in the first place was a decision by the Board to pursue an action oriented advisory program rather than a support building technical report library. This indicates that there are different types of advisory activities that can meet the need for expert advice. In the Mohawk Valley the staff contributed a process of consultation and assistance to local governments rather than a series of informational packages. Under this approach the advice and recommendations were highly relevant to specific policy issues.

A major project that had a high priority in the OEDP was the Nuway and in May 1968 the state legislature after several years of inaction reconsidered and passed a bill authorizing planning studies for the new highway. Many people and organizations in the western part of the district put considerable effort into this project including Mr. Ladd and the members of the MVEDD.

The professional staff of the Mohawk Valley district represented one planning and development agency in the district. It was distinguished from the other agencies by its district wide concern and its program orientation. The county planning agencies, city planners, and local development corporations all shared in the generation of

policy recommendations that constituted the sum of district policies for economic development.

Some competition was evident during the organization of the district and the development of the OEDP. In general, however, the agency was able to maintain cooperative relations with planners at the local, county and state levels. The assistance of the Oneida County planning department in reviewing the OEDP was an example of this cooperation. Their suggestion that they provide the staff assistance to the district board was an example of competition. The fact that the regional planning agency authorized by the state had not been organized, reduced the potential for conflict that was realized elsewhere in districts with existing regional agencies.

## Growth Center Controversy, Phase II

The summer and fall of 1967 brought increased political activity in the city of Utica. The incumbent Republican mayor, Frank Dulan was challenged by Dominick Assaro, prominent undertaker. Assaro had been active in local politics since 1963 when he attempted to challenge the Republican party renomination of Mayor Dulan. Prior to Frank Dulan's election as mayor the city was alledged to have been run by a political machine and Dulan was elected originally as a

reform candidate. In 1963, however, it was Assaro who asserted the need for new leadership to fight corruption, but did not make a primary fight for the nomination.

During Mayor Dulan's term of office from 1963-65, Assaro became more concerned about the political leadership in Utica and decided to challenge Dulan's renomination in the summer of 1965. In July of that year, Assaro made some suggestions for changes in the pending Public Works and Economic Development Act of 1965 that would enable Utica and Oneida County to qualify for assistance.[36] Congressman Pirnie sponsored an amendment to the bill that made Oneida County eligible for Title I grants and it was passed by just two votes.

Mr. Assaro's campaign for the Republican nomination for mayor was not so successful and he was beaten that year by Mayor Dulan who was subsequently elected for a new term. Mr. Assaro remained extremely interested in planning and urban development and criticized Mayor Dulan's lack of leadership in the implementation of Utica's urban renewal program and his failure to hire professional planners.

Mr. Assaro's differences with the mayor increased over the next year and a half. In 1967 he affiliated himself

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[36] Utica Press, July 6, 1965.

with the Democratic Party and won the party nomination over the resistance of the party regulars. Dominick Assaro was a tough campaigner who fought not only the entrenched Republicans but also members of his own newly adopted party. He was assisted by the Democrats' strong desire to return to city hall and by the endorsement of Robert Kennedy who came to Utica on his behalf. Assaro won the nomination by 120 votes after a recount and went on to defeat Mayor Dulan by a plurality of 2,000 votes.[37]

Mr. Assaro's campaign was not only based on reform but also emphasized the need to introduce urban planning and executive leadership to the city. Assaro's platform had planning and urban development as its major tenet and the reaction of the voters indicate that he had found a soft spot in the Dulan administration. This conclusion is supported by the relatively inactive role played by Mayor Dulan in the organization of the MVEDD.

Upon being sworn into office in January 1968, Mayor Assaro met with MVEDD officials and Oneida County planners to discuss the possibility of including Utica in the district growth center. The new mayor was intent upon utilizing all possible Federal resources in his program to further the development of the city of Utica.

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[37] Utica Press, June 24, 1967 and November 8, 1967.

Since Montgomery County was no longer a redevelopment area there was renewed interest in establishing Amsterdam as the second growth center as originally proposed in the district OEDP. Thus the district requested that EDA approve the extension of the Rome growth center to include Utica and the intermediate town of Whitestown.[38] It was also proposed that Amsterdam be designated as a second growth center.[39]

The economic justification for this had been previously documented and now further political justification was presented to EDA. The programmed nature of the decision-making process within EDA was replaced by the need for an innovative response as the demand increased and political support was reduced. The fact that the change was supported by economic knowledge and recommendations meant that a small decrease in support, either real or perceived led to a change in the pattern of decision-making and a change in the resulting policy.

In Washington, EDA officials were being pressed by several districts to recognize multiple or corridor growth centers and began to recognize the possibility that a single standard for designation of growth centers was not applicable to the diverse districts that were being formed across the

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[38]MVEDD, OEDP Supplement IV.

[39]Ibid., Supplement II.

country. The most dramatic recognition of this was the acceptance by EDA of a corridor growth center including Wilkes-Barre and Scranton, Pennsylvania in the Northeast Pennsylvania Economic Development District. This decision was made in the summer of 1967 and although the OEDP for this Pennsylvania district was approved and the district designated it was dedesignated shortly thereafter due to a drop in unemployment. This district is still eligible for planning assistance but receives only about one-third of its support from EDA. The following case study will treat the Northeast Pennsylvania district in more detail.

Thus, in the spring of 1968 when MVEDD submitted its request for expansion of the existing growth center and addition of a second at the other end of the district, EDA published an Economic Development Order superceding the order of 1-6-67. The new order dated 3-11-68 contained two key phases:

> Normally, EDA will designate the single leading growth point in a District as the Economic Development Center. However, additional centers may be designated if unusual conditions exist in the District.
>
> In the case of Districts with multiple cities in reasonably close proximity, consideration will be

> given to boundary adjustments to include corridors of growth between such centers.[40]

It was announced by Congressmen Pirnie and Resnick, respectively, on March 18, 1968 that Utica-Whitestown would be included in the Rome growth center to be designated an Economic Development Center by EDA. This marked the end of the second phase of the growth center controversy. It appears that the change in EDA policy was affected partly by a realization within the program sections of EDA that multiple or corridor centers did make sense from an economic development point of view. More important, however, there was increased political concern voiced by Congressmen friendly to EDA that broader project eligibility be obtained in EDA districts located within their congressional districts. The forthcoming election for the House of Representatives in the fall of 1968 was a factor in increasing the sensitivity of legislators to the needs of their local constituencies. Finally, EDA itself was looking toward the passage of new legislation by the 91st Congress in 1969 to modify and extend the 1965 Act and appropriation authorization that expires in fiscal year 1970.

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[40]Economic Development Order, U. S. Department of Commerce 1-28. Rev. Subj. Economic Development Center Strategy, Effective date 3/11/68. Sections 3.02, 3.03.

Further action on expanding the Utica-Rome growth center was taken by the staff on May 13, 1968. Letters were sent to EDA requesting an extension of the Utica-Whitestown-Rome growth corridor to include the city of Little Falls and the towns of Frankfort, Herkimer and German Flatts. This request was approved by EDA in the summer of 1968. The expansion of the western growth center followed the definition contained in the OEDP except that the town of Schuyler was omitted.

## Conclusion

Three major areas of interest remain at the time that this case is written. The most immediate of these is the need for cash contributions from member counties to supplement the local in-kind share of the district expenses. EDA has encouraged the district to provide cash contribution from any source.[41] This may be a significant test for the district in terms of the commitment of its constituency and the performance of the district director and staff. In the fall of 1968 all the counties except Schoharie had budgeted amounts for the purpose for 1969 as follows: Fulton, $750.00; Montgomery, $750.00; Herkimer, $1,000.00; Oneida, $3,200.00.[42]

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[41] Minutes, Board of Directors Meeting, May 23, 1968.

[42] Letter from John Ladd, November 15, 1968.

A second and closely related issue is the success of district sponsored projects in obtaining Federal funding. So far the projects funded were developed prior to formation of the district. Staff and board members worked on these projects but their success cannot be attributed primarily to the district organization. New projects are currently in process however, that are largely an outgrowth of district activity.

In terms of district participation it seems clear that the Nuway project was given considerable support by members of the district board. Meetings were held and interests mobilized partially through the efforts of district members to have the legislature reconsider a proposed bill that lay dormant in the New York Assembly. The district has also been active in pressing for establishment of an upper level college in the Utica-Rome area. The selection of a site by the State Board of Regents has been urged by the district director and others.

In terms of projects, the district is hopeful of obtaining state financing for a comprehensive airport survey as the basis for establishing one or more county airports to serve industrial and private aircraft owners. This project, in contrast to those mentioned previously, will

be the first that has been developed and implemented almost entirely by the district organization.

The role of the state has been important with regard to the district's strategy in gaining support through the implementation of projects designed to increase the GRP of the district. This involves specifically two projects which the state is funding. Planning and engineering studies for the Nuway were authorized by the state legislature after the district organization had focused local opinion on the majority leader of the state assembly through a large public meeting and through individual contacts by local governmental officials. The district played an important catalytic role.

A second project, the location of new county airports to provide local service for executive aircraft and air freight has also been undertaken by the state at the request of the district. In this case EDA was unable to support the district with funds for a site study and it was necessary for the state to step in.

The third area of interest has hardly emerged but may be an important issue for the district organization. The Department of Health, Education and Welfare has a grant program for comprehensive multi-county health planning. Over nine EDA districts in the country have been designated as district planning agencies under this program. Applica-

tions are pending from several organizations in the Syracuse area and interest is beginning to rise in the Mohawk region as well. Since the Oneida County Planning Department has a professional planning staff they feel that they are the appropriate organization to undertake this task. It may well be, however, that the district organization will look upon this as an opportunity to create their own professional staff for planning in the five-county district.

The MVEDD, with the exception of Schoharie County, conforms to one of the New York State Planning Regions but the Regional Planning Council has not been active. Thus, there is potential for planning on a regional basis either through an expanded program of the Oneida County Planning Department, the MVEDD, or a joint effort through the creation of a tri-county Fulton-Montgomery-Schoharie planning board.

An overall view of the Mohawk Valley experience leads to the conclusion that functional strategies and administrative arrangements will vary depending on environmental conditions and that no one strategy will be universally applicable. The MVEDD is administratively linked to local governments but is legally a public corporation rather than an intergovernmental council. This allows a certain amount of autonomy without insulating the district from political

realities and policy demands. The district's strategy has been one of effectuating the OEDP through the implementation of projects. Further research and revision of the OEDP has been delayed until success is achieved on the existing projects. This appears to be an appropriate strategy for the district but relies heavily on support by EDA and other federal agencies who have programs to support specific projects. A significant amount of descriptive research on the district had been done so that embarking on a research oriented work program would probably not have been an effective way to build support.

## CHAPTER ELEVEN - APPENDIX A

### CHRONOLOGY

#### 1965

| | |
|---|---|
| August 25 | Public Works and Economic Development Act of 1965. Public Law 89-136 became law. |

#### 1966

| | |
|---|---|
| July 1 | Oneida-Herkimer Counties OEDP approved. |
| July 1 | Oneida-Herkimer Counties no longer eligible as redevelopment counties. |
| August 17 | General organizational meeting to consider district formation. District OEDP Committee appointed. Dr. Graff of Fulton-Montgomery Community College Acting President. |
| September 6 | General Meeting and first meeting of the OEDP Committee. |
| October 4 | OEDP Committee meets to review draft of economic description section of OEDP. |
| November 1 | OEDP Committee members agree to form sub-committee for their own county. |
| November 9 | OEDP Committee meets to discuss problems in the district and future prospects and objectives. |
| December 16 | OEDP subcommittee meetings held in Utica (Oneida-Herkimer) and Herkimer (Fulton-Montgomery). |

#### 1967

| | |
|---|---|
| January 17 | First official meeting of the Mohawk Valley Economic Development District, Inc. (MVEDD). Maurice Richardson President Pro tem. |

| | |
|---|---|
| February 10 | OEDP Committee meets for further discussion of problems, objectives and projects. |
| February 16 | MVEDD Board Meeting, Ara T. Dildilian elected president. |
| March 1 | OEDP Committee reviews draft of problems, potentials, and objectives. |
| March 30 | Board of Directors approved OEDP. |
| April 12 | OEDP sent to Dr. Nagle at EDA Washington for approval and designation of the district. |
| May 19 | Letter from Dr. Nagle indicating OEDP will be approved once the "development center" section has been revised. |
| May 24 | Board of Directors decides to send a delegation to Washington to meet with EDA officials and Congressmen concerning the designation of a growth center. |
| May 29 | Meeting of Washington delegation with William Brennan of EDA to discuss the problem of multiple growth centers and to decide on the strategy for the meeting in Washington on Tuesday, June 6. |
| June 5 | 5:00 P.M. Telegram for EDA announcing the designation of the district with Rome as the development center. |
| June 6 | Meeting of district delegation in Congressman Pirnie's office with EDA officials. |
| June 12 | Board of Directors meeting. Telegram announcing $301,000 EDA grant for expansion of water supply in Gloversville, New York. |
| July 18 | Board of Directors Meeting. John Ladd appointed Executive Director. |
| September 21 | Board of Directors meeting. Amsterdam and Montgomery Counties no longer eligible as a redevelopment area. |

| | |
|---|---|
| December 19 | Board meeting. Inclusion of Schoharie County in MVEDD approved by EDA. Resolution to request that Amsterdam be designated as a second growth center. |

1968

| | |
|---|---|
| January 16 | Board meeting. Ara T. Dildilian reelected president for second term. |
| February 20 | First executive committee meeting. Vote to add Utica and Whitestown to Rome growth center. |
| March 18 | Utica-Whitestown added to Rome growth center, Amsterdam growth center designated. |
| March 26 | Board of Directors meeting. |
| May 13 | Request extension of Utica-Rome growth center to include Frankfort, German Flatts, Herkimer, and Little Falls. |
| May 23 | Board of Directors meeting to discuss district industrial site study and receive request from EDA for cash in addition to in-kind contribution in district funding. |

ENUMERATION OF PROBLEMS AND DEFICIENCIES
Mohawk Valley Economic Development District

| County | Identification | Causes | Effects |
|---|---|---|---|
| All counties | 1. Inadequacies in the internal and inter-regional highway network. | Inadequate north-south highways; inadequate east-west highways other than Thruway; insufficient access to Thruway. | Increased time and cost of transportation to points north and south; ease of commutation within district limited; localities not having Thruway access at competitive disadvantage. |
| Fulton Herkimer Montgomery | 2. Inadequate air transportation facilities. | No general aviation airport meeting minimum standards established in Federal airport plan. | Air transportation requirements of business in the district are not adequately met. Difficulty in attracting industry for which air transportation is a major locational factor. |
| All counties | 3. A shortage of skilled labor and professional personnel and surplus of unskilled labor. | Historic importance of textiles and other industries which rely mainly on unskilled or semi-skilled labor; inadequate vocational education programs; inadequate higher education facilities; outmigration of college-educated and other skilled people. | Difficulty in recruiting skilled and experienced manpower. |
| All counties | 4. Pollution of the Mohawk River, tributary waterways and other lakes and streams. | Inadequate municipal and private sewage-treatment facilities. | Unhealthy and undesirable environment; water unsuitable for recreational and industrial use. |

ENUMERATION OF PROBLEMS AND DEFICIENCIES
Mohawk Valley Economic Development District

| County | Identification | Causes | Effects |
|---|---|---|---|
| All counties | 5. Air pollution. | Open burning in dumps, junkyards, etc.; inadequate incinerator controls; industrial smoke; motor vehicle exhaust. | An environment which is unhealthy and undesirable for both people and business. |
| All counties | 6. An insufficient number of developed industrial sites, planned industrial parks, and modern industrial buildings. | A shortage of land in developed areas and a lack of utilities, roads and other services to potential industrial and commercial sites; many existing firms housed in buildings which are inefficient and limit expansion of operations; lack of zoning of industrial land. | Difficulty in attracting new industry and space problems for existing industries wishing to expand. |
| All counties | 7. Inadequate growth capital for small and medium-sized business. | Local development efforts emphasize attracting new business; small size of most banking institutions; public credit available mainly for real property acquisition or construction. | Small and medium-sized business in the district finds it difficult to obtain sufficient capital to expand operations. |
| Oneida<br>Fulton | 8. Economic instability. | Heavy dependence upon Griffiss Air Force Base and defense-oriented industries in Oneida County and the highly seasonal leather, textile and apparel industries in Fulton County. | Sharp fluctuations in employment related to national defense and procurement policies and the seasonal pattern of leather and textile manufacturing. |
| All counties | 9. Abandonment of farms and farmland. | Technological change which has made small, marginal farms less profitable and increased capital requirements; death and retirement of farm operators. | Substantial amount of land in unproductive state; declining farm employment. |

ENUMERATION OF PROBLEMS AND DEFICIENCIES
Mohawk Valley Economic Development District

| County | Identification | Causes | Effects |
|---|---|---|---|
| All counties | 10. Inadequate recreational opportunities for local residents. | Water pollution; lack of development of historic and natural assets. | Difficulty in retaining young people who desire opportunities for leisure time activities. |
| Fulton Montgomery | 11. Inadequate cultural opportunities and facilities. | Proximity to both Albany and Utica-Rome areas; lack of financial support for such activities. | Difficulty in attracting and retaining professional and other skilled and educated people. |
| All counties | 12. Shortage of adequate housing. | Shortage of space and run-down condition of much housing in urban areas; inadequate public facilities and services and zoning to protect existing and developing areas. | Reduces desirability of district for professional and skilled people and young families. |
| All counties | 13. Need to expand comprehensive planning at the local level, particularly the establishment of a bi-county planning program for Montgomery and Fulton counties. | Lack of continuing professional assistance prevents adequate revision and implementation of planning programs. Lack of regionwide planning prevents coordinated development of Montgomery and Fulton counties. | Fragmentization of planning efforts in Fulton and Montgomery counties; inadequate implementation of plans and inadequate enforcement of zoning throughout district. |
| All counties | 14. Need for intergovernmental cooperation. | Concentration on local problems only, often obscures areas of mutual interest. | Duplication of effort resulting in increased cost and inefficiency; fiscal considerations prevent solution of many problems. |
| All counties | 15. Inadequate water supply and sewage collection systems in many urban and growing rural areas. | Fiscal limitations. | Water shortages; industrial development impeded; residential development in rural areas impeded. |

