

EXCERPTS FROM THE 000338
REMARKS
OF
HUBERT H. HUMPHREY
MORTGAGE BANKERS
SEPTEMBER 25, 1970 - MINNEAPOLIS

The Republican Administration has been using every possible euphemism to describe the current state of the economy --- their verbal gymnastics come closer to a side show contortionist than they do to sophisticated economic analysis --- the facts do not support the press releases.

The other day the Secretary of Commerce Stans was in the Twin Cities to offer his support for my opponent.

Secretary Stans told us that the inflation was over and that we were in a period of orderly growth.

Our economy, Secretary Stans said, was in good shape except for a few "weeds" -- "weeds" was the Secretary's word.

That gives you some idea about how
Republicans think.

Minnesotans have had a 7 percent increase
in consumer prices over the past year --- but Mr. Stans
calls those 'weeds'.

One million Americans are out of work today
who were earning a living and supporting their families
just one year ago and Mr. Stans call those 'weeds'.

In fact, there are one and one half
million more unemployed American workers in this country
since a Republican Administration took over in 1969.
A million and a half 'weeds', Mr. Stans?

That's been their game plan for over 40 years.

Every time we've given them the chance that's
the way they've played it.

We had a Republican depression in 1930.
We had three Republican recessions in the 1950's.
And now we have a Republican recession in 1970.

1969

1950's

1968 - Inflation 4.5%

Budget 1970
- 6 Billion

Deficit 1970 why
1971 - why

3 Billion Deficit

Estimate 1971
\$14 Billion

Listen to this. This isn't Democratic

propoganda -- it comes from a well known business journal, Business Week (9-12-1970) and I quote:

"The employment picture continues to darken -- as economists said it would. The unemployment rate edged up to 5.1% of the labor force in August ~~the highest since 1964~~. At 4.2 million, there are now 1.4 million more workers out pounding the pavement than a year ago.

"The number of jobless seems sure to continue its climb. Normally, it takes a growth rate in the economy of more than 4% to absorb new workers into the labor force and to re-absorb those displaced as productivity improves.

"The economy is far from that rate of growth. In the current quarter the rate may be only about 1% or so --- just not enough to make room for new workers.

"The picture is actually a bit darker than the unemployment rate suggests. As jobs become tougher to find, marginal job seekers are dropping out of the labor market, thus holding down growth in the labor force and the reported unemployment rate.

Inflation
August
better

10%

1960 -
7.2%
1953-61
3 Recessions
Deficits!

"It is becoming harder to find part-time work, too. The unemployment rate for the 9.5 million workers in the part-time labor force has soared to 8% from 6.4% last May.

"The number of hard-core unemployed is increasing steadily. Those who are jobless for 15 weeks or longer now make up 17% of total unemployment. And that figure will go up as the recently unemployed, facing an even tougher job market, join the long-term unemployed.

"Economic consultant Townsend-Greenspan & Co., predicting only a modest economic recovery over the next year, says that a steady increase in the number of jobless will produce a 6% rate by the late summer of 1971."

Our Republican friends may think that a "no growth" economy, unemployment, recession and inflation are sound economic policies --- but these are not policies, they are a disaster.

A disaster first and foremost for the jobless.

A disaster for the home builder and the mortgage banker.

10 Million
new
Jobs
1961-68

Training
But no
Jobs

Welfare
Bill -
William
Adams

A disaster for the housewife whose grocery dollar is shrinking.

Housing starts have declined from 1.9 million in January 1969, to current starts of about 1.1 million. This is not just a disaster. It is a disgrace.

1949 ✓
L The nation is committed by the 1968 Housing Act to a goal of producing 2.6 million housing units a year over the next decade, but this Republican Administration is ignoring that law, just the way they are deliberately violating the Employment Act of 1946.

Housing
L The Employment Act requires that the government -- The President -- establish policies to insure "maximum employment, production and purchasing power". This Administration has engaged in a calculated policy to ignore and violate that law. Secretary Stans confirmed that for Minnesotans when he told us that "unemployment was necessary to fight inflation." This is not a moral judgment or observation on my part. I charge this Administration with a direct and deliberate violation of Federal law.

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In violation of the law, this Administration has purposefully set out to create unemployment. That is their method for licking inflation --- tight money and unemployment.

In this past year we've had interest rates at their highest level in 100 years.

That is why I have proposed that the Federal Reserve Board be expanded to include labor representation.

The Federal Reserve Board at the present time is not providing a sound allocation of this country's credit resources.

we need quantitative easing on bank lending - for unnecessary plant & equipment take over
We need to seriously re-evaluate the entire focus of our fiscal and monetary policy mechanisms.

Efforts to coordinate monetary and fiscal policy have failed. In too many cases they have pulled at our economy in opposite directions.

Monetary, fiscal and economic policy must be coordinated by the President. This has not been done. It isn't good enough just to rely on the powers of the Federal Reserve Board to raise interest and adjust the money supply in a period of inflation.

Fiscal --- yes, tax policy --- and budget policy ---
and wage price policy must be included in the mix. This
has not been done.

Our President --- Republican or Democrat ---
must have the tools to do the job that needs to be done
for America --- but he must be willing to use the tools.

⌞ Apart from the need to preserve the peace
of the world, the future of our cities is the greatest
single challenge confronting the American nation in
the last third of the 20th Century. Our response to
this challenge will undoubtedly not only determine
history's evaluation of our civilization, but more
significantly it will shape our lives over the next
thirty years.

Cities

I have ~~frequently~~ called for a "Marshall Plan"
for our cities.

Solutions must be fashioned in the context
of a National Urban Strategy.