# potentials for growth

| County | Identification | Nature of Prospective Development |
|---|---|---|
| All counties | 1. Many historic and recreational sites and areas of scenic beauty which are largely undeveloped. | A comprehensive program to develop the historic and natural assets of the Mohawk Valley in order to promote recreation and tourism and enhance the quality of leisure-time activity for local residents. |
| All counties | 2. Deposits of a number of minerals which may have a potential for development. | Studies to determine the economic potential of these minerals. |
| All counties | 3. A location on the main east-west transportation corridor in New York State. | Elimination of inadequacies in transportation system to permit full benefit of this locational advantage. |
| All counties | 4. A substantial amount of abandoned farmland and other land in relatively unproductive state. | Studies to determine the best uses for this land. |
| All counties | 5. A developed industrial base which includes both specialization in some areas and diversity in others. | A concentrated effort to attract complementary industries which would be either suppliers of existing firms or consumers of their products. |
| All counties | 6. The New York State Barge Canal. | A program to develop recreational boating and other recreational use of the canal. |
| All counties | 7. An abundant water supply. | A coordinated program to achieve fuller utilization of water resources. |

# formulation of goals

| Goal Number | Statement of Goals | Goal Priority |
|---|---|---|
| 1. | The establishment of one or more institutions of higher education in the district. | A |
| 2. | The construction of a north-south highway, meeting Interstate standards, through the district. | A |
| 3. | The establishment of a system of area vocational high schools in the district. | A |
| 4. | The construction of additional Thruway interchanges in the district in areas inadequately served at the present time. | A |
| 5. | The development of industrial parks and industrial sites in the district. | A |
| 6. | The abatement of pollution in the district's lakes and streams. | A |
| 7. | Deceleration in the rate of farm abandonment by helping small farmers to become more efficient and productive. | A |
| 8. | Greater exploitation of the district's natural and historic resources to stimulate tourism and provide greater recreational opportunities for local residents. | A |
| 9. | The encouragement of planning and development controls in the district. | A |
| 10. | The establishment of general aviation airports in areas not currently served by such facilities. | A |
| 11. | Encouragement of intergovernmental cooperation | A |
| 12. | Abatement of air pollution in the district. | B |
| 13. | Development of methods to assist in the growth of small and medium-sized business firms in the district. | B |

| Goal Number | Statement of Goals | Goal Priority |
|---|---|---|
| 14. | Improvement of the district's internal primary highway system. | B |
| 15. | The development of increased cultural opportunities for district residents. | B |
| 16. | Expansion and upgrading of water, sewer and other public facilities. | B |
| 17. | Diversification of industry to eliminate the instability resulting from seasonal and defense-oriented industries. | C |
| 18. | Expansion of the supply of adequate housing in the district. | C |
| 19. | Greater utilization of mineral resources in the district. | C |

CERTIFICATE OF INCORPORATION OF MOHAWK VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC. PURSUANT TO THE MEMBERSHIP CORPORATIONS LAW

WE, THE UNDERSIGNED, for the purpose of forming a membership corporation pursuant to the Membership Corporations Law of the State of New York, hereby certify:

1. The name of the proposed corporation shall be Mohawk Valley Economic Development District, Inc.

2. The purposes for which it is to be formed are:

To research, investigate, plan, initiate, perform, conduct and complete, and as to others to encourage, foster, advise, assist, promote, attract, coordinate, guide, collect and disseminate information regarding projects and research directed toward the economic, industrial, educational, development and betterment of the people of the Mohawk Valley, regionally or locally, and directly or in association with political subdivisions of Federal, State, County and local governments and agencies thereof, with interested individuals, groups, organizations, foundations and corporations, and with universities, colleges, school districts and educational bodies of all types.

To accept, acquire, receive, take and hold by bequest, devise, grant, gift, purchase, exchange, lease, loan, transfer by judicial order or decree or otherwise for any of its purposes, and whether from public or private funds, both real and personal property of whatever kind and nature or description and wherever situated.

To sell, exchange, convey, mortgage, lease, loan, transfer, disburse, dispense and distribute or otherwise use or dispose of such property as the objects and purposes of the corporation may require, subject to limitations imposed by law.

To contract with Federal, State and political subdivisions thereof and with research firms and consultants, institutions and advisors of any and every type.

To borrow and lend money from time to time and in furtherance thereof to issue, give or receive acceptances, endorsements, executions, bonds, debentures, promissory notes, bills of exchange, guaranties or other obligations for money borrowed or consideration paid for property acquired or other purposes of the corporation, and to secure or receive security for the payment of such obligations by mortgage, pledge, deed, indenture, agreement or other instrument of a trust or by other lien upon, assignment or agreement in regard to property, rights or privileges of the corporation or another party wherever situated, whether now or hereafter to be acquired.

To invest and re-invest its funds in such stock, common or preferred, bonds, debentures or mortgages, or in such other securities and property as its Board of Directors shall deem advisable, subject to the limitations and conditions contained in any such bequest, devise, grant or gift or imposed by law.

3. The corporation shall be operated in conformity with Section 501 (c) (3) of the United States Internal Revenue Code of 1954 as amended; no part of its net earnings shall inure to the benefit of any individual; and in the event of its dissolution all of its property shall be assigned, transferred and conveyed to the counties of Fulton, Herkimer, Montgomery, and Oneida.

4. The territory in which its operations are principally to be conducted is the geographical area of the Counties of Fulton, Montgomery, Oneida, and Herkimer in the State of New York.

5. The municipality and county in which its office is to be located are the Village of Herkimer and County of Herkimer, New York.

6. The number of its Directors shall be not less than three (3) nor more than fifty (50).

7. The name and residences of the Directors until the first annual meeting are:

| | |
|---|---|
| Donald R. Nevinger | 518 Seneca Street, Utica, N.Y. |
| Harrison J. Hummel | 115 N. Main Street, Herkimer, N.Y. |
| Maurice W. Richardson | 56 Market Street, Amsterdam, N.Y. |
| Isadore Willner | 40 N. Main Street, Gloversville, N.Y. |

8. All the subscribers to this certificate are of full age; at least two-thirds of them are citizens of the United States; at least one of them is a resident of the State of New York. Of the persons named as Directors, at least one is a citizen of the United States and a resident of the State of New York.

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 24th day of October, 1966.

(Signed) Donald R. Nevinger

Harrison J. Hummel

Maurice W. Richardson

Isadore Willner

William L. Gragg

CHAPTER TWELVE

# ECONOMIC DEVELOPMENT IN NORTHEAST PENNSYLVANIA

## Introduction

In Northeast Pennsylvania, anthracite and the steam railway combined to provide the basis for an urbanized valley that contained over one million one hundred thousand people at its peak about 1930. Today this Economic Development District is composed of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne counties with an estimated 1965 population of 890,200. The smoking carbon piles, crossing and recrossing of railroad tracks, and the gray stone buildings of Wilkes-Barre and Scranton remain as ample evidence of the district economy in times past.

The District OEDP describes the economic history of the seven county region according to phases in a fashion similar to Dr. Crisafulli's analysis of the Mohawk Valley. Four phases are identified in the development of the district: transportation, minerals, population, and "joy of living."

During the transportation phase the basic settlement of the region took place. The waterways promoted the growth

of white settlement and were of military value in defeating the Iroquois Indians during the American Revolution. It is postulated that these natural transportation routes provided the basis for settlement patterns. This preceded the minerals phase which began about 1789 with the discovery of iron ore.

Although by 1900 iron and steelmaking had virtually disappeared from the district, the discovery of anthracite coal back in 1812 sparked a new surge of activity that peaked with the production of ninty nine point six million tons for the state in 1917. The development of the railroads linked the coal mines with the major eastern population centers at the time of the great industrial expansion of the late 19th and early 20th centuries. The District was by far the major anthracite coal producer in Pennsylvania, producing sixty out of a total of eighty nine point six million tons in 1930 and fourteen point six out of a total of seventeen point seven million tons in 1960.[1] During this period the district's share of total state production rose from sixty six percent to eighty two percent indicating the persistent nature of the coal mining industry in the valley.

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[1]Economic Development Council of Northeast Pennsylvania. Overall Economic Development Program. (Wilkes Barre, Pa.: December 1967), pp. III-10, III-11.

The third phase of the district's development has been termed the population phase.[2] The rationale for this terminology appears to be based on a sequence wherein natural features allow settlement, settlers discover mineral resources, labor migrates to extract the minerals, and families follow the labor build up thus providing a "population." This population was the basis for the establishment of manufacturing firms, especially apparel industries where a large proportion of the workers were women.[3] The increase in manufacturing employment was not marked, however, until the decade of World War II when district employment in manufacturing increased from 60,413 in 1940 to 106,911 in 1951. Since 1951 there have been continued efforts to further the growth of manufacturing in the district and these will be described below. It should be noted, however, that much of the manufacturing employment was concentrated in apparel, leather working, textiles and tobacco which are not generally considered to have any substantial growth potential for the latter half of the twentieth century.

The latest phase of the development of the District has been termed the "Joy of Living" phase, reminiscent of

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[2]Economic Development Council of Northeast Pennsylvania. Overall Economic Development Program. (Wilkes Barre, Pa., December 1967), p. III-11.

[3]Ibid..

the boosterism that infected communities in the 1920's and 30's. The essence of the "Joy of Living" phase is the promotion of the non-work environment of the district as a factor in industrial location. This phase, like Marley's ghost of Christmas yet to come, is mainly an image of the future. The orientation of this phase appears to be toward the development of a post industrial society in which new forms of economic activity are more closely associated with human enrichment and personal satisfaction.

## Community Development Efforts: Background

The first concentrated efforts to encourage industrial development in the district were launched in Scranton about 1910.[4] There was a fear that lack of diversification might someday prove detrimental to the economy if the demand for coal declined. Anticipating change is one thing, and developing effective programs to meet that change when there is no immediate danger is another. However, the Scranton Board of Trade raised $100,000 in 1913 and in 1914 the Scranton Industrial Development Corporation was established and the Board of Trade launched a million dollar investment fund.[5] Although this ambitious program was largely over-

[4]The facts presented in this description of the district history are taken from Dennis Rondinelli, "Organizing for Regional Development: The Economic Development Council of Northeast Pennsylvania." Working Paper, Cornell-Penn State Regional Organization Study, July 1968. (Mimeo)

[5]Ibid., p. 2.

shadowed by the booming coal industry through the 1920's, it became apparent by 1940 that the fears of 1910 were not unjustified. At the start of World War II unemployment in Lackawanna and Luzerne Counties reached nearly twenty seven per cent due to the reduced demand for anthracite coal. This hard natural coal was especially well suited for home heating because it gave off relatively little bituminous material when burned. The increased use of gas and oil in heating processes had a substantial effect on the anthracite market. The economic depression of the region was temporarily attenuated by World War II when oil and gas were in short supply. Like the Mohawk Valley, the full effects of the national economic changes that occurred in the 1930's. and the technological advances of the 1940's were not felt until the postwar period.

Following a pattern similar to that of the 1910-1915 period a corporation was capitalized in 1946 to purchase plants and plant sites to bring new industry into the area. Its first accomplishment however, was the conversion of a war industry into a producer of plumbing supplies. The seeds of a broader regional perspective were planted that same year with the establishment of the Scranton-Lackawanna Industrial Building Corporation. A third organization, the Lackawanna Industrial Fund Enterprises was established

in 1950. Both SLIBC and LIFE raised over one million dollars primarily to provide plant sites and industrial buildings for new industries with limited capital.

Two factors should be noted in relation to these kinds of industrial development efforts. The first is that new capital is being supplied from within the region and the amount of money flowing in from outside is less than it might be. Secondly, the kind of industries that are unable or unwilling to invest in a plant and site improvements may be either poor in working capital, placing them at a disadvantage in today's market environment, or be labor intensive industries where low cost labor is a prerequisite. The Northeast Pennsylvania district does have capital reserves but one of its problems, as identified in the OEDP, is the concentration of low wage, low skill manufacturing operations.[6]

By 1954 the development efforts in Scranton had resulted in seventy five plant expansions and fifty five new factories. No doubt some of these contributed to the "problems" recognized in the OEDP of 1967.

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[6] Overall Economic Development Program, op. cit. Of particular pertinence are the following problems: 1. Inadequate levels of income per capita, 2. Under-investment in levels of capital investment per employee, 3. An over-abundance of "low wage paying" manufacturing industries, 4. Over abundance of small marginal manufacturers. (see pp. V2-V3.)

One important result of the early organizational efforts in Scranton was the stimulus to other nearby communities to consider economic development programs. Industrial development corporations were formed in Hazelton, Pittston, Nanticoke, Pottsville and Shenandoah.

At the other end of the valley in Wilkes-Barre the Wyoming Valley Industrial Development Fund had been established in 1939.[7] This was followed by the formation of a Committee of 100 in 1952 sponsored by the Chamber of Commerce. This effort was called "operation bootstrap," a term later applied collectively to the industrial development efforts in the valley.

The limited success of operation bootstrap in the early 1950's and the difficulties inherent in using local capital led to the establishment by the State of Pennsylvania of the Pennsylvania Industrial Development Authority. Under this agency low interest loans could be made to local industrial development groups on a shared basis which provided an inflow of capital to the region. At this point the Utility Company, Pennsylvania Power and Light, moved strongly into the industrial development picture through a

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[7] Dennis Rondinelli, "Organizing for Regional Development: The Economic Development Council of Northeast Pennsylvania" p. 7.

contribution of $100,000 and the money raising efforts of its Scranton Division head John Davidson.[8] The association of the Pennsylvania Power and Light Company with industrial development programs made economic sense since the expansion of the utility generally required expansion of the economy, increased population, and new industrial users of electric power. Mr. Davidson's involvement has continued at a high level including the presidency of the Economic Development Council of Northeast Pennsylvania.

These efforts to increase the economic development of Northeast Pennsylvania and to overcome the severe difficulties brought about by the major decline in demand for anthracite coal provided an environmental seeting for the creation of a district development organization as authorized by the Public Works and Economic Development Act of 1965. As Mr. Rondinelli observes:

> By 1966 there were at least thirty three non-profit industrial development organizations in existence as well as numerous chambers of commerce, local civic groups, bankers, lawyers, corporate executives, labor leaders, and individual residents involved in the process of economic redevelopment and industrial diversification in the two counties of Lackawanna and Luzerne.[9]

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[8] Dennis Rondinelli, "Organizing for Regional Development: The Economic Development Council of Northeast Pennsylvania", p. 11.

[9] Ibid., p. 12.

## Comparisons with the Mohawk Valley

The setting in which the organization of the Economic Development Council of Northeast Pennsylvania took place is similar in many ways to that of the Mohawk Valley. Indeed, the two case studies were chosen because of this similarity in an attempt to hold environmental factors constant.

In the case of the level of economic activity and development, both districts are at an advanced stage with a history of industrial activity dating back to the 19th century. Both have a considerable infrastructure in terms of public and private facilities and capital improvements. Both face the same problems of over specialization in an industry for which demand at that location has declined; anthracite coal in Wilkes-Barre-Scranton and textiles in the Mohawk Valley. In each district there was a fairly high level of differentiation in terms of specialized skills, entrepreneurial activity, and organizational complexity. Finally there was a pool of semi skilled operative labor in the middle aged range complemented by a substantial female labor force.

| Labor Force Participation Rate: 1960 | Male | Female |
|---|---|---|
| Mohawk Valley District | 75.5% | 37.8% |
| Northeast Pennsylvania District | 70.9% | 35.2% |

| Age Distribution: 1960 | Mohawk Valley | N.E. Penn. |
|---|---|---|
| 0-14 years | 29.5% | 31.0% |
| 15-24 years | 11.6% | 13.6% |
| 25-44 years | 25.6% | 26.1% |
| 45-64 years | 21.3% | 20.0% |
| 65 + years | 12.0% | 9.2% |

Source: Mohawk Valley Economic Development District, Overall Economic Development Program. (Mohawk, New York: 1967), pp. 24, 26.

Northeast Pennsylvania Economic Development Council, Overall Economic Development Program, (Wilkes-Barre, Pennsylvania: 1968), Part VI, Tables 3D, 4.

It is also important to note that both districts have similar potentials for economic growth based on their current situation, proximity to major population centers, and the existing basis of economic activity.

One particularly interesting contrast between the districts is the history of early efforts toward industrial development. In Northeast Pennsylvania the process was community wide in scope and occurred in many parts of the district. As efforts increased, there was meaningful intervention by the power utility to further mobilize the support of private industry. In the Mohawk Valley, development efforts began largely at one end of the valley, and although carried out initially by a combination of business and community leaders, became a major concern to public officials. This divergence between the districts in terms of public

versus private support for the economic development of the district appears to have had a major impact on the subsequent operation and strategy of the district economic development organizations.

Participants in District Organization

| | |
|---|---|
| Raymond Condor | Assistant Director NEPEDC, formerly economist Pennsylvania Power and Light. |
| Raymond Carmon | Director, Pennsylvania Economic League, Central Division, formerly Executive Director NEPEDC. |
| Asa L. Day | Manager, Coca Cola Bottling Company of Wilkes-Barre. |
| Eugene Farley | President, Wilkes College, Wilkes-Barre, Pennsylvania. |
| Lewis G. Feldman | Attorney, former President of NEPEDC. |
| Daniel J. Flood | U. S. Representative. |
| Thomas Kiley | President, First National Bank of Wilkes-Barre. |
| Hugh King | Research Director NEPEDC. |
| Donald Moyer | Executive Director NEPEDC, formerly Appalachian Coordinator. |

Organization of the Economic Development District of Northeast Pennsylvania

The Economic Development Council of Northeast Pennsylvania was established within a political environment of high conflict. A regional approach to economic development was first suggested by the Director of the Pennsylvania

Economy League, Central Division. Further interest along this line was expressed by John Davidson of the Pennsylvania Power and Light Company (PP&L) and Eugene Farley, president of Wilkes College. Dr. Farley was very interested in providing service to the community and felt that a center for information of a regional nature could be established at Wilkes College to provide the basis for regional development cooperation. The importance of information as a basis for cooperative activity has remained a strong theme in the strategy and policies of the district organization.

In 1963 the Ford Foundation made a grant of $150,000 to Wilkes College to support the organization of an Area Research Center.[10] As in the Mohawk Valley, a local college president had taken an interest in regional economic development programs. Dr. Farley was then able to secure a two year technical assistance grant from the Area Redevelopment Administration, also in the amount of $150,000. This grant set the stage for the organization of an independent regional development council contingent on the raising of matching funds.

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[10] Dennis Rondinelli, "Organizing for Regional Development: The Economic Development Council of Northeast Pennsylvania" op. cit., p. 15.

The organizational experience in Northeast Pennsylvania differed from that in the Mohawk Valley. For one thing, a technical assistance grant was made to a private college rather than to an agency of the state government. This provided the basis for the continued private interest support of the Council that was reinforced by the participation of PP&L. Secondly, there was a need to raise substantial sums of money locally in order to establish the organization whereas in the Mohawk Valley a small local cash contribution by the participating counties was received only after the first year of designated existence. The primary matching support was contributed by the state and the counties as in-kind services.