Marshall Plan

X my work with Mayno
Co-author of
HUD

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F. J. Zoull

Commitment

Implementation of a national strategy will require commitment of federal funds substantial in amount and regular in availability. Those funds could be provided from the "growth dividend" in our economy, but not as long as this Republican Administration maintains a "no growth" economic policy.

∠ Because of this recession, we have already lost \$19 billion in federal revenues. For this year alone we will have lost \$40 billion in potential output.

A continuation of these Republican restrictive economic policies runs the risk of losing one billion dollars per week in American productive potential in 1971.

A promised Federal Budget surplus has now been turned into a projected \$10 to \$14 billion deficit.

But we can act to get the job done.

*New Towne
Apprentice
and
city
sub*

∠ We need a National Urban Development Bank with subsidiary Regional Banks financed through subscription of public and private funds. ∠ The Bank would underwrite the unusual risks inevitably involved in meeting the hardest and most critical problems. Federal funds would be appropriated to get the Bank started. The balance of the funds would come from federally-guaranteed securities sold by the Bank to private investors.

Demore initiative

Emergency Home Finance Act 1970
Subsidized mortgages for middle
income housing - 450,000 units 390

000346

Control of land use is the key to influencing the pattern of future development. Yet America today has only the fragments of a National Urban Land Policy.

There is not only ample precedent for adoption of national policies relating to land use; there is compelling need. The doubling of our urban population projected within the next generation will necessitate space for a tripling of the nation's urban areas.

We can provide tax and other incentives for the building of low and middle income housing, through a National Urban Homestead Act to subsidize the land costs for qualified private housing developments to allow the use of relatively high-priced urban and suburban land.

Effective implementation of these programs and policies requires that we come to grips with the problem of in-migration.

~~We can and must take action to eliminate government-created incentives which pull people into the cities where there are no jobs.~~ And we can provide a new system of incentives which makes it possible for families to move from distressed areas to growing communities ---

① Housing Act 1949 - a decent home & suitable living environment for every American family -

just as such incentives are now provided to bring industry into local communities. The use of the investment tax credit to encourage business development in new towns and areas designated as development areas should be re-enacted. This, coupled with a much larger Economic Development Administration, could initiate a revitalization of our countryside and our inner cities.

✓ We need a more efficient system to provide job information and related services to residents of high unemployment areas.

Training

✓ We must have job data banks and a nationwide computerized comprehensive manpower system to accomplish this.

What I have proposed here is but a beginning in the long road to match performance to promise, reality to vision.

We are a nation of builders. We have already carved a great civilization out of the wilderness. Our achievements remain the unfulfilled goals of countless millions. Were we to do no more, our mark in history of mankind would be assured.

Why I run -

Our obligations, however, are not to history but to ourselves and to our children.

We must lift our sights. Minnesota in the year 2000 must be our vision. With that as our goal we will deal more effectively with today.

The same energy, the same imagination, the same courage that has typified the American spirit in the past must now be focused on this challenge.

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REMARKS
OF
HUBERT H. HUMPHREY
MORTGAGE BANKERS
SEPTEMBER 25, 1970 - MINNEAPOLIS

In the year 2000, 80 percent of the people of America will live in cities.

One hundred years ago, one person worked to provide food for four people.

Today one farmer provides all the food and fiber necessary to fill the needs of ~~44~~ people.

We have moved, almost without realizing it, into an ever growing urban society. And with this movement has come a new set of problems --- a number of questions have to be asked.

Will we be ready for the year 2000?

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Will we have a National Land Use Policy to provide the additional 12 million acres of urban land that will be needed by the year 2000?

Unless we plan now, will the land be available for housing, industry, schools, recreation, stores, hospitals or churches?

Since our urban population may double by the year 2000, where will these new communities be?

Must we strangle our already overcrowded costal urban centers, or can we provide the incentives to develop prosperous new communities through a National Urban Homestead Act and a National Migration Policy.

Will rural America flourish or perish?

How shall this new growth be financed?

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The year 2000 --- only 30 years away --- will
America be ready for it?

It will take vision and stamina to meet the
challenge of tomorrow.

It always has.

And it will take faith.

It always has.

As American mortgage bankers participating in
the servicing of over \$75 billion worth of mortgages, you have
had that faith, that vision and that stamina.

Since this is an election year, a little immodesty
may be forgiven. I submit that the Democratic Party has
demonstrated that it, too, has the faith, vision and stamina
necessary to do the job.

Our Republican friends, on the other hand, have been lacking in the vision that America deserves and needs.

An example of that tunnel vision is the fact that in 1965 my Republican opponent voted against the establishment of the Department of Housing and Urban Development.

In 1966, he voted against the Model Cities Act and in 1967 he voted against the authorization of funds for the upper Great Lakes Commission. This Commission was established to coordinate economic and community development in the Great Lakes states. It represents an effort at Regional Planning to deal with economic problems too large or too different to be dealt with on a narrower basis.

Earlier this year, President Nixon attempted to chastize the Congress for having "failed to act" on housing legislation that the Administration had submitted.

The facts were that the Administration never submitted any housing legislation for the consideration of the Congress. In fact, the Democratic Congress took the initiative and developed the legislation itself.

The Emergency Home Finance Act of 1970 was the product of the Democrats in Congress. That Act subsidizes mortgages for middle income families --- this three year program will subsidize a total of 450,000 moderate cost housing units.

Additional forward looking housing legislation currently pending in the Congress has been developed at the initiative of the Democratic majority on the Senate and House Banking Committees.

You are asked to believe that the current recession is due to the winding down of the war in Southeast Asia. While painful adjustments may well be called for in certain industries because of the welcomed de-escalation of conflict,

our present unemployment and "no growth" economy is a direct result of Republican economics.

Our economy is slumping not only because of cuts in defense spending, but because the Republican economic policy is preventing reasonable expansion