Dr. Farley was able to secure a pledge from PP&L for $50,000 a year for five years and additional contributions from other businesses amounting to an additional $100,000 per year. These funds enabled the research center to expand its activities and it was renamed the Economic Development Council. An attorney, Louis G. Feldmann, who was active in indistrial development affairs, was named President of the Council and a bottling plant manager, Asa L. Day, Jr., became Vice President. The treasurer, Thomas Kiley, was President of the First National Bank of Wilkes-Barre and Dr. Farley served as secretary.

When the ARA grant was received in 1965 the council had hired an executive director and a research economist, but was still located at Wilkes College. There was considerable feeling by the end of the year, however, that the Council's activities should be developing a more coordinative and catalytic orientation. It was proposed that the Council be reconstituted under the terms of the Development District provision of the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act.

The narrowness of the Council's support was a drawback to broader participation in regional economic development. As Dennis Rondinelli reports:

> The fact that EDC was heavily financed by private enterprise and that its board was composed primarily of businessmen, meant that it had to expand the scope of its representation of community interests in order to attract wide-spread community support and meet the representative requirements of the new federal legislation.[11]

Because of this, the leaders of the council decided to move toward a broader, more representative base with the expectation that they would be designated as the EDA district organization for Northeast Pennsylvania. This required expansion not only within the core counties of Lackawanna

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[11] Dennis Rondinelli, "Organizing for Regional Development: The Economic Development Council of Northeast Pennsylvania", op. cit., p. 16.

and Luzerne but also the inclusion of Wayne, Pike, Monroe, Carbon, and Schuylkill Counties.

The type of organization that evolved was primarily a regional council that might be termed a council of economic interests in contrast to a council of governments or political interests. The change from the original research group was necessitated both by EDA requirements and by the recognition on the part of the organizers that direct participation of regional interests was necessary. In contrast to the Mohawk Valley, the organization in Northeast Pennsylvania emphasized the Council form rather than the corporate status although it was incorporated under the laws of the State of Pennsylvania. This reflects the continued orientation toward research and publication of information rather than projects and implementation.

The members of the original board represented the private economic interests in the district in contrast to the Mohawk Valley District Board. When the board was reconstituted to meet EDA requirements it became quite similar, on paper, to the MVEDD. Actually, however, the founding members continued to have an influence on board activities, greater than their representation would indicate, through personal contacts and their relations with John Davidson of PP&L who served as president.

In March 1966 the Council replaced the first executive director with Raymond Carmon, an experienced research director who headed the Central Division of the Pennsylvania Economy League (PEL); a governmental research organization devoted to efficiency in governmental administration. Hugh King, the research economist, was retained as research director and Raymond Condor, a research economist with PEL, became full time assistant director. Mr. Carmon served only half time and continued to hold his job with PEL. Physical changes took place corresponding to staff changes and the office was moved from Wilkes College to the First National Bank Building, in downtown Wilkes-Barre, where PEL maintained its offices. This arrangement formalized the strong ties between the business support concentrated around PEL, banking interests represented by the Council treasurer who served as President of the First National Bank, and the action-oriented governmental research approach of the new executive director. These changes were also intended to set the stage for reorganization of the Council board and establishment of a district wide responsibility for formulating economic development programs.

The conflict that followed may be attributed in part to the fact that the staffing and office changes only reinforced the sectional and private interest character of the

Council, and in part to the vigorous and skillful rabble-rousing opposition led by a small group of Scranton political leaders. The activity aroused competitive rivalry between the two most populous counties and their central cities of Scranton and Wilkes-Barre.

The leader of the opposition to the expansion of the Council, Bernard Blier, was active in industrial development, planning and renewal in Scranton and had been excluded from participation in the early phases of the organization of the Council.[12] Probably because of the strong influence of Wilkes-Barre industrialists in the Council he was not able to take part in the development of EDC policies and programs and was alienated from the "non-political" approach favored by the leaders of the Council.

Jealousy over the control of federal development aid that might be available under a district organization rather than on a county basis, as under ARA, led Lackawanna county officials to oppose the expansion of EDC. The issue was essentially one of political and governmental control of economic development programs versus private and semi-public control that would be outside politics. Clearly the action of the EDC leaders shows that they were not yet ready

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[12] Dennis Rondinelli, "Organizing for Regional Development: The Economic Development Council of Northeast Pennsylvania", op. cit., p. 22.

to accept the consequences of a district organization constituted in accord with EDA guidelines. There was a strong feeling by some members of the Council leadership that the political process in Lackawanna and Luzerne Counties and in the cities of Wilkes-Barre and Scranton was not sufficiently enlightened to permit positive and meaningful participation in the process of regional economic development. It was this assumption and the political reaction to it that was at the root of the difficulties experienced in organizing the district.

During 1966 the attacks on the EDC continued and a competing organization was formed, the Northeast Pennsylvania Economic Development District Council (NEPEDDC). Based on political and governmental support, the NEPEDDC was also judged to lack regional representation according to federal policies and also met with difficulty in expanding its membership.

The EDC countered by securing, as members, officials of all the surrounding counties except Lackawanna. The Council was also able to persuade EDA regional officials of its competence and ability to do relevant regional economic research. In addition, community leaders were mobilized to support EDC and both United States Senators as well as Representative Daniel J. Flood lent their backing

to the choice of EDC as the district wide organization.[13]

This expansion of citizen participation after the organizers had experienced opposition to their efforts indicates the importance of local participation in creation of a region wide advisory organization. The lack of early inclusion of political and governmental representatives at the local level was a determinant of the type of advisory activity that the district organization was able to undertake. Broad participation in the organization of the district is fundamental to building support necessary to meet demands for expertise that would affect economic development policies.

Vigorous attempts to question the integrity of EDC by its opponents in Scranton continued through 1966 and into 1967 culminating in an attack on Congressman Flood himself. The personal and histrionic nature of the opposition became evident to both state and federal officials. In December of 1966 the Pennsylvania State Department of Commerce had designated EDC as the official district development agency for Northeastern Pennsylvania and on June 25, 1967 it was similarly designated by EDA.

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[13]Dennis Rondinelli, "Organizing for Regional Development: The Economic Development Council of Northeast Pennsylvania", op. cit., p. 28.

The formal mandate of the district is revealed by the statement of purpose and corporation objectives contained in the bylaws as follows:[14] (A detailed list of specific objectives is included in the appendix to this chapter.)

> Purpose. The purpose of this organization is to promote the continued social and economic development of the District through the expansion and attraction of industrial, commercial, financial, research, educational, and other allied business and development activities.
>
> Objectives. The objectives of the corporation are to reduce the costs and factors which stunt economic growth through means of joint and cooperative action using the power of persuasion supported by comprehensive facts as the means of providing a regional environment conducive to more economic growth.

After designation, opposition dwindled and the district organization was expanded to meet EDA requirements in spite of the fact that this should have been done as a condition for designation. At the same time a district OEDP was prepared and a preliminary draft sent to EDA for review.

In Northeast Pennsylvania the district was organized by professionals representing business rather than governmental interests. The highly fragmented and stressful pattern of local governments in the district probably precluded a more localist approach no matter were it to come

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[14] Economic Development Council of Northeast Pennsylvania, By Laws, (as amended, June 12, 1968), Article I, Sec. 4, Article II, Sec. 1.

from Lackawanna or Luzerne county. The abortive attempt to establish the NEPEDDC in Scranton is an indication of the difficulties local political leaders would have had if they had attempted even to organize a bi-county district. Whether the remedy of para-political initiative applied in Northeast Pennsylvania can result in an organization that can eventually be integrated into the local governmental framework is yet to be established.

Although the EDC was officially designated on June 25, 1967, it was dedesignated on July 1, 1967, five days later, because statistics on the unemployment rate in the district showed a decline of unemployment below the required level. The designation was of primary importance, however, in establishing the legitimacy of the district organization. Although the district was no longer eligible for project loans or grants EDA was able to make a technical assistance grant to support research and planning studies. Dedesignation meant that the district would continue to reply on donations from private interests and utility companies.

One outcome of this situation is the Council's lack of responsiveness to governmental agencies due to independent sources of support. This has reduced the need to develop close relations with local and county governments

and coincides with the Council's desire not to involve local political and governmental officials in policy matters. This represents a significant contrast to political and governmental involvement in the Mohawk Valley District.

The advisory objective and essential advisory activity of the district stemmed from the organization of the district and was determined also by the political environment. The advisory objective was to use information as a means of achieving regional coordination. Essentially, the increase in knowledge about economic and social factors was expected to provide insights into cooperative development activities that would increase the GRP. The increased knowledge would be used by economic decision-makers to maximize return on investment and by governments to anticipate public facility inputs.

The advisory activity focused on the research and publication of information on selected topics of regional concern, such as tourism, labor force potential and highway needs. A secondary activity was the preparation of the overall economic development program. This is considered in the following section and provides a contrast to the primary report writing and specialized research activity.

## Development of the OEDP

The OEDP was preceded by a series of publications beginning in December 1965. A preliminary report on the organization of a district council and its proposed work program titled "Blueprint for Action" was written in the spring of 1966 and issued by the newly appointed executive Director Ray Carmon in April 1966 shortly after the office had been moved to downtown Wilkes-Barre. This report urged the reorganization of the EDC into a district wide agency for economic development and set forth an action oriented program as desired by the EDC leadership.

During the period from April 1966 to January 1967, when the reorganization was being sharply attacked, the EDC issued a series of special reports on manpower and recreation and tourism. This did not implement the spirit of "Blueprint for Action" but focused, for strategic reasons, on specific informational studies. The new director, Carmon, was most experienced in this type of work, and he thought it was strategically desirable not to attempt to make recommendations on regional issues or develop regional programs, but rather to demonstrate the Council's competence to produce professional research reports with a substantive rather than areal focus. Thus the kinds of broad planning and action programs that had been suggested by Council

members were postponed due to environmental factors that required strategies designed to build a basic level of support for the organization.

The type of advisory recommendations developed by the Council were confined to specific objective analyses. Subjectivity of analysis was low and the accompanying focus was on technical alternatives without explanation of public policy ramifications. This low level of subjectivity and adherence to technical values was compatible with a low level of support and the minimal demand for policy recommendations. This approach was also carried through the OEDP as is indicated by the inability to complete the project section of the program.

By January 1967 the Council had received instructions from EDA pertaining to the preparation of the OEDP and work was begun by the Research Director, Hugh King. Several counties had previously prepared OEDP's for their own areas but these were of little help in drafting the district wide document. Mr. King worked on the program off and on as the prospects for designation by EDA brightened and darkened intermittently. In May 1967 it was finally decided that the OEDP should be completed so that the district could be designated even though it was known that the unemployment

rate had dropped to the point where the district could be dedesignated on July 1, 1967.

Suddenly speed was important in preparing the OEDP if the district was ever to receive designation by EDA and Mr. King worked through May and June in an attempt to create a suitable document. Time was short, analysis was broad, and the regional list of projects and priorities was not included.

The importance of specialized knowledge in developing this OEDP was mainly in terms of knowledge of writing reports and assembling econimic data. The OEDP was completed because a specialist on the staff was able to assemble the materials required by EDA and make the brief descriptive comments necessary. Lack of a statement of regional policies, goals and projects is clear evidence that policy knowledge was not applied to the formulation of the OEDP.

Participation in the development of the OEDP was severly limited. It was written by Hugh King, mimeographed and presented to an OEDP committee consisting of planning directors and officials of the district counties. The membership of the committee was as follows:

Planning Director, Monroe County Planning Commission, (Chairman)
Executive Director, Carbon County Planning Commission
Director, Lackawanna County Planning Commission

Pike County Agricultural Agent
Executive Director Schuylkill County Planning Commission
Chief Clerk, Wayne County Commissioners
Executive Director, Tocks Island Regional Advisory Council

Since the document was presented in June of 1967 both to the OEDP Committee and to the Council there was little time for review prior to its being submitted to EDA. The Board of Directors of EDC approved this preliminary OEDP at their June 1967 meeting which was the first held under the reorganization plans and marked the official beginning of the seven county Economic Development Council of Northeast Pennsylvania. The relationship between district staff and the board and between the staff and local governments was highly procedural. Little substantive review of the OEDP occurred with the exception of one member of the OEDP Committee, and this occurred after the draft was submitted to EDA.

The district was designated by EDA on June 25 in spite of the incompleteness of the OEDP and the fact that more than one growth center (Economic Development Center) was proposed. This happened largely because designation was to be only a token gesture, that would add to EDA's total number of designated districts and allow them to continue technical assistance grants. A letter from Richard

Greer, Acting Director, Office of District and Area Planning of EDA contained the following paragraph:

> In view of time limitations we shall approve the OEDP and, providing organizational matters can be ironed out, designate the District in the very near future. We are doiny this with the understanding that you will revise the OEDP, along the lines indicated in the attached critique, and resubmit it to our office on or about August 1st of this year.[15]

Attached to this letter was a fourteen page critique of the OEDP focusing on both substantive and stylistic deficiencies. The objections of a substantive nature that are relevant to this discussion are noted below.

1. The OEDP was not certified by the District Organization as their program for the entire district.

2. There was no evidence that the finished OEDP was reviewed and commented upon by any local bodies or by the state.

3. The board members did not meet EDA's requirements for involvement of elected officials nor its requirements for involvement of the poor, unemployed, or underemployed.

4. There was little evidence that local groups were anxious to cooperate in a mult-county program.

5. Little information was supplied on the resources and potentials for district economic growth.

6. Lack of project description, relation of projects to goals, and establishment of problem priorities related to project priorities.

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[15] Letter from Richard T. Greer, EDA, to Raymond Carmon, June 9, 1967.

In addition to these selected criticisms two items of a positive nature are of particular interest and are quoted below.

> The financing of the EDD appears to be the soundest of any reviewed to date. They have received almost 60% of their budget from non-federal, non-state sources.[16]

> The Wilkes-Barre/Scranton center, for good reasons, appears to be a sound choice as the major center of growth.[17]

The basic issue in preparation of the OEDP was not one of economics but rather of the strategic position of the staff and board in relation to the local governmental decision centers. The kinds of recommendations that would result from the OEDP were felt to be premature with regard to the support level in the district. The basic issue was whether or not there should be a district wide advisory organization. This had to be resolved before issues of economic and social development could be considered.

Subsequent to the initial submission of the OEDP, comments were received from members of the OEDP advisory committee. A revised draft of the OEDP was sent to committee members on August 4, 1967 and a meeting of the

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[16] Comments on the initial OEDP, submitted to EDA by the Northeastern Pennsylvania Economic Development Council, by the District OEDP Policy and Evaluative Division, Office of District and Area Planning." EDA, Memorandum undated.,p.4.

[17] Ibid., p. 10.

there was a lack of staff assistance suited for the job due to the emphasis on organizing, fund raising, and fighting off the attacks of the Scranton group. Second, a working relationship with planners and local government officials that would have provided necessary informational inputs was not established. In contrasting the two districts on this point the findings indicate that critical differences in the political environment were important determinants of the OEDP both in regard to process and product.

Since the publication of the OEDP the Council has been developing a list of capital projects for the district but the problem of assigning priorities remain too "political" for the Council to undertake.

The lack of participation in the preparation of the OEDP included the Executive Director and the leadership of the Council. The OEDP did not provide a framework for the Council's activities. It was looked upon as one more "product" to be turned out by the Council for a specific objective: the designation of the district by EDA.[18] This is closely related to the research orientation of the Council and its strategy, during the 1966-67 organizational period, of avoiding conflict. Even when the intensity of opposition

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[18] Interview with Mr. Raymond Carmon.

committee was held on August 28 to review projects, priorities, goals, and objectives.

The response to this review included detailed comments running to five single spaced pages from the chairman of the committee, presented at the meeting on August 28. In addition, written comments were received from the Tocks Island member of the committee and from a development economist at Penn State University.

After this limited review the revised OEDP was prepared although the section on projects and priorities was never expanded to meet EDA's objection. It was approved by the Council Board of Directors in November 1967 and printed for distribution in January 1968.

There was little contact with local planning agencies nor was there an orientation toward economic development planning. Rather, the major input of organizational expertise was in the direction of physical and economic studies and analysis concerning specific sectors of the regional economy and also concerning methods of organizing support of civic and business organizations.

In retrospect it seems clear that the district was probably not equipped to produce the kind of general development plan that was requested by EDA for two reasons. First,

substantially diminshed, however, the Council was reluctant to become involved in broad regional development programs whose implementation would require allocative decisions affecting local political units and their constituencies. This approach is reinforced by the non-public source of over half of the financial support for Council activities and the non-governmental affiliations of the Council leadership.

### Designation of the Growth Centers

An important aspect of the organization of the Mohawk Valley District was the controversy over the designation of growth centers precipitated by EDA policies on the number and size of the centers designated. Technically, in Northeast Pennsylvania the situation was similar to that in the Mohawk Valley with the exception that there was a high degree of competition between Wilkes-Barre and Scranton such that the designation of only one city as the growth center would have been disasterous to district wide development efforts. Comparable to the Mohawk Valley, Scranton and Wilkes-Barre were located in different counties and were also separated by intervening municipalities that could be considered part of an industrialized growth corridor.

The political nature of the issue of the designation of the growth center completely overshadowed the economic aspects. The simple fact was that if EDA administrative criteria were followed there would be no district organization that represented both Lackawanna and Luzene Counties. The economic issue of whether a linear strip of considerable length and population size could operate as a viable growth center was never faced. The demand for advice and the knowledge necessary for determining the growth center was centered on the political environment. In this case the district staff successfully incorporated relevant policy knowledge into their technical recommendations although the situation was well known to all the participants.

In the original version of the OEDP, the Wilkes-Barre-Scranton growth corridor was presented in spite of the fact that this did not meet EDA's specific policy requirements at the time. Alternatives were not included and no attempt was made to provide material to allow EDA to evaluate the suitability of several different centers. In the EDA critique this was mentioned but the Wilkes-Barre-Scranton center was accepted whereas in the Mohawk Valley a similar growth center proposal had been rejected, nearly causing the dissolution of the district.

Apparently the reason for this inconsistency in EDA administration of the 1965 Act was based on several factors. For one thing it is true that only one multi-jurisdictional center was proposed in Northeast Pennsylvania whereas in the Mohawk Valley there were two centers. Secondly, the independent nature of the EDC and its private base of support meant that the rewards from designation would be received by EDA as well as by the Council. Also, the pragmatic donsideration that the district would be designated only for a very short period of time meant that no project grants could be made to the growth center.

The decision by EDA to accept the growth center proposal indicated a deviation from the programmed decision-making that occurred concerning the Mohawk Valley proposal. This was due to the perception that this was an unusual case wherein the district could not conform to the decision criteria and survive. The resulting approval of the linear growth center and subsequent change in EDA policy is indicative of the new knowledge transmitted to EDA by the district because of the need established by the non-programmed nature of the decision situation.

When the preliminary OEDP for Northeast Pennsylvania was sent to Washington it contained the proposal for a linear growth center encompassing both Scranton and Wilkes-

Barre. During May and June EDA officials were presented therefore, with OEDP's from two districts in neighboring states containing proposals for multi-jurisdictional growth centers. It appears there was little or no communication between the districts. When the Mohawk Valley board was fighting for their proposals they could probably have strengthened their case had they known that Northeast Pennsylvania was making the same request.

From the evidence presented, including the evaluation of the OEDP's and the potential for district-local cooperation, it appears that EDA's decision was based on its view that the potential of the Mohawk Valley District to function as an effective multi-jurisdictional economic development organization was greater than the district organization in Northeast Pennsylvania. The knowledge that the Northeast Pennsylvania District would have to be dedesignated on July 1, 1967 played an important part in the flexibility with which the OEDP and the growth center proposal were treated by EDA as a basis for designation. This incident lends some significant support to the argument that the organizational and advisory activities were more effective in accomplishing the development goals of the Public Works and Economic Development Act of 1965 in the Mohawk Valley than in Northeast Pennsylvania.

The EDCNEP case illustrates the basic problems of developing policies for a new federal program simultaneously with implementing the program in the field. The local organizations were required to develop a plan or program before becoming eligible for project assistance, while EDA began funding the organization of districts simultaneously with its own program development and economic research. In a sense, EDA asked the local organizations to postpone implementation, while itself feeling the pressure under its legislative mandate for immediate action in the field. It was somewhat peculiar that the federal agency proceeded on the basis that local organization could survive without early tangible results whereas the agency could not.

The situation has been simplified in this description in order to bring out the differences in the way EDA perceives its own organizational strategy and that of the local district organizations. Essentially, it is difficult to set up local organizations and encourage them to engage in meaningful planning activities when the federal administrative agency is itself in the process of creating its own administrative policy. This was at the root of much of the difficulty that the Mohawk Valley experienced during its first two years of operation. The fact that EDA has

now accepted the concept of two multi-jurisdictional growth centers as proposed in the original OEDP corroborates the analysis presented above in that it is an admission that economic and political criteria must be heavily weighted in relation to administrative policy. It is evident that EDA learned this during the years 1965-67 and that this learning process within the agency was a burden on local efforts to organize districts.

In revising the OEDP for final publication the Council felt free to broaden its definition of growth centers to the extent that "...the EDA criterion have been abandoned in favor of what seems to be the more logical and realistic designation of growth areas or 'Development Centers'".[19] This approach resulted in the naming of four growth centers (development centers) as follows:

| Center | 1960 Population |
|---|---|
| Wilkes-Barre/Scranton | 452,553 |
| Hazleton/West Hazleton | 38,334 |
| Pottsville | 21,659 |
| Stroudsburg/East Stroudsburg | 26,011 |

Source: OEDP, Economic Development Council of Northeast Pennsylvania, (Wilkes-Barre, Pa., December, 1967), pp. IV-6 to IV-14.

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[19] Overall Economic Development Program, Economic Development Council of Northeast Pennsylvania. (Wilkes-Barre, Pa., December 1967), p. IV-3.

Hiring and Performance of the Staff

Prior to the reorganization of the Council in 1966 the staff of two was concerned with research and fact gathering that did not involve the formulation of policies nor the need to relate research finding to policy alternatives. This situation changed after the decision was made by the Council leadership to hire a new executive director and realign the Council's focus of concern to encompass a broader geographical area and to adopt more action and program oriented objectives.

Raymond Carmon, while theoretically working half time for the Pennsylvania Economy League, actually spent the major portion of his energies on Economic Development Council affairs. Previous to taking the position as Director of the Central Division of the Pennsylvania Economy League, Mr. Carmon had conducted government research with the Public Affairs Research Council of Louisiana and the Government Research Center at the University of Kansas. He had a strong background of knowledge and experience in governmental research but not directly in industrial development organizations. His approach to his job with the Council contained two major themes. One, the output of a "good product" that would indicate the professional competence of the Council to advise on matters of regional policy.

Second, the need for personal efforts by the staff and council members to promote programs for economic development in the region.[20]

Of further importance was his bias in favor of private sector involvement in development activities. His low level of expectation regarding the performance of local governments in solving problems was complemented by his affinity for the powerful and consistent support that would result from the involvement of private interests. Rondinelli reports that,

> Carmon prided himself on his ability to keep the Council independent of the control of both state and federal government agencies and the dominance of any single private sponsor.[21]

As in the Mohawk Valley District, the selection of an Executive Director was in no small measure the selection of an approach or philosophy for the operation of the organization. In both cases, however, the resultant strategies were modified by environmental conditions that determined the scope and type of policy issues on which the organization was to focus its energies and expertise.

The advisory relation with local and county governments was affected by the advisory activity as it related to the environment. In Northeast Pennsylvania a series of

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[20] Rondinelli, Op. Cit., pp. 37-38.

[21] Ibid., p. 38.

technical reports and data collection were undertaken extensively by the staff while personal promotion activities by members of the staff were held back by low levels of support.

As mentioned above, the research director, Hugh King, had preceded Raymond Carmon on the Council staff. His orientation was toward economic statistics and the collection and compilation of data. He wrote the original OEDP and provided the basic staff work for the "product" that the director desired. The lack of participation by the local communities in developing the OEDP was felt by Mr. King but he was unable to secure greater involvement because of the nature of his assignment. Whether he would have been prepared to enter into a truly consultative arrangement similar to that which characterized Ray Paolino's role in the Mohawk Valley is doubtful.

Raymond Condor, also a research economist by training and experience, was occupied, as assistant executive director, with administration. Although not as accustomed to the personal approach favored by Mr. Carmon, he served as a coordinator of staff activities.

During 1967 a public information officer was hired and attention was given to the generation of publicity releases and informational bulletins. This activity has

continued despite the fact that there has been some staff turnover.

In October 1967 Donald Moyer was appointed Appalachian Program Coordinator to organize and develop programs under the Appalachian Regional Development Act of 1965. Mr. Moyer had a background of experience in social and neighborhood community organization and planning. He was an ordained Lutheran minister and had earned a master's degree in community organization and development. Mr. Moyer impressed Ray Carmon with his organizational ability and the way he could relate to others on a personal basis. Therefore, in 1968 when Mr. Carmon was faced with the choice of full time director of the Council or director of PEL he decided to return full time to PEL and recommended that Donald Moyer be his successor.

EDA played a role in this decision by making its technical assistance grant contingent on the EDC having a full time director. The work load had been growing and it was evident to the Council leadership that a full time director was necessary. In conjunction with this change, the officers the EDC were moved to the same floor of the First National Bank Building as that occupied by the PEL. Thus, although Ray Carmon was formally retained as a consultant to the Council, he was physically only a few steps away

from the office of the new executive director, Don Moyer. A further result of this arrangement was the sharing of library materials by PEL and EDC.

In December of 1966 Jerome F. McCormack, formerly Executive Secretary of the Scranton Chamber of Commerce, was named Development Coordinator. His assignment was to focus on recreation and tourism projects and programs. The staff had previously completed a major report on recreation and tourism as economic factors in the development of the district. This provided the basis for Mr. McCormack's promotional activities.

The most recent addition to the staff was the hiring in August 1968 of Leonard Ziolkowski as Planning Coordinator to work on physical planning and development for the district.

The current staff of professionals in the EDC is indicated in Chart One.

Chart One, Chapter Twelve

Board of Directors

John S. Davidson, Pres.

Executive Committee

| Consultant | Executive Director | Legal |
|---|---|---|
| Raymond Carmon | Donald Moyers | Council |

Assistant Exec. Director
Raymond Condor

| Research | Recreation | Industrial | Planning | Public |
|---|---|---|---|---|
| Hugh King, Director | and Tourism | Development Jerome F. McCormack, Director | & Dev. Leonard Ziolkowski Director | Inf. Judy Aita P.I. Officer |

This expansion of the staff is indicative of the evolution of the Council organization from the early stage where there was a director and assistant with only a research staff professional, to the point where a filling out of the substantive program staff positions has occurred. In the organizational period, the half-time director required a full time assistant and a public relations officer to handle the organizational aspect of the Council and to fight the Scranton based opposition to the expansion of the Council. The second need was for a research director to provide the basic support for the Council in terms of reports and informational studies. The early staffing decisions were based on these requirements.

Later in 1967 the conflict over the reorganization of the Council was reduced. New staff members were hired to develop program activities in tourist and recreational industries and to coordinate the Appalachia program and other sources of project funds. The recent shift to a full time executive director further signals the second stage of staff work and a reorientation of organizational objectives.

The acquisition of program staff is indicative of a high level of professionalism that pervades the district

advisory organization. Mr. Moyer holds a master's degree in community organization and the other staff members have considerable professional experience in specialized areas. This provided the basis for the independent relationship that Carmon intended to maintain with policy-making organizations. The professional orientation was present in both the Mohawk Valley and Northeast Pennsylvania but the formal professional status of the staff was greater in the NEPEDC than in the MVEDD.

It should be noted that consultants were not extensively employed by the Council in Northeast Pennsylvania except for some aspects of an airport survey done during the pre-expansion period. There is no indication that the use of consultants will be increased as the Council leadership and the executive director feel that the organization should develop its own research capability within the professional staff. This contrasts with the Mohawk Valley district where the staff saw its role largely as a program coordinator that would rely on consultants for specific studies rather than hiring additional permanent professional staff.

Other sypes of planning agencies did exist in the district but these were not regional in scope except for the Tocks Island agency. The district did attempt to relate to

local agencies, however, as indicated by the review of the OEDP. Little competition is evident except that with the Scranton redevelopment agency and the Northeast Pennsylvania Industrial Development Commission (NEPIDC). The redevelopment agency was used by Mr. Blier, leader of the opposition to the formation of the district, as a basis for his attacks. He formed the NEPIDC as largely a paper organization that competed with the District in name only.

## Projects

The EDC was unable and unwilling to formulate a list of projects and priorities at the time the original OEDP was drafted in May 1967. Time was not sufficient to accomplish this task and the political climate was not amenable to the setting of priorities. In the final version of the OEDP the following statement on projects represents the position of the Council concerning this vital aspect of district economic development planning.

> This section is not completed. When finished, it will consist of a listing of different community efforts, at the county level (or lower) which are designed to solve 'District problems.' An order of importance or priority will be established in listing these community projects.
>
> The listing of these projects has not been accomplished to date, because the rationale for establishing priorities has not been developed in the different communities. It is anticipated that

> such development will take a year or more and that considerable educational groundwork will have to be laid before an acceptable framework is established.[22]

Although it is not specified, the "educational groundwork" means the renovation of the political-governmental environment in order to reduce conflict and permit agreement and scheduling of projects that have district wide implications for economic development. There is a severe contrast here between Northeast Pennsylvania and the Mohawk Valley that is a direct indication of the varying sensitivity of the political environment. In the Mohawk Valley, joint cooperation on project definition and priorities was possible as part of the district wide participation in the OEDP. In Northeast Pennsylvania there was little participation in the OEDP and it was not possible to formulate projects in spite of EDA's formal requirement that such projects be included in the OEDP.

The final section of the OEDP takes a different approach to the identification of projects by looking at problems in three areas: economic, social, and environmental. To establish priorities it is proposed that four goals be adopted. These are:[23]

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[22] Economic Development Council of Northeast Pennsylvania, OEDP, Appendix G.

[23] Ibid., pp. V 5-V 6.

1. A series of programs should be developed and action taken to raise the district's per capita income level.

2. Individual and community action should be taken to improve the district's physical environment.

3. A new 'image' for Northeast Pennsylvania needs to be created, nurtured, and promoted.

4. A better institutional environment needs to be created.

The bulk of the recommendations fall under goals one and two and are largely hortatory in nature.

> The community media need to expand their educational roles-particularly with respect to basic economic education and exploring the role of business in the economy. Also a major effort to improve the image of Northeast Pennsylvania is needed.[24]

The first of a "five pronged" attack on the problem of low wages due to low labor productivity is stated below.:

> First, in cooperation with the Chambers of Commerce and Industrial Development Groups, the quality of management might be upgraded by providing direct management consulting (via an extension service) and management seminars--covering such practices as production control, personnel management, industrial organization and control, marketing and long range planning.[25]

In terms of goals three and four, the actions to be taken and the proposed council programs are not included.

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[24]Economic Development Council of Northeast Pennsylvania, OEDP, p. V 10.

[25]Ibid., p. V 11.

Each section does contain a brief statement on the role of the Council. For each goal it is in essence as follows:[26]

> Goal I: The role of the Council is seen as primarily catalytic--that is, it should try to encourage actions of the most vitally interested groups, but within a framework which will assure maximum benefits to the District within the shortest period of time and the least real cost.
>
> Goal II: The Council's role in furthering action relative to Goal II is seen as one primarily to research, analysis, exposition and public information.
>
> Goal III: In the development of a new 'image' for Northeastern Pennsylvania, the Council could become the coordinator for many groups working to create that image.
>
> Goal IV: The Council cannot take a role in partisan politics. But it can work with different organizations interested in better government to promote efficiency and to expand governmental service ...it can provide facts and figures to administrators who see the need for a change and who want to do something about it.

One can see from these excerpts that the recommendations of the Council contain in the OEDP are at the broad program level. They do not represent a selection of action programs that are related to existing resources or political preferences. Rather, a general overall view is presented from which projects may be defined and selected at a later date.

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[26] Economic Development Council of Northeast Pennsylvania, OEDP, pp. V 11-V 18.

A general observation on the development of projects was made by the research director and confirmed by Mr. Carmon. This was that the OEDP as a statement of policy and direction for project development was not utilized by the Council leadership. It did not provide the kind of planning document that was intended by EDA. Rather it was viewed as a "product" turned out to satisfy the requirements of one federal agency for legitimization and the receipt of federal funds, and it barely succeeded in doing this.

## Summary

The case of the Economic Development Council for Northeast Pennsylvania is marked by three particularly significant themes. The first is the importance of the philosophy and experience of the staff in meeting demands for expertise and the kinds of recommendations made in light of policy knowledge concerning the political environment. The second is the orientation away from a direct advisory relation with local governmental officials, reinforced by the difficulty of securing the kind of participation desired by federal agencies, such as EDA in its economic development district program. The third point is that lack of participation in, and commitment to the OEDP prevented it from becoming a meaningful document for the guidance of

either the Council leadership or local governmental officials.

In Northeast Pennsylvania there was little chance to co-opt local and county governments into the regional development process. Therefore, it was determined that private and semi-public interests would provide the basis for coordinating the development of the regional economy. There was a history of this in the past and it seemed appropriate to the organizers of the district to capitalize on it. In order to dampen sectional governmental rivalries and build support, the district organization conducted research on technical matters and worked to establish an image of a regional data bank and technical research center.

The basic similarity in terms of economic history and potential for development between Northeast Pennsylvania and the Mohawk Valley provides a basis for contrasting the differences in the advisory relation and the effects of environmental characteristics. The next chapter will attempt to do this according to the framework of variables described previously.

## CHAPTER TWELVE - APPENDIX A

### CHRONOLOGY

1963

| | |
|---|---|
| 1963 | Ford Foundation Grant of $150,000 to Wilkes College for support of Area Research Center. |

1965

| | |
|---|---|
| 1965 | Two year technical assistance grant of $150,000 from ARA for Area Research Center. |

1966

| | |
|---|---|
| 1966 March | Raymond Carmon hired as Executive Director part-time. |
| 1966 April | Report "Blue Print for Action" issued by EDC. |
| | Series of Technical Reports issued by EDC on manpower, recreation and tourism. |
| 1966 Summer | Attacks on NEPEDC and the formation of Northeast Pennsylvania Economic Development District Council (NEPEDDC). |
| 1966 December | EDC designated by State of Pennsylvania as official district development agency for Northeastern Pennsylvania. |

1967

| | |
|---|---|
| 1967 January | Work begun by Hugh King on the OEDP. |
| 1967 June | Draft OEDP completed, approved by the Board of Directors and sent to EDA. |
| 1967 June 25 | Designation of the NEPEDC by the U. S. Department of Commerce, Economic Development Administration. |

| | |
|---|---|
| 1967 July 1 | NEPEDC dedesignated by EDA due to low unemployment rates. |
| 1967 August 28 | OEDP Committee considers revision of OEDP |
| 1967 November | Revised OEDP approved by the Board of Directors. |
| 1968 January | OEDP printed for distribution. |
| 1968 June | Carmon resigns from NEPEDC, Donald Moyer appointed Executive Director. |

## CHAPTER TWELVE - APPENDIX B

### ARTICLE II

### CORPORATION OBJECTIBES

Section 1. Objectives. The objectives of the corporation are to reduce the costs and factors which stunt economic growth through means of joint and co-operative action using the power of persuasion supported by comprehensive facts as a means of providing a regional environment conducive to more economic growth. Such purposes and objectives are to be accomplished through, but not limited to the following activities:

1. Providing industrial and commercial companies, associations, organizations, and public bodies with planning and technical assistance in the form of consultant service to aid in strengthening the economy of the District;

2. Developing and maintaining basic economic data of the Region and developing and interpreting indices of economic activity that are significant to the development of the District for dissemination to all interested groups and organizations within the District;

3. Working and cooperating with existing agencies, development groups, other District organizations, or other similar organizations and associations to encourage the coordination of parallel endeavors and to eliminate duplication of effort;

4. Identifying specific areas within the District economy where concentrated studies would result in taking advantage of this economic potential and growth;

5. Planning for the proper development of the economic resources affecting the entire District, as well as for those portions of the District which may have problems of special concern;

6. Publicizing constructive developments that have taken place in the District, or those that are in process or planned for the future, and in other ways disseminate information that may be of value in establishing a true and favorable image of Northeastern Pennsylvania;

7. Assisting in the projects, programs, and plans of existing public and private organizations and agencies for the betterment of the District, but in no way supplant or supersede the plans and programs of these organizations;

8. Assisting the District's county and municipal jurisdictions in deriving the maximum benefit from the utilization of public investment funds which may be available from time to time;

9. Considering the need for and the desirability of public works and public investments relative to the economic resources of the District or any portion thereof; and advising local applicants in applying for public investment funds on an individual or regional basis;

10. Advising to obtain and maintain a proper balance among industrial, commercial, agricultural, water supply, residential, recreational, and other legitimate uses of the District and as to their economic impact;

11. Insuring cooperation with both public and private bodies having jurisdiction or interests in District activities and programs;

12. Preparing broad-based plans for the development of the District, including overall economic development programs; and assisting counties of the District in like programs;

13. Reviewing only projects of present governmental units which are related to the overall economic development of the District;

14. Contracting for and providing technical planning, research and development assistance fo counties, local governments; agencies, development groups, District organizations, and other related associations.

# SECTION FOUR

# ANALYSIS AND CONCLUSIONS

## CHAPTER THIRTEEN

## Analysis: The Variables and The Illustrations

## CHAPTER FOURTEEN

## Consideration of Hypothesis and Conclusions with Respect to a General Theory of Advisory Relations

## CHAPTER THIRTEEN

## ANALYSIS: THE VARIABLES AND THE ILLUSTRATIONS

### Some Fundamental Comparisons Between the Illustrations

Organizational activities and interorganizational relations are the substance of the advisory relationship between the economic development district organization and local policy-making bodies and between the staff experts and the district boards.

The organization of the Mohawk Valley District provides an excellent example of harnessing local self interest as a means toward the development of multi-jurisdictional programs. In Northeast Pennsylvania the organization of the district was accomplished in spite of local self interest. The very fact that the political interest of Congressman Flood and others was channelled through the State of Pennsylvania and Wilkes College, was a symbolic and practical avoidance of the local county and city political structures. The early operational strategies of the district maintained this policy of insulating the district from local involvement.

Once the New York State government became interested in organizing economic development districts the task was given to the State Department of Commerce. This department worked through its field offices and regional supervisors. The combination of state authority, and local knowledge possessed by the state regional supervisor was very important in the organization of the Mohawk District. The State's function was one of joining the self interest of localities with the regional approach of EDA. It would have been more difficult, perhaps impossible, for Oneida County officials alone to have organized a five county district because of this strong identification with the Utica-Rome SMSA.

In Northeast Pennsylvania it was necessary to build regionwide support. This was done with the assistance of two semi-public organizations of regional influence: the First National Bank and the Pennsylvania Power and Light Company. The district was organized by the bank and power company in conjunction with private interests and the Pennsylvania Economy League.

In the one case the organization of the district was accomplished through state and local agencies as a part of the governmental framework of the district while in the other it was accomplished by an overlay of private and semi-public regional or statewide agencies.

A second element in terms of organizational strategy also deserves mention because of its comparative significance. One of the first moves made by Orlo Webster in the Mohawk Valley was to involve Dr. William Gragg, president of the Fulton-Montgomery Community College. Dr. Gragg was interested in the growth and development of the Mohawk Valley and welcomed the opportunity to act as a spark plug for the district. His role as the "acting" president of the MVEDD supports the view that he saw himself as an initiator rather than a regular member of the organization. He provided an important factor of legitimacy that helped to secure the cooperation of both the eastern and western sections of the valley.

In the Northeast Pennsylvania District the local college also played a role in the establishment of the district through its president, Eugene Farley. Mr. Farley took an interest in the problems of organization and was able to obtain initial independent funding and institutional support for the district organization. The difference between the participation of the two college presidents was that Gragg took a leadership and promotional role outside of his own institution whereas Farley attempted to use Wilkes College as an incubator for the fledgling regional research organization. The fact that this academic

environment was not suited to developing an agency that could respond to the demands of organizations interested in the industrial and economic development of the region is signified by the decision to move the Council staff to downtown Wilkes Barre and appoint a more pragmatically oriented executive director. Both Doctors Farley and Gragg have remained on the boards of their respective councils but are considerably less involved in district affairs than they were during the organizational phase.

In the Mohawk Valley in contrast to Northeast Pennsylvania, there was no major opposition to the formation of the district. In addition, however, newspaper coverage during the formative stage was largely non existant. Few people in the vally other than the participants were informed of the organizational efforts until the district was officially established on January 17, 1967. In part this is a reflection of the lack of opposition, and in part an indication of the desire to avoid publicity that might endanger the organization during its gestation. This is in contrast to the publicity that resulted from the attacks and counter attacks of the opponents and proponents of the Development Council of Northeast Pennsylvania.

The preparation of the OEDP was a basic EDA requirement for district designation and funding. New York State (the Department of Commerce) received a grant from EDA for technical assistance to the development districts. This grant represented a substantial part of the total State resources committed to the district program. The State Department of Commerce assigned an economist, Ray Paolino, to the Mohawk Valley District. The study of the OEDP and its preparation indicates that there was a joint research process involving Paolino, local officials and planners and representatives of EDA.

The Northeast Pennsylvania District treated the OEDP in a far different manner as is evident from the narrative in Chapter Twelve. Rather than making the OEDP the backbone of the consultative process with local policy-making organizations, the district attempted to begin a dialogue with a series of technical studies. The director felt this was strategically desirable because of the low level of support that the district received from local political bodies. The OEDP was required for federal designation, however, and the manner in which it was eventually developed was diametrically opposed to the process in the Mohawk Valley District. There was little consultation beyond the

office of the research director and professional review was largely perfunctory.

One general observation that emerges from consideration of the development of the OEDP is the importance of state assistance. This assistance allowed rapid completion of the Mohawk Valley OEDP while simultaneously maintaining local involvement. The hiring of an outside consultant would probably have resulted in a packaged OEDP that would be regarded only as a product by the district organization. On the other hand, the hiring of professional staff within the organization would have delayed the OEDP and limited the degree of participation by local professionals as well as the lay members of the organization.

One disadvantage in this approach that must be considered is that state technical assistance inhibits the acquisition of professional technical staff and it may then delay or preclude research and planning as aspects of the organization's later work program. This appears to have been the case in the Mohawk Valley District.

The designation of both districts was predicated on the completion of an OEDP and the resolution of conflicts concerning the growth center concept. Each district handled the problem in a different way based on constraints that

operated in its environment. The OEDP proposal for two multi-town growth centers was considered to be a satisfactory approach to the economic development of the Mohawk Valley. It was felt by both the professionals and the laymen involved in the OEDP that the nature of development in the valley necessitated a binodal approach to plans for increasing production and employment on a regional scale. In addition, the symmetry of this approach in terms of population distribution and centers of political power was congruent with professional judgment.

In EDA, however, administrative considerations loomed larger than regional development ones. It was decided to limit districts to one growth center each so that the number of growth center projects would not exceed the financial resources of the agency. There was also a strategic rationale pertinent to economic development involved in this policy. That is the need to have a maximum impact by matching the number of centers with the resources available in the ratio that would exceed some tipping point for increased growth and development. This argument cannot, however, be justifiably applied to the Mohawk Valley on the basis of population size and the binodal character of the district.

In Northeast Pennsylvania the same administrative conditions were raised by EDA in connection with the establishment of the growth center. The extreme inter city and inter county political jealousies made it mandatory that a linear growth center be accepted if any kind of regional cooperation or influence was to be attained by the district council.

There is some difference in the intensity of the urbanized corridor between Scranton and Wilkes-Barre and between Utica-Rome and Amsterdam-Gloversville. The population is more heavily concentrated in one end of the Mohawk Valley strip than in Northeast Pennsylvania. Total urban population is also larger in Lackawanna and Luzerne counties than in Oneida, Herkimer, Fulton and Montgomery counties. However, within the regional or development district context there was ample justification for binodal growth centers in both Northeast Pennsylvania and the Mohawk Valley.

Why did EDA approve a linear growth center for Northeast Pennsylvania while at the very same point in time turned it down in the Mohawk Valley? Most likely the decision was an indicator of the strength and potential, as estimated by EDA, of the Mohawk Valley District in relation

to Northeast Pennsylvania. If one assumes that, in terms of economic development theory, there was no real difference between the two districts that would make the binodal concept valid in one and not in the other, the decision must have been based on the administrative and stretegic problem of utilizing scarce resources for maximum effect. Since the NEPEDC would be dedesignated and would not receive project aid, the designation of two centers would have little practical effect.

One major difference between the two districts is the degree to which they were able to develop projects and priorities. This is a direct indicator of both the political climate and the basis of support that existed for each district. In the Mohawk Valley it was possible to obtain general agreement on projects and priorities through consultations with local officials. In general, however, the projects were largely in areas already accepted or of broad region wide scope. New and specific projects or project descriptions would have met with political controversy. For example, one project was the building of a new state college for upper level studies. This was generally advantageous to the district but no specific site was recommended due to the number of possible alternatives and to the controversial nature of site proposals.

In Northeast Pennsylvania the development of projects was precluded by lack of time and lack of any consultative arrangement with local governments. Under the circumstances, any projects developed by the Council during that period would probably only have provided more grist for the mills of discord that were still turning steadily.

The creation of projects, is of interest because they provide a test of the district organization's ability to gain agreement among units within the district on policies important to the economic development of the district. It is difficult, however, to evaluate the preliminary projects developed by the Mohawk Valley district organization.

Regional decision-making has been enhanced by the organization of the Mohawk Valley district as an institution that is tied directly into the city, town and county governments. The district organization is responsive to the requests for assistance of governments in the valley and encouraged regional decision-making in a number of ways. The major decisions in the initial period concerned project priorities but the basis exists for more comprehensive policy development. Of significance is the role of the district in encouraging representatives of the two nodes of development to discuss district wide problems jointly within a setting that heretofore had not existed.

## Evaluation and Discussion of the Variables in Terms of the Illustrations

The variables explicated in Chapter Six are discussed below in light of the findings from studies of the Mohawk Valley and Northeast Pennsylvania economic development districts. The primary focus is on the district organization as an advisory council to local and county governmental policy-making organizations.

Secondary advisory relations are also identified as they further relate to the variables. These relations are between the district staff and district board, and between the district and the Economic Development Administration. To exclude these secondary relations would be to miss a significant aspect of the advisory relation and an artificial limitation on the usefulness of the illustrative material. The illustrations are evidence of the existence of multiple advisory relations, with the economic development district as the center.

The characteristics of the advisory relationships will be the determining factors in the degree to which knowledge, plans, and recommendations are available for incorporation into policy actions taken by the regional decision-makers. The material from the illustrations also indicates specific organizational and administrative functions that can be

affected by the variables. The explication of the variables is carried out in three sections. The first emphasizes the structural characteristics of the advisory relationship, the second is concerned with dynamics, and the third with effectiveness.

These distinctions cannot be finely drawn and as in the development of the variables there is some overlap from one section to another. They are useful, however, because they identify different aspects of the advisory relationship that relate to elements of theory.

## Structural Characteristics

These variables will determine the formal and informal relationships between advisor and policy-maker. It is assumed in this research that functional relations will be identified by structural arrangements.

### 1. FORMAL ASSOCIATION WITH THE POLICY-MAKER AND HIS BUREAUCRACY

This variable relates to the dependent or independent nature of the relationship of the advisory organization to the policy body. A high degree of independence and autonomy will produce an informal, external structural relationship. With high dependence the relation will be internal and highly formalized. This distinction between internal and external is the difference between an advisory organization within

the policy-making institution and one that is its own separate institution. This may be illustrated by the difference between the relationship of the Oneida County Planning Department (OCPD) to the county executive, and his relation with the Mohawk Valley district organization. The OCPD operated in an environment characterized by dependence and therefore relates to the county executive in a formal internal manner.

This is not the case with the district organization. Because of its broad scope and wide jurisdiction, due largely to federal sponsorship, the district-county environment is marked by independence. Its relation with the county executive is less formal and external in character. The approach to the performance of functional activities must be one of cooperation and mutual aid rather than service and staff assistance. This provides a rationale for the establishment of district organizations as separate corporate entities rather than federations of local policy-making units. Such a suggestion appears congruent to the ecology of multi-jurisdictional development districts that include many municipalities and counties.

In both the Mohawk Valley and Northeast Pennsylvania this is further illustrated by the relations between the

staff and the board. In the Mohawk Valley the association of the staff with the board was informal and characterized by substantive concerns. In Pennsylvania the board-staff relation was more formal and concerned precedural matters such as hiring of the staff, budgets and location of office space.

The implementation of the OEDP through project activity in the Mohawk Valley was assisted by the informal substantive structural relation. In the Northeast Pennsylvania this was not the case because of the formal nature of the relation with the board and the very formalistic and constrained relation between the advisory organization and local governments.

2. RELATION OF STRUCTURAL CHANGE TO FUNCTIONAL OBJECTIVES IN POLICY AND ADVISORY ORGANIZATIONS.

It is important to recognize that there is a temporal aspect to structural characteristics and that, over a period of time, changes in structural characteristics occur that correspond to changes in functional objectives. As the age of an advisory agency increase, it may take on new functions and discard some from its organizational period often causing structural change. It is logical to expect that the organization should be able to make structural changes when required to support changes of function.

The Mohawk Valley district concentrated on initiating and expediting projects recommended in the OEDP. This is one means of building local support and acceptance at the outset so that as the district agency matures it can make meaningful and acceptable recommendations concerning policy for regional economic growth. John Ladd and Paul Nichols, as the professional staff, were experienced in these types of activities and were able to assist localities in preparing applications for projects, determining eligibility and obtaining funding approval.

The structural relation of the agency to groups in the district may undergo modification in order that the agency may take the lead in formulating policy recommendations rather than responding to previously stated demands. For example, the district agency could well be required to assume some review power or overall jurisdiction that would place it in a somewhat different position with regard to other organizations.

In Northeast Pennsylvania the district organization attempted to build support through technical studies rather than beginning with overall development planning and project management. The establishment of the agency at Wilkes College indicates the initial thrust of the organization's function. The transfer to downtown Wilkes-Barre and the

hiring of Ray Carmon marked an incremental change of function. This was accompanied by reconstitution of the district board so that relations with local governments might be improved. The opposition led by Mr. Blier in Scranton minimized the effect of this shift during the organizational phase. The sensitive political environment meant that the kinds of support building activities pursued in the Mohawk Valley would have increased conflict rather than built support in Northeast Pennsylvania. Thus, while structurally both organizations maintained informal and external relations, the Northeast Pennsylvania district pursued a strategically different set of functional objectives. The combination of these two variables set limits or contraints on the extent to which the advisory relation is conditioned by the formal mandate of the advisory organization, and the policy support and demand characteristics of the decision-making organization.

This suggests that allowances for different environment produced strategies should be made in designing the structure of district organizations and that concern for structural relationships should not be forgotten once the district is designated. Rather, a periodic review of the suitability of structural relations should be required in connection with an evaluation of functional objectives.

3. FORMAL MANDATE OF THE ADVISORY ORGANIZATION.

This variable is in some respect a corollary to number two above in so far as the demands on the advisory organization correspond to the organizational objectives. When these coincide there will be a simpler relation of structure to function than when they do not. The formal mandate will usually be important in determining the initial structural relationship between the advisor and policy-maker. As the organization functions over a period of time however, some functional objectives based on support of the agency in its environment may require different structural relations.

The formal mandate of the Mohawk Valley District advisory organization implies broad analysis and planning to increase GRP (Gross Regional Product) and provide the basis for a mix of productive factors that would enable the expansion of employment and a rising level of per capita income for the region. In the Mohawk Valley one structural arrangement that fitted this mandate was that of an independent agency of district wide character. However, to maintain and improve its ability to operate as a legitimate regional institution, it was important for the organization to become more specialized and localized. The independent type of relationship became less important and

coincide with it in terms of the emphasis on fact gathering and informational reports. This is not unusual since the mandate was written by those organizing the district and they could readily perceive it in relation to the political environment and to functions that the council might perform within this environment.

4. POLICY SUPPORT AND DEMAND CHARACTERISTICS OF THE DECISION-MAKING ORGANIZATION.

This variable is developed from the concept that decision-making and advisory organizations are elements of a system of policy-making within the socio-political environment. The objective is to characterize the structural relation between advisor and principal in terms of system concepts of demand and support. The type of structural relation between advisor and policy-maker is determined by the relative levels and types of support and demand inputs received by the policy-making organization.

When policy demand inputs are accompanied by sufficient support inputs the structural relation between policy and advisory organizations will be formal and highly institutional. Under these conditions the advisory organization will supply knowledge and advice required by the demands on the policy organization directly in response to the demands

placed in turn by the policy organization on the advisor.

Such a situation is illustrated by the relation of doctor to patient where traditional support inputs are so high that the physician maintains a very formal, institutional and controlled relation with the patient.

In general terms, an advisory organization will be more independent and less closely aligned with the decision-makers where the level of support is not high. More specifically this concept may be applied to the district development organizations and their relations with local policy-making organizations. It has been noted that the district organizations require demands from policy organizations as well as their own support inputs to be able to contribute knowledge to regional policy choices. Both the MVEDD and the NEPEDC first embarked on a program designed to build support inputs. When these are accompanied by demands for knowledge from policy-making organizations that are reacting to their own policy demand inputs, there will be a formalization of structural relations among units in the system.

For example, in the Mohawk Valley it was suggested that the district should have been organized as an intergovernmental council. The EDA requirement that there be a public corporation in this instance is indicative of the

recognition of EDA that considerable support inputs would be needed before a formalized and institutional relation such as a council of governments could be established with local policy-making organizations.

An advisory organization with a low level of support that is locked into a highly institutional structural position may be generally ignored and does not have the flexibility necessary to build support inputs.

In Northeast Pennsylvania the process of institutionalizing structural relations and building support inputs was directed away from local governmental organizations and lagged behind that of the Mohawk Valley. The fact that EDA requirements forced the Northeast Pennsylvania district to modify its board membership to increase ties with local and county governments meant that the organizers of the district had not previously had this as one of their major objectives. Furthermore, the difficulties and the distaste for building ties with local and county governments forced the organizers to look to private and semi-public groups. Once this had taken place it hindered efforts to build formal ties and support inputs in the public sector.

Some of the indicators of a high level of support in relation to demand in the Mohawk Valley were:

1. Lack of competition between Utica and Rome in designation of the growth center.

2. The agreement to include Schoharie County in spite of the fact that it would ask more of the district organization than it would contribute.

3. Implementation of OEDP projects such as the Nuway and airport survey.

4. Contribution of cash from the counties in the district to supplement in-kind contributions.

5. Positive reaction to Mayor Assaro's request for the designation of Utica as a growth center.

Low levels of public regional support of Northeast Pennsylvania are indicated by the substantial cash contributions of PP&L, the independence and the product focus of the council, and its emphasis on council rather than corporate organizational status.

5. TYPES OF ORGANIZATION IN TERMS OF DIFFERENTIATION AND SPECIALIZATION.

The relationship between the advisory organization and the governmental policy-making bodies is affected structurally by the degree of differentiation and specialization within the organizations.

In the Mohawk Valley, the advisory board was highly differentiated in terms of the different occupations, professions and community organizations represented. This created a structural relationship that was characterized by a variety of formal and informal ties beyond the general

institutional ones established by the incorporation of the district. For example, the Mayors of several towns served on the board as did industrial development organization officers, and chamber of commerce executives. This provided formal links in terms of overlapping positions and informal ones in terms of memberships on local community organizations. Orlo Webster's interest and skill in choosing the board members was an important factor in achieving this differentiation. His own experience had apparently indicated the value of this in creating organizational relations across political boundaries.

In Northeast Pennsylvania the degree of differentiation of the original board was less than in the Mohawk Valley and this narrowed the channels of communication and the number of individual contacts between the district board and the local governmental organizations. The recognition of this as a hinderance to local board relations as indicated by the reconstruction of the board membership during the organization of the Council.

The variable relating structure to differentiation is based on the concept of participation and representation in advisory relations. This is particularly pertinent when dealing with public policy-making and governmental organizations in contrast to business organizations. These differ-

ences are primarily in terms of the representative nature of the organization and the tenets of democratic procedure that accompany it. For this reason secondary and tertiary formal and informal structural relations between advisory bodies and public policy-making bodies are particularly important in determining the right relation of knowledge to power.

## Dynamics

The variables concerned with the dynamic aspect of the advisory relation emphasize primarily the inter-relationship between advice and decision-making, and knowledge and power. Hypothetically, the structural relation is essentially independent and specified, and limits the dynamic aspect of the relationship. In fact, however, it would not be possible for one to say that dynamic variables did not have effects on structure and vice versa.

There are six variables in this section that attempt to set the perimeters for the magnitude and intensity of the advisory relationship. After evaluating them on the basis of theoretical research and empirical data it was felt that these six adequately cover all major dynamic dimensions.

### 1. SUBSTANTIVE NATURE OF THE POLICY DECISION

The substantive nature of policy decisions may be

characterized by precision and error characteristics, time horizon, and complexity and technical content. The advisory relationship will be modified in terms of the degree of specificity of a particular policy decision as indicated by these characteristics. When the advice required has high precision, low error margin, high technical complexity, and short time horizon the specific narrowness of the issue will result in a highly dependent, intensive and well defined relationship.

In contrast, a policy decision that concerns an issue with a pervasive character is one that covers a broad range of technical, political, and value considerations. Advisory recommendations for this type of decision will usually be of low precision, high error margin, low technical complexity and a distant time horizon. Under these conditions the advisory relation will be independent, inactive and diffuse.

This variable is illustrated by some policy issues that confront the district organizations. When the issue is one that involves an engineering solution for a joint public facilities project, the localities are dependent on the advice obtained either from a consultant or from specialists on the staff of the district organization. On the other hand, when the question concerns individual or joint participation in the construction of facilities, the

relationship of the advisory agency to the decision-makers will usually be more independent and less intensive. Under these circumstances the contribution of the district organization may be more in terms of policy knowledge, that is, knowledge about the process of making district policy than substantive policy recommendations.

The substantive nature of much of the advice coming from economic development district organizations will be characterized by its pervasiveness rather than technical complexity. For this reason, the relationship between the district organization and local policy-making organization will be independent and of low intensity. This places a burden on the district organization to provide policy knowledge, a la Dror, that will strengthen the relation and increase the ability of local governments to generate policies of district wide effect.

In the Mohawk Valley an independent relationship existed, but the district organization devoted most of its resources to assisting localities in developing those policies that would enhance regional development potential when accompanied by specific projects. One example of this was an airport survey. The district determined the individual needs of the counties for air facilities and indicated

a way that they could meet their requirements on a district wide basis. The result of this recommendation was the decision to undertake a regional airport site survey preliminary to the construction of one or more county airports for the purpose of enhancing the development prospects of the district. The illustrations show that due to their independence, economic development districts are more likely to have the kind of relationship with decision-makers that will be suited to the transmission of policy knowledge than to making specific recommendations. This implies that the traditional research orientation, as followed by the Economic Development Council of Northeast Pennsylvania in producing a series of specialized reports on specific subjects, may be less productive than more comprehensive policy oriented recommendations to guide local units in regional decision-making. The comprehensive focus may then be combined with more specialized assistance on projects that have been generated by local policy determinations.

A contrast between the Mohawk Valley and Northeast Pennsylvania in terms of substantive issues is illustrated by the growth center extension by the MVEDD and the omission of projects in the OEDP by the NEPEDC.

The extension of the growth center to include Utica and the subsequent establishment of a second growth center

covering Amsterdam-Gloversville was an issue that was pervasive, general, and long range and did not require precise prediction. It was a general policy recommendation that set a framework for specific development projects although it did provide a funding advantage for the jurisdiction involved.

In Northeast Pennsylvania, the selection of projects was an issue that touched directly on specific actions of immediate consequence and impact. Justification in terms of predicting outcomes and distributions of benefits was important. These factors limited the ability of the district organization to make recommendations on this issue because of the high level of political conflict. In contrast, the project issue was faced in the Mohawk Valley because political conflict was lower and the district organization had established an appropriate structural relation with the local and county governments.

2. LEVEL OF POLITICAL CONFLICT AND PLURAL NATURE OF THE ISSUE.

This variable involves environmental factors that affect the dependence of the advisory relationship. Where the level of conflict and fragmentation of interests is high the advisory relationship will be interdependent and the intensity of the relationship will be reduced. This is a condition wherein competitive demands on the advisory

organization reduce its ability to influence the total pattern of decision-making. Numbers of policy-making units is one aspect of this variable and the relations between units is another. Therefore, high levels of competition do not automatically follow from the presence of large numbers of political units.

In both economic development districts there were a large number of policy-making units and it was the difference in the relations between them that determined the interdependence and intensity of the advisory relation. In the case of the RAND Corporation, however, the number of clients was the important factor.

In the Mohawk Valley district the level of political conflict was not high and the issue of regional development was not a plural one in the sense that many interest groups represented opposing points of view. This type of environment was a major factor in the district organization's success in developing an OEDP jointly with the local communities. The creation of the OEDP is evidence of the quality of the advisory relationship.

Resolution of conflict by the MVEDD is indicated by the inclusion of Oneida County planners in the OEDP process. The district was also taking steps to minimize possible conflict between Senator Kennedy and Congressman Pirnie when

the Kennedy visit was called off. This occurred during the organization of the district but later it was also able to stand competitive demands as indicated by its ability to satisfy Mayor Assaro's request for the inclusion of Utica as a growth center. The low level of inherent conflict in the district environment is further illustrated by the lack of newspaper coverage during the formative stage of the organizing efforts.

The Northeast Pennsylvania district, where political conflict was high and there were strong opposing forces involved in the issue of economic development, the district organization was unable to obtain meaningful participation in the OEDP and, in fact, placed it rather low on its own list of objectives. The very basic issue of the establishment of a regional council was a divisive one and indicated an inherent difficulty to be faced in any attempt to gain agreement on general policies and projects.

The nature of the conflict is illustrated by the sharp attacks of the Blier forces, the decision to expand the membership of the council, and the total avoidance of project formulation even after the OEDP was approved and the district designated.

The EDA approach to the organization of districts and the development of district OEDP's might be guided in part

by the dimension expressed in this variable. One conclusion would be that it is more important for district organizations in high conflict environments to develop a 'two stage' OEDP. This allows the economic development organization to stabilize its position in the district while the OEDP fact gathering and analysis activity can provide a framework for increasing consensus in the district on regional policies. Also, a danger must be recognized in relation to the organization of districts in high conflict environments. The natural tendency has been for increased support from EDA or private interests to offset the lack of cohesiveness in the political and governmental sectors. This reliance on federal or private support may be effective in terms of the initial establishment of the district but can reinforce the independent nature of the relationship and harden the distinction between the district organization and the local political units.

Experience in the Mohawk Valley indicates that local political participation is highly desirable in organizing the district and formulating the OEDP. Where this is difficult to obtain steps must be taken to recondition the environment so that it will become more suitable for district development efforts. It is certainly easier to say this should be done than to specify and actually carry out

programs. However, actions and strategies that are intended to move in the direction of changing the structure of political institutions, such as governmental consolidation or reapportionment of legislatures are a necessary first step. The present requirement for political and governmental representation on district boards is evidence of a recognition of the problem by EDA, but the approach requires further development through the evaluation of other districts in terms of the variable operationally defined as political conflict, and the pluralistic nature of economic development issues.

Certainly the dynamic character of the advisory relation of the Northeast Pennsylvania district with local and county governments was deeply effected by this variable. This could also have been a problem in the Mohawk Valley in terms of the original selection of a growth center if Mayor Dulan of Utica had been actively interested in obtaining that designation for his city.

3. COMPETITIVENESS OF ADVICE AND SUBJECTIVITY OF ANALYSIS.

This variable relates both to the complexity of the advisory-policy-making system and the type of advisory demands made on it. Where the system is complex and advice competitive, the intensity of the advisory relationship will be low and this will be especially so when the advice itself

is highly subjective or value laden. Strengthening the advisory relation requires the reduction of competition and the creation of mechanisms for handling value conflicts when the policy issues are highly subjective in nature. Both elements of this variable pertain to economic development districts.

The problem of competition of advice stems primarily from the presence of agencies or staff organizations in the district. Where the district is high in complexity there are usually county planning agencies that will be concerned with regional development issues although planning has been historically oriented toward distributive planning rather than development planning. Other staff organizations such as chambers of commerce, labor unions, manufacturing associations, and public agencies including highway departments, social welfare departments and labor departments are also often involved in economic development policy. A desirable relationship between advisory organizations would be one where the district agency received assistance on local aspects of regional policies. The district then would be the primary advisor on regional policy and this relationship would be strengthened by the support of local planning experts. Where there is conflict within the region, however, there will be competition for advice and the

district agency will not be the only advisor to the constituent jurisdictions. This is further exacerbated by the subjective nature of broad regional policies.

Although some competition was evident in the Mohawk Valley case during the development of the OEDP the agency was able to maintain cooperative relations with the other planning and staff organizations in the district.

The problem of subjectivity of advice was minimal in the Mohawk Valley district because the agency made recommendations and pursued programs for which there existed a degree of consensus and avoided those that were likely to produce serious value conflicts. The basic issues were dealt with in the Mohawk Valley within a framework of high support, low demand and non programmed decision-making. The economic justification was sufficient for most issues because high levels of subjectivity could be tolerated. This was particularly true of the growth center issue. Competition of advisors was low due to the specialized nature of the MVEDD staff. The result was an achievement of consensus as to the economic and political justification for policies that were accepted by the decision-making organization. The only exception was the temporary rejection of the original growth center proposed by EDA.

The Northeast Pennsylvania district was highly differentiated also and this partly underlay the organizational difficulties that were experienced. The competition for advice was not focused however, on planning agencies. In fact, the only true review of the district OEDP was undertaken by planners from the local and county planning boards. Rather, it stemmed from the Scranton Planning and Redevelopment agency, whose executive director saw the establishment of a Wilkes-Barre based district agency as a threat to his advisory position in the Scranton area. He had apparently built up a strong reputation of success in obtaining funds for the city's urban renewal projects. This competition was certainly a factor in precluding the development of a dynamic advisory relationship between the EDC, Lackawanna County and Scranton.

The conflict in Northeast Pennsylvania had, in addition to competition for advice, the element of subjectivity of advice. This problem is inherent to economic development planning in spite of the recent design of quantitative partial models of regional development and economic location patterns.

The preliminary nature of these models is such that their predictive validity is low due to intervening variables. Economic development recommendations are subjective

in content because the ability to predict outcomes of alternative actions is low. There is insufficient fineness to discriminate among alternatives for the achievement of maximum future effect.

The generally high conflict environment made it particularly difficult for the district organizations to handle the subjectivity problem. EDA recognized their difficulty in making an exception in its criteria for designation of the growth center. It could see that the subjectivity of any recommendation made by the district could lead to severe attack and rejection by decision-making units in the district. In this instance the district was successful in transmitting new knowledge to EDA as the decision-making organization. This further contributed to the low level of magnitude and intensity that was apparent in the relation between the Northeast Pennsylvania district and local governmental policy-making organizations.

4. DECISION-MAKING CHARACTERISTICS AND DEMANDS.

This variable is defined according to the demand for a policy decision, the type of decision-making process, and the characteristics of the decision setting. Whereas the first variable in this section dealt with the substantive nature of the decision, this variable emphasizes the way the decision is made and the concommitent form of the

demand made on the advisory organization. It is postulated that a more intensive relationship of greater magnitude in terms of the flow of relevant knowledge exists under one set of characteristics than under another. Three characteristics must be considered.

1. Whether the setting within which the decision-making takes place is one of crisis or opportunity, that is whether defensive or offensive action is called for.

2. Whether the decision is the result of programmed or non programmed decision procedures. Under programmed procedures there is a general guide or routine to support the decision-making activity.

3. Whether the demand for a policy decision is high or low will affect the decision process and thus also the advisory relation.

When the decision-making setting is one of opportunity, the decision procedures are non-programmed, and the demand is high and exceeds corresponding support, the advisory relation will be of high magnitude and intensity. On the other hand, when the setting is one of crisis, demands do not exceed support, and decision-making is programmed, the magnitude and intensity of the relationship will be less. This is simply a reflection of the need for advice, but consideration of the three aspects of this need

is useful in determining the dynamic characteristics of the relationship.

This variable is most important when the structural characteristics of the advisory relation are formal and well defined. This is generally not the case in the district organizations but some indication may be found in the Mohawk Valley case. When there is a need for advice to solve a pressing regional problem, for which there is no accustomed way of reaching a decision, the district organization may play an intensive part. The Nuway project in the Mohawk Valley is one example of this. The construction of a major North-South highway had been under consideration for some time but action by the state legislature had not been forthcoming. The new mayor of Utica was extremely interested in this highway because of its proposed route near the city. He was under pressure to gain reelection and enlisted the assistance of the district staff. The result was an intensive relationship between the staff, board, and those concerned about the NUWAY. The staff advised the participants both on the economic need for the highway and on the strategies to be employed to secure legislative passage of the preliminary authorization. The enlargement of the growth center to include Utica is also meaningful in this regard. The district organization was prepared to respond to what was essentially an opportunity situation.

The district organization cannot control the factors that determine the decision setting and type of decision-making process but it can be prepared to respond when the magnitude and intensity of the advisory relationship is expected to be high. Research and preparation in policy areas that may result in high demand, non programmed, opportunistic decision-making within the particular district will increase the probability that the advisory organization will be able to provide a substantial knowledge input. This should broaden the scope of response and develop a more pervasive advisory relationship while increasing its magnitude and intensity. The district organization may then be able to contribute more specialized knowledge to policy decisions of a regional development nature.

In terms of preparation, the Northeast Pennsylvania district was providing for the possibility of intervention when the situation was right. The build up of professional staff and the potential for, and production of, in-house research studies was far greater than existed in the Mohawk Valley. This background of research was a major factor in the Council's establishing a working relation with the district's tourist promotion agencies and industrial development groups. Toward the end of the period under study, the Council began to move, on the basis of its technical reports toward

developing a cooperative district wide highway planning function and a comprehensive public investment program. In highway matters the district assumed a coordinative role whereas in public investment planning a more substantive advisory position appeared to be the council's objective. More progress had been made on the former than on the latter. This is not surprising in view of the factor of subjectivity of advice that would impinge more heavily on a substantive advisory role regarding public investments than on a coordinative one involving transportation.

5. BUREAUCRATIC VS. PROFESSIONAL ORIENTATION OF THE ADVISORY ORGANIZATION.

This variable deals with the characteristics of the advisory organization as they pertain to dependence and specialization of the advisory relation, It is hypothesized that the traditional staff organization is essentially a bureaucratic unit within the decision-making organization that specializes in activities that assist other production or decision-making organizations to perform their tasks. The professional advisory organization, on the other hand, usually exists outside the organization and its legitimacy as an advisor stems from professional expertise and some measures of independent recognition by society.

The bureaucratic orientation of an advisory organization indicates that the advisory relationship is dependent

and specialized, and the magnitude and intensity is highly channeled. A professional orientation signifies greater independence and breadth of concern. This may result in a relationship that is not as uniformly intensive and more uneven than that pertaining to advisory organizations with a bureaucratic orientation.

In the illustrative cases the district development organizations were professional in orientation and this coincides with their independent status in relation to decision-makers in the district. A city or county planning agency such as the Oneida County Planning Department would have a bureaucratic orientation as it is formally, structurally and institutionally dependent on one particular decision-maker. The level of professionalism varies in district organizations, as shown by the NEPEDC and the MVEDD staffs. Therefore, the concept of professionalism is somewhat broadly defined. In the Mohawk Valley, John Ladd participated in developing the OEDP along with Ray Paolino and Oneida County planners Gapin and Olney. In Northeast Pennsylvania the professionalism of the staff was not illustrated by the OEDP but was revealed in other fact gathering activities and personal contacts carried out by Ray Carmon, Don Moyer, Ray Condor and Hugh King.

The inherent independence of district organizations indicates a need for truly professional staff in order to reinforce the advisory relationship. An independent advisory organization that is also bureaucratic in orientation will not be able to achieve a highly satisfactory relationship with the decision-maker due to its independence. The traditional citizen planning board is one example of an independent bureaucratic advisory organization that has had a relatively unsatisfactory relationship with governmental decision-making organizations.

It follows then that the non-bureaucratic orientation natural to the district organization should be developed in the direction of professionalism by the hiring of truly professional staff members. This has been acknowledge by EDA in principle through its job specifications and review of proposed staff additions. However, shortage of qualified professionals has led to the hiring of semi-professionals or professional generalists that do not carry the legitimacy that a true professionally oriented advisory organization requires. This problem is well illustrated in the Mohawk Valley where the advisory relation could be strengthened if qualified regional economists and governmental specialists were added to the staff.

## 6. CONSISTENCY OF ROLE DETERMINANTS FOR THE DATA TRANSFORMER ADVISORY ROLE.

The magnitude and intensity of the advisory relation is also influenced in part by the consistency of the determinants of the advisory role. Beginning with the assumption that the data transformer role is an appropriate one for the expert advisor concerned with public policy-making, one may postulate that the consistency of the role determinants will increase the solidarity or external perception of the role and increase interaction between those assuming the role and those who perceive it.

A social role or organizational role is constituted by a number of elements that together give the role substance. This is similar to a lock with a set of tumblers. For any particular lock there is one key that adjusts the tumblers so the lock mechanism will move. The data transformer role is simply a statement, like the key, that fits the tumblers of social conditions. When the key fits there is congruence between the key and the lock. The conditions that satisfy the tumblers have been met. The analogy breaks down, however, because in terms of roles there is variation in goodness of fit whereas a key usually either fits or it does not.

A simplified example of this is the college professor role. The determinants of this role may be holding of a Ph.D.

degree, appointment to a position of academic rank, responsibility for teaching students and grading them, and reporting of research in scholarly publications. In the case of a student who seeks role relevant advice from the incumbent of the role the consistency of the determinants will affect the manner in which the principal relates to the advisor. If, for example, the incumbant does not hold a Ph.D., or does not have responsibility for teaching students the magnitude and intensity of his relation with a student will be lowered due to the student's perception of the inconsistency in the role.

For the purpose of this research the determinants of the data transformer role provide a definition of a general advisory organizational role. Therefore, in the district setting one would expect consistency of role determinants to establish a high level of magnitude and intensity of the advisory relationship. The determints are summarized briefly below and are then evaluated in light of the illustrations.

The advisor will be in a generalized structural position, not highly institutionalized but with long term advisory responsibility. The advisory organization will deal with a wide variety of issues and therefore view the advisory role

as comprehensive. Decision-making related to the advisory role will be non programmed in nature requiring substantial search and innovative procedures. The demand will be for policy oriented knowledge of a largely non quantifiable and social value laden nature. While the demand on the advisory organization for output will not be high the implicit demand for policy knowledge will be quite high providing the opportunity for moving toward objective rationality in public policy-making by increasing the magnitude and intensity of the advisory relation.

The role defined by these determinants may be contrasted by the reverse extremes that would constitute a narrow, precise, technically oriented and well defined special advisory function. This would still be a data transformer role but the behavior pattern of the incumbent person or organization would be quite different.

Role congruence as a variable has meaning based on the assumption that consistency of role determinants would increase the likelihood of higher levels of magnitude and intensity in an advisory relationship. The six determinants will be discussed briefly in terms of the illustrations.

Dependence on environment - In the Mohawk Valley and in Northeast Pennsylvania the governmental policy-making organization was profoundly influenced by the local political

environment. In both instances this required a broad concept of the data transformer role. In addition, in Northeast Pennsylvania there were the nongovernmental regional policy-makers who were, in the short run at least, less dependent on the environment. Their dependence was, in any case, regional rather than local. This should have permitted the advisory organization to take on more specific functions. The fact that it did not is attributable to other determinants discussed below and serves as an indicator of the lack of true regional importance of the nongovernmental organizations backing the Northeast Pennsylvania district.

Placement of advisor - In both districts the advisory role was seen as a long term and continuing one. The district organizations occupied a generalized structural position. This, as noted earlier, was characterized by differences in the informal, rather than formal, relationships.

The appointed regional policy board - Both district boards saw their role as general and comprehensive in nature. This follows from the terms of their appointments and the sum of their knowledge about the governmental environment of the districts. The specific approach taken by each board to fulfilling its generalist role was colored, however, by the type of regional respresentation of the boards. The board involvement that Orlo Webster used as a criteria for his

list of potential members was an important product of his perception of the organizational role.

Non-Programmed decision-making - The non programmed nature of regional decision-making was apparent in both districts as the problems of economic development required the creation of innovative and non repetitive decision alternatives. The level of certainty or probability attached to outcomes was low in spite of a history of development activity in both regions. This provided an important inducement to the local governments to cooperate with the regional agencies in these areas. The degree to which this occurred was again dependent on the consistency of other determinants.

Non quantifiable knowledge - Both districts found their roles determined in part by the non quantifiable social value factor that precluded specific measured outputs of advice focused on well defined problems. Under these conditions the districts focused on either regional studies or regional implementation of existing proposals.

Low demands for output - Although the type of knowledge required by policy-making organizations was of the type that would produce an intensive relationship of high magnitude, the low demand for output gave this a narrow or pulsed character. In Northeast Pennsylvania a somewhat lower consistency of role determinants was related to the low demand

for policy knowledge. This resulted not only in a generally wide ranging and innovative type of advisory output but also in a turning to nongovernmental organizations for clients. One particular example of this in Northeast Pennsylvania was the recreation and tourism study that was produced in part to satisfy demands of trade organizations and for the tourist industry.

When evaluating the two districts according to the consistency of role determinants it appears that the greater magnitude and intensity of the advisory relation with public governmental organizations in the Mohawk Valley is attributable in part at least to role consistency.

The degree of consistency of role determinants was influenced in the Mohawk Valley by events that required or provided opportunities for advisory recommendations. One of these was the extension of the Rome growth center. Another was the potential for multi-county planning or comprehensive health planning. The MVEDD has responded to the first and is in the process of responding to the second.

It appears from the study of the two district organizations that the greater inconsistency of the determinants of the data transformer role in Northeast Pennsylvania was due to dependence on environment, the appointed regional policy board, and low demands for output. The shift in dependence

from governmental to private organizations combined with a bias against them inherent in the membership of the board was related to the low and fragmented demand level. These conditions produced inconsistencies in the data transformer role of the district agency resulting in constraints on the dynamics of the advisory relationship between the district organization and governmental policy-making organizations.

This analysis of the degree of consistency of the data transformer role that points to a relation between role consistency and the advisory relation depends on the assumption set forth in an earlier chapter that the data transformer role is an appropriate one for the district economic development organization.

## Effectiveness of the Advisory Relation

This section contains three summary variables that draw upon those developed earlier in an attempt to provide a framework for defining and evaluating the effectiveness of the advisory relation. They are based on the concepts of role congruence, internal-external power relations, and social interaction as applied to organizations. The evaluation will focus on the advisory relationship rather than the correctness of advice or appropriateness of resultant public policy decisions. It must be explicit that the basic assumption underlying effectiveness is that; a more effective

advisory relation occurs when the amount of relevant policy knowledge transmitted to the decision-making process and available to the decision-makers is increased, thereby increasing the likelihood, all other things being equal, of attaining objective rationality in public policy output.

1. PERCEPTION OF THE ADVISORY ROLE IN TERMS OF THE ADVISORY OBJECTIVE AND ESSENTIAL ADVISING ACTIVITY.

The perception variable is based on the hypothesis that the effectiveness of the advisory relationship depends on the degree to which the advisory objective and the advising activity correspond to the expectations of the principal. Where correspondence is high the relationship will be more effective in transmitting relevant knowledge than where it is low.

For example, the Northeast Pennsylvania district organization saw as its advisory objective and essential advising activity the provision of informational reports, analyses, and studies of regional elements such as recreational potential or labor force characteristics. These were based on organizational objectives such as building support or expanding the professional staff. Local policy-making units would perceive a different kind of advisory objective and essential advisory activity for the district organization. There may be an immediate need for advice and assistance

to the local units and their constituents. When this occurs, as it might have in the Mohawk Valley, this difference in perception lowers the effectiveness of the advisory relationship since the reports issued by the district agency may never be read and local projects are not developed for maximum regional effect.

This appears to have been the case in Northeast Pennsylvania, at least during its first years of operation. One factor that limited the effectiveness of the district in advising local governments was the difference in role perception between the executive director and the district governments.

Ray Carmon perceived policy-making activity at the local level as so laden with political values as to be unable to digest technical recommendations. He preferred to deal with the more neutral regional organizations such as PP&L and local business groups.

This variable is a summary factor that rests on the findings concerning variables related to structural position and dynamics. Especially relevant is recognition of the potential for informal relationships between local and regional personnel that were appropriate but unrealized and the inconsistencies in role determinants.

In the Mohawk Valley District there was a substantial amount of agreement between the agency's perception of the

advisory role and that of the local units. The joint preparation of the OEDP and the close correspondence of the executive director's views with those of local and county governments concerning local project assistance are indicators of role congruence in terms of the advisory objective and essential advising activity. Some criticized the district staff as being too project oriented but the development of the OEDP could be pointed to as reflecting a truly comprehensive approach to the problem of increasing regional economic development. The district staff was sensitive to the demands of local units of government. Also, the structural characteristics of the relationship were such that the district organization could directly receive cues as to the expectations of the principals (in this case village, town, city, and county governments, and development corporations).

As understanding of this variable provides a framework for increasing the effectiveness of the advisory relationship. This is accomplished by ensuring that there is good communication between advisor and principal and that internal organizational objectives do not interfere with the advisory objective and essential advising activity to the extent that a lack of congruence of role expectation occurs.

2. THE SENSITIVE-INSENSITIVE NATURE OF THE INTERNAL-EXTERNAL POWER RELATIONSHIP.

This variable concerns the environment, and the

relationship between the decision-making organization and other units, in the system of regional development policy-making, as well as the advisory environment. It is hypothesized that when the internal-external power relation is sensitive an effective advisory relation will be marked by a conceptual rather than coordinative advisory objective, by an abstract rather than operational essential advising activity, and by an advisory expertise that is pervasive, self contained and professional rather than limited dependent and bureaucratic.[1]

To attain an effective advisory relation it is necessary to take into account the relations between policy-making units as well as between the policy unit and the advisory organization. In essence the advisory relation is affected by the status of the principal and an understanding of the condition of this status will allow the advisory organization to structure its relationship in an effective manner. Evidence to support this hypothesis is developed in Flash's study of the Council of Economic Advisers where different issues were analyzed; each developed under different environment conditions. The relationship of the Council to

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[1] For a thorough discussion of this variable in connection with the President's Council of Economic Advisers see: Edward S. Flash, Jr., Economic Advice and Presidential Leadership, (New York: Columbia University Press, 1965, pp. 308-325.

the President was observed on issues where the balance of power was sensitive and also where it was insensitive.

This variable is crucial to understanding the district advisory process. The particular issues are generally a guide to the sensitivity of the environment. In some issue areas the local decision-making units acted unilaterally and with substantial support, or at least acquiescence on the part of other units in the system. Other issues required substantial amounts of cooperation, bargaining and adjustment among units in order for anyone to make a policy decision. Under these conditions the power relationship is highly sensitive and this is usually manifested, in the short run, by the level of demand and support for the advisory organization. In this manner the external power relationship among decision-making organizations is related to the internal power relationships within the advisory system.

Since district organizations relate primarily to the collective groups of local political units, the sensitive-insensitive nature of the relation is determined by the degree of consensus among local units on specified issues. In the Mohawk Valley the issues that were dealt with during the period of study were generally of an insensitive nature. This was due to the agreement among sections of the district for joint cooperation in solving economic problems. Sectional disputes were not very evident in comparison to

Northeast Pennsylvania. The Mohawk Valley district organization was able to maintain a coordinative advisory objective combined with an operational essential advising activity and a somewhat limited, dependent, and only semi-professional advisory expertise. The district's activities in coordinating projects and focusing on operational problems coincide with the limited professionalism of the staff. Under these conditions the advisory relation was effective in accomplishing the advisory objective perceived by the principals.

In Northeast Pennsylvania the degree of sensitivity was extremely high and the effectiveness of the advisory relationship reduced by the inability of the district organization to develop a suitable conceptual advisory objective, an abstract essential advising activity, and an advisory expertise that was pervasive, self contained and professional. Instead, the district's advisory objective was nominally coordinative as illustrated by its attempt to develop a common highway needs presentation and an overall public investment program. The essential advisory activity was not highly abstract in nature although the advisory expertise was substantially self contained, pervasive, and professional as indicated by the orientation toward turning out a professional product such as in the study of tourism. This response to a sensitive environment that resulted in a

lessening of the effectiveness of the advisory relation again indicates the summary nature of this variable as it relates to the characteristic and dynamic variables explored above.

3. LEVEL OF INTEGRATION BASED ON ROLE PERCEPTION AND THE KNOWLEDGE-POWER RELATION.

This third variable is also primarily a summary variable that combines concepts developed earlier and relates particularly to the two effectiveness variables discussed above. It is hypothesized that the effectiveness of the advisory relationship may be summarily indicated by the degree of integration of advice and policy decision-making. This integration is based on correspondence of role perception and conformance of advisory activities to the internal-external balance of power. Where there is an integrative relationship the knowledge-power relation will be interdependent and variable under environmental conditions of sensitivity.

It is postulated that the effective advisory relationship is one where there is an integration of advice in policy-making and a social integration of advisory and policy-making organizations. The variables discussed in previous sections and one and two above are all directed toward a relationship that is structurally and dynamically

integrated and provides the maximum opportunity for the inclusion of relevant knowledge in public policy-making. This has obvious application in regional development programs where specialized knowledge is extremely important in making policy decisions to increase gross regional product, employment, and entrepreneurial activity. The development district organizations are set up to provide this knowledge and to stimulate increased awareness of the regional aspects of local policy decisions. Broad regional programs such as may be developed in the OEDP must be incorporated in local policy decision-making if projects keyed to regional development are to be carried out.

The district organization may act as an advisory organization for the local governmental units and other organizations that are directly concerned with economic development in the district. In the Mohawk Valley the staff and board members worked together on substantive programs and activities. They also provided an integrating element when they served jointly in local and district wide capacities.

It is especially important that governmental officials be meaningfully involved in the district organization. Federal policy underlying the creation of economic development districts asserts the need for a public role in assisting private enterprise to expand the economies of those regions

where economic growth has not kept pace with the country as a whole.

A fundamental indicator of the difference in effectiveness between the MVEDD and the NEPEDC is the OEDP process and its product. Failure to develop a meaningful OEDP in Northeast Pennsylvania is indicative of the organization's inability to transmit relevant policy knowledge to local decision-making organizations. The reasons for this unsatisfactory advisory relation are contained in the discussion of the variables above. Possibilities for attaining a greater contribution of knowledge to local organizations concerned with regional economic development policy are seen in the contrasting case of the Mohawk Valley.

Summary

Since this chapter has been largely a summary of experiences gained from practical and theoretical investigations into the advisory relationship, a further generalization at this point seems superfluous. It is intended that the variables described above be used as a guide to thinking about the district development organization and its relations with other organizations and with the general social and political environment in which it exists.

In the next and final chapter the variables will be summarized in three hypotheses about advisory relations.

These will be considered as part of a general theory of advisory relations in public policy-making concerned with the importance of knowledge and the relations between knowledge and power.

# CHAPTER FOURTEEN

## Consideration of Hypotheses and Conclusions With Respect To a General Theory of Advisory Relations

### Consideration of Hypotheses

STRUCTURAL-FUNCTIONAL CHARACTERISTICS OF THE ADVISORY RELATIONSHIP WILL VARY ACCORDING TO THE ORGANIZATIONAL STRUCTURE OF THE PUBLIC POLICY-MAKING ORGANIZATION IN THE POLITICAL-ADMINISTRATIVE ENVIRONMENT, THE ORGANIZATIONAL OBJECTIVES AS THEY INFLUENCE DEMANDS FOR KNOWLEDGE, THE TYPE OF DECISION-MAKING IN THE ORGANIZATION, THE KINDS OF DECISIONS MADE, AND THE TYPE OF ADVISORY EXPERTISE REQUIRED.

#### District-Local Relations

The relationship of the district organization including the staff, to local policy-making units is illustrated by structural functional characteristics. The Northeast Pennsylvania district had a detached and formal structural relation while the Mohawk Valley district was structurally quite highly integrated into the pattern of local organizations. This difference may be seen as an illustration of the first hypothesis if one examines each district in terms

of the characteristics of the policy-making organization.

The organizational structure for public policy-making was similar in both districts where there were city, town, and county governments. The kind of decision-making was also similar in both districts within the policy-making organization. Variations may be noted however, in the organizational objectives and the type of advisory expertise required.

In Northeast Pennsylvania the objectives of local governments focusing on economic development were largely self centered and concerned the potential development of the areas occupied by their constituencies. In the Mohawk Valley there was greater recognition of the importance of actions that would benefit sections by stimulating the development of the whole area. In Rome and Utica there was a tradition of intercity and intercounty cooperation that did not exist in Wilkes Barre-Scranton.

The type of expertise required in each district also varied as a corollary to the organizational objectives. In Northeast Pennsylvania the demand for advisory expertise was in the form of applied technical studies that were sectionally oriented and would be acceptable within parts of the district. Because of the competitive nature of the political system there was little demand for generalized

or integrative proposals aimed at the economic development of the entire district. What was needed, in retrospect, was meta-policy knowledge that would indicate how regional development policy was to be formulated. In the Mohawk Valley, however, there was a demand for integrative solutions although jurisdictions were conscious of the need for advice on local actions as well as joint regional ones.

We see then, generally, that in the case of the Mohawk Valley and Northeast Pennsylvania the organizational objectives and the type of advisory expertise were important factors in the degree of formality or integration of the structural relationship. The fact that the Northeast Pennsylvania district organization found its most important relationship to be with the major private and semi public institutions such as banks and utility companies lends support to this finding since their objectives and demands for expertise were oriented toward region-wide concerns. These aspects of the hypothesis will be developed in more detail under the analysis of structural-functional variables in a later section.

District-Staff Relations

A second type of advisory relation exists between the district policy board and the professional staff. In the

Mohawk Valley and Northeast Pennsylvania the professional staff was formally under the jurisdiction of the executive board of the district council. Their formal relationship was marked by differences in the degree of joint participation by the staff and board members in policy formulation. In Northeast Pennsylvania the staff existed only under general supervision of the board, and staff policy statements such as the OEDP were accepted by the board with little discussion. In the Mohawk Valley on the other hand, there was a close relation between the staff, consultant and board.

The interdependent nature of the relation between the staff and the board was due to the structural characteristics of board-local relations. The board-staff relation is a sub-set of the advisory relation in the political system. In the Mohawk Valley the local-board relation enabled the staff to become almost a partner of the board rather than a dependent sub unit.

THE MAGNITUDE AND INTENSITY OF THE ADVISORY RELATIONSHIP WILL BE DETERMINED BY THE LEVEL OF DEMAND FOR POLICY KNOWLEDGE, AVAILABILITY AND COMPLEXITY OF THAT KNOWLEDGE, AND THE INTERNAL-EXTERNAL BALANCE OF POWER CONDITION.

District Local Relations

This hypothesis summarizes the more specific variables discussed in the preceding section. In terms of the Northeast Pennsylvania and Mohawk Valley districts the magnitude and intensity of the advisory relationship depended largely on the level of demand for policy knowledge generated by policy demands on governmental organizations, and on the internal-external balance of power.

In Northeast Pennsylvania the magnitude and intensity was relatively low and little knowledge was made available by the district. This was due to the low level of demand and also the sensitive balance of power with respect to the formalistic structure of the relation. The policy advice that was produced was limited in its usefulness to non-governmental organizations in the district.

The Mohawk Valley had a somewhat higher level of magnitude and intensity that seems to be due to a higher level of demand for policy knowledge and a more insensitive balance of power relation that corresponds to a less formalistic structural arrangement. The availability and complexity of policy knowledge on regional development were somewhat greater in the Mohawk Valley due to the inputs of Ray Paolino, the regional economist for the New York State Department of Commerce.

District Staff Relations

The demand on the staff for policy knowledge by the board was higher in the Mohawk Valley than Northeast Pennsylvania. In the Mohawk Valley the technical staff worked jointly with board members and local specialists and there was a high degree of integration of staff with policy-making. In Northeast Pennsylvania early acquisition of technically oriented staff precluded the need for external expertise such that the integration of staff with the policy board was minimal. This, of course, was also partly due to the lack of interest and cooperation shown by local and county governments in the district.

THE EFFECTIVENESS OF THE RELATION OF EXPERT ADVISOR TO POLICY-MAKING ORGANIZATION DEPENDS ON THE DEGREE OF INTEGRATION OF ADVISOR AND PRINCIPAL IN CONJUNCTION WITH STRUCTURAL-FUNCTIONAL CHARACTERISTICS AND THE MAGNITUDE AND INTENSITY OF THE RELATIONSHIP AS REFLECTED IN THE BALANCE OF POWER CONDITION.

The effectiveness of the advisory relationship is hypothesized here in terms of the degree to which the integration of experts and policy-makers is achieved within the constraints of structural characteristics and levels of

magnitude and intensity. Effectiveness cannot be measured in terms of the effect of advice on policy formulation because there is no adequate way of determining the relative effect of advice on final policy decisions. Also, as seen from Dror's study, it is exceedingly difficult to measure such things as appropriateness or success of policy or of the relation of outcomes to policy output. Therefore, in this study of the advisory relation the primary concern is with increasing the amount of relevant policy knowledge that is transmitted to and received by the decision-making organization whether or not it is utilized explicitly in policy output.

It has been assumed that increases in the availability of relevant policy knowledge will lead to the movement of policy output toward objective rationality. That is, availability of knowledge about eighty percent of all factors that will determine the outcome of a particular policy decision produces a decision that is closer to being objectively rational than when only sixty percent is available. Availability will be affected by the structural characteristics, the magnitude and intensity of the knowledge flow and may be summarized by the concept of integration of advisor-principal relations.

In other words the effectiveness of the advisory relation depends, as defined above, on the "right relation of knowledge to power"[1] and it is postulated that a basic element of an effective relation is the integration of advisory expertise in public policy-making rather than transmittal of expertise from one distinct unit to another.

A comparison of the two districts will illustrate this point, especially in regard to the OEDP. In Northeast Pennsylvania the OEDP may be said to have had virtually no impact on local governmental policy-making. Technical studies on tourism and recreation also had little effect at the local or county level. The level of integration was extremely low. As indicated above, the structural relation was less appropriate to the environmental conditions and the magnitude and intensity was lower than in the Mohawk Valley.

In contrast to this, the OEDP produced in the Mohawk Valley was the product of close consultation and cooperation between the expert advisor and the local governmental organizations. This consultative arrangement allowed for greater integration and therefore a more effective advisory relation

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[1] Lyman Bryson, "Notes on a Theory of Advice" Political Science Quarterly Vol. LXVI (Sept. 1951) No. 3.

between the district board and public policy-making organizations. This integration developed from structural relations and magnitude and intensity levels that provided the basis for its achievement. The most important aspect of the illustrative material presented above is the emergence of the concept of different degrees of integration as indicators of the effectiveness of the advisory relation.

## District-Staff Relations

The relation between the district staff and the board showed a similar variation between Northeast Pennsylvania and the Mohawk Valley with regard to the OEDP. In the Mohawk Valley, members of the board served on the OEDP committee and worked with the staff expert supplying expertise of their own to the process. In Northeast Pennsylvania there was little contact on substantive matters between the staff and the board either in terms of the OEDP or other technical reports. This seems to be linked to district local relations since one path to achieving integration of expertise is through a link provided by the citizen board as representative of the local communities.

## Conclusions with Respect to a General Theory

There are three basic concerns that must be dealt with in summarizing the results of the research effort

explicated above. These are: conceptual issues raised in the research approach, new knowledge contributed by the formulation and illustration of the variables, and further research and approaches that may follow from the present study.

Conceptual Issues

A basic concern in the study and analysis of advisory relations is the importance of personality and the manner in which it is conceptualized as a variable. The assumption concerning interpersonal relations in this research is discussed in Chapter Four.

The personality factor is a very apparent one in subjective recollections of advisory relations because the tendency is to remember those situations where interpersonal relations were a dominant theme. However, in a broad comprehensive approach to the specification of advisory relations the personality of individual actors is so pervasive as to be meaningless as a separate variable. This is particularly true in complex interorganizational relations when advisory organizations interact in a highly differentiated manner.

The concern for personality is present not only in terms of advisory relations but also in conceptual approaches

to general organizational behavior. Victor A. Thompson in his book Modern Organization makes the following assumption.

> This exclusion of personality from our account may seem wrong to many persons in supervisory positions. They feel this way because they take the organization for granted. The few personality cases are easy to see, and they take up time. The enormous system of order, the organization, goes unnoticed. The devient is a personality problem precisely because he does not respond to organizational determinants; his behavior cannot be explained by organization theory and must be referred to personality theory. Fortunately, the very general standard personality assumed by organization theory fits most people otherwise, organizations would have to be managed from top to bottom by psychiatrists.[2]

The personality aspect of advisory relations can be viewed as a random variable that may be of greater importance in some situations than in others. Over a long run of cases the effect of personality may be considered as a constant in relation to the organizational variables. Therefore, an application of the variables will produce change in the advisory relation over an accumulated series of cases although the specific impact in any one case could be overshadowed by interpersonal relations. Essentially, it is argued that the personality factor does not substantially minimize the usefulness of the variables and hypotheses developed in the research reported herein.

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[2]Victor A. Thompson, Modern Organizations, (New York: Alfred A. Knopf, 1961) p. 9.

Another conceptual problem arises from the use of advisory boards to illustrate the determinants of the advisory relation. This problem concerns the distinction between advisory board members as experts and as staff members. There is a tendency to view the board members as experts because they represent special interest groups. It should be recognized that this is not the same as the expert who possesses specialized knowledge and skills. The board member, as distinct from the staff member serves on a board as a representative of a political person or organization. He is not considered an expert if his expertise concerns knowledge about a specific interest group that he represents.

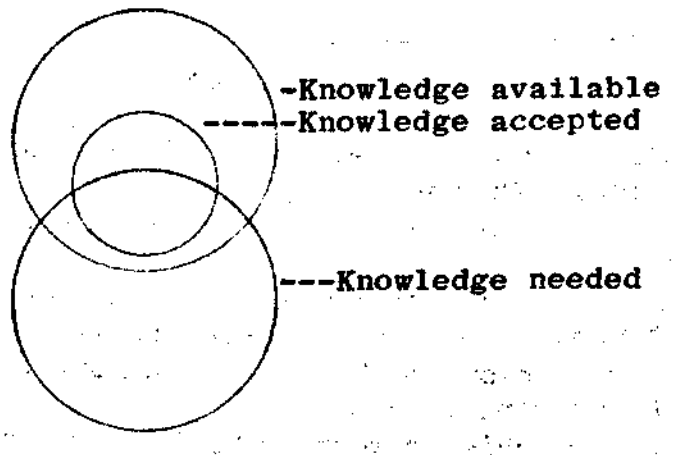
An example of this would be a farm proprietor who is a member of a district development board. He is a representative of an interest group within the district and he may also be an expert on the effects of technology as applied to agricultural production and yields. A board member may occupy one or more of three different roles depending on the functional state of the advisory process. He may be a representative of a policy organization, a spokesman for the expert, or an expert himself. In terms of the Mohawk Valley and Northeast Pennsylvania case illustrations, board members were largely representatives and spokesmen.

The concept of relevant policy knowledge (RPK) as a commodity is implicit in the conceptualization of the variables. It may be categorized in the context of the advisory relation in terms of availability, need, and acceptance. This is particularly important for defining the effectiveness of the advisory relation.

RPK is available when it is known by the policy-makers within the policy-making organizations. It must be more than just physically present or proximate to the decision-maker. When RPK is available to the policy-maker it is a part of the decision process whether it is accepted as a recommendation, modified, or rejected.

RPK that is needed is defined as that which is perceived by the policy-maker as required for the policy decision. If the advisory relation is effective, this will usually be only part of the RPK available.

A third modification of the RPK term is needed to cover acceptance of advisory recommendations. This is also a subset of available knowledge and may or may not include all RPK needed by the decision-maker. The situation in terms of a Venn diagram may be as follows:




It should be remembered that RPK may be accepted in the policy decision that was not perceived to be needed by the decision-maker. In terms of EDA policy on growth centers it was obvious that EDA did not perceive a need for information concerning political conflict in evaluating growth center proposals. This knowledge became available, however, in connection with the Northeast Pennsylvania case and, as relevant policy knowledge, led to a revision of basic EDA policy.

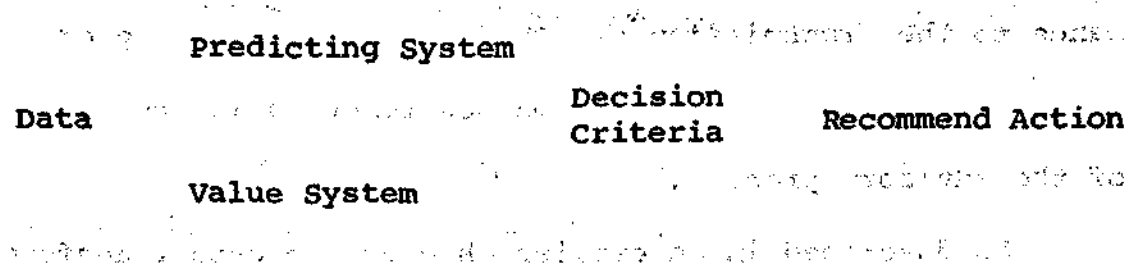
Another concept that is important to the final analysis of the advisory relation is data transformation. The advisory expert may undertake a number of different activities including research, advocacy, analysis, coordination and com-

munication. For the purpose of this research one concept is used to indicate the primary role in terms of its importance to the transmission of RPK to the policy-making organization. The data transformation function is the heart of the advisory process.

As described in an earlier chapter the data transformer provides RPK by a variety of processes where the objective is to collect data, analyze it in terms of the decision problem or policy issue, and present it in a manner that enhances its incorporation in the decision-making process. In fact, the performance of the data transformer function becomes an adjunctive part of the decision-making process and therefore brings the expert into the policy-making situation. This is one of the most important positive implications of the role since it enhances the integration of policy-maker and expert.

The decision process itself is conceptualized as an activity directed toward the objective of defining a problem or decision situation, predicting the outcomes of alternative courses of action in terms of relative liklihood, and applying decision criteria to determine the most desirable outcome. The advisory process is an integral part of this

decision-making process as can be seen from a simple representation of a decision-maker presented by I. D. J. Bross.[3]




Without the expert advisor this process would of necessity be synoptic to attain the best decisions because there would be little attention to the relevance of data and the formulation of the problem. The advisory process reduces the synoptic requirement of the decision-maker by processing the data such that qualitative improvements will offset the quantitative lack of all data that would be required to operate synoptically. This activity affects the input of data both for the predicting system and the value system. The policy relevant requirement of RPK assists in the formulation of decision criteria, especially in terms of the emergence of a problem orientation. Finally, it should be noted that Bross terms the output of his decision-maker "recommendations." This emphasizes the fact that decisions must be implemented to be considered valid and

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[3] I. D. J. Bross, Design for Decision (New York: MacMillan 1953), p. 29.

that prior to implementation they are still only indications of what should be done rather than what will be done. There is a parallel with the advisory process since the data transformation process coincides with it where both processes yield output in the form of recommendations.

New Knowledge

The aim of the research reported herein on advisory relations has two major interrelated objectives. One of these is to develop new or heretofore unarticulated knowledge about advisory relations. A second is to generalize and correlate partial theories about experts and organizations into a more complete theoretical statement that contains concepts that may be employed in order to further study, evaluate, and modify advisory relations in terms of their effectiveness as a means of improving the rationality of public policy.

One area of new knowledge that the author believes has been developed from the research is the comprehensive statement of the variables that are the major determinants of the advisory relation. The three categories of variables build on each other in terms of their interrelationships and the interplay between characteristics and dynamics is

essentially summarized by those hypotheses and variables concerned with effectiveness. A systematic statement developed from relevant organization, political, and social theories has not been found in the scholarly literature on the advisory relation.

A second area of new knowledge that has emerged from the research on the advisory relation concerns the definition of effectiveness of expert advisors as it pertains to social and political integration.

The concept of effectiveness presents difficulties when applied to advisory relationships. Recent research on the problem ranges from a purely subjective rating of effectiveness of city planning agencies by a panel of 'experts' to the evaluation of the proportion of advisory recommendations accepted by the principal.[4] This author has also investigated city planning citizen boards to determine whether their effectiveness could be determined by some acceptance ratio for their recommendations.

Neither the subjective approach nor the attempt to be quantitative in determining effectiveness has proved

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[4]For the subjective approach see: Francine F. Rabinovitz, City Politics and Planning (New York: Atherton Press, 1969); For a middle of the road approach to acceptance of recommendations see, Edward S. Flash Jr., Economic Advice and Presidential Leadership (New York: Columbia University Press, 1965).

very successful. The subjective assessment depends too heavily on the expectations and perceptions of the judges as to effectiveness. On the other hand, counting recommendations accepted is unsatisfactory because of the variety of weights that may be assigned to an array of recommendations and the tenuousness of determining the impact on the final policy of any particular recommendation. A further difficulty, explored by Yehezkel Dror is that of evaluating public policy outputs themselves.

In view of the above problems, a different conception of effectiveness has been developed in connection with this research that appears to have considerable usefulness and validity in the study of the effect of advisory relations on public policy determination. Essentially, effectiveness is viewed as the relative increase in the amount of relevant policy knowledge <u>available</u> to the decision-making organization or principal. Availability by definition means that the RPK is considered in making the policy decision whether it is accepted or not. This approach seems advantageous because perfectly rational recommendations, as evaluated by the experts, may be irrational in terms of the decision situation as perceived by the policy-maker.

Under the present system of public policy determination it is the rationality of the policy-maker, not the expert, that is foremost in the political governmental system.

A further expansion of the concept of effectiveness that coincides with the availability of knowledge involves integration of advisors and policy-makers. As defined earlier, integration is the merging of social characteristics and social relations among two social groups. In terms of advisory effectiveness it is postulated that integration increases the amount of relevant policy knowledge available to the decision-maker by expanding the channels of communication and raising the flow or empathy of the advisory relation.[5]

The basic construct is that effectiveness in terms of availability of RPK will ultimately depend on the level of integration which in turn depends on attaining certain configurations of the variables that determine characteristics and dynamics of the advisory relation. This concept of effectiveness as integration is as close to a summary statement of this research as is possible at this time. Further research is necessary in this area. The complexity of the

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[5]Warren Bennis, Changing Organizations (New York: McGraw-Hill, 1966).

advisory relation seems to belie any attempt at a simplified conceptual summarization.

The concern for effectiveness and integration leads to consideration of its incorporation into a general theory of the relation of knowledge to power in policy-making situations. The hypotheses reviewed at the beginning of this chapter provide a theoretical bridge between partial theories of knowledge in organizations within the political system, and as determinants of social functional roles. If these hypotheses provide a basis for increasing the amount of knowledge available in the policy-making process then a subsequent concern is the effect on policy output and on the role of government in human affairs.

That there is a relation between knowledge and power has been noted by many students of government and politics. Knowledge may be used to determine ways of accomplishing objectives that would otherwise be unknown. This point is clearly illustrated by the development of the atomic bomb and its impact on world political power relationships. The knowledge that permitted the construction of a weapon based on the principle of atomic fission is not only evidence of the relation between knowledge and power, in this case physical as well as social, but indicates that the two may often be equivalent.

The ramifications of increasing the flow of RPK in public policy-making systems is important in terms of the increase in power that may result. The increasing demands on government to solve complex problems require not only policy decisions, but also the power to give them meaning for society. The increase in policy knowledge will result in policy that is improved in the direction of objective rationality and in increased power to carry them out.

Finally, in terms of new knowledge, the utilization of a systems approach to the relations between advisory organizations and policy-making organizations provides a framework for evaluating interorganizational relations in terms of a dynamic demand support environmental model. This is associated with decision-making as the central activity of the system. This approach enables the decision-making process to be injected as it modifies interorganizational relations through its response to support and demand inputs. The systems approach, especially the communication aspect developed and applied to government by Carl Deutsch, has proved to be highly useful as a model for the evaluation of advisory relations.

Further Research

Because of the broad nature of this dissertation topic, it provides a framework for further research in improving the advisory relation as a means of improving public policy-making. Two lines of research may be followed that appear particularly pertinent. Investigation of other types of cases and the evaluation of the variables and hypotheses should be undertaken. This should include a typology of advisory cases so they may be grouped into categories. Also, because of the complexity of the advisory relation, in the abstract, of even one situation over time, more attention should be paid to issue oriented investigation. In preceding chapters of this dissertation, variations in the advisory relation depending on the issue, were illustrated in a preliminary manner. This should be extended such that the variables and hypotheses may be evaluated according to homogeneous sets of issues and then contrasts made between sets.

While this research has concerned the study of existing advisory relations and institutions, there should be recognition that organizations and organizational forms are changing and modifying both the problems and the prospects identified to date. Warren Bennis explores the trends and

potentials for organizational change and the role of the behavioral scientist in effectuating change. His thesis is that organizations, particularly business firms, are changing from hierarchical forms to participatory forms because of the increasing demands for new and specialized knowledge that is not gained by long experience in working up through the hierarchy of the organization. Bennis sees integration of experts and policy-makers as one major aspect of change. He asserts that there will be substantial change in organizational structure, especially in business firms. "Adaptive, temporary systems of diverse specialists, solving problems linked together by coordinating and task evaluative specialists, in organic flux, will gradually replace bureaucracy as we know it."[6]

This may seem some distance removed from the traditional city hall but a look at the problems of the cities and the demands placed on government to find solutions suggests that the relation between a diverse group of specialists and experts, and public policy-makers will be an increasingly integrative one.

Most reports of research end with the suggestion that others may wish to take up where the researcher has left

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[6]Warren Bennis, Changing Organizations (New York: McGraw-Hill, 1966), p. 12.

off and explore areas beyond the scope of the original work. The number of researchers making these suggestions appears to be much greater than those accepting them. One of the vexing problems of social science research stems from the low level of replication compared to the more traditional sciences. This author is not beyond criticism in this regard and therefore will conclude with the expectation that he will be able to explore further some of the concerns discussed above, with the aid of comment and criticism by other students of policy science.

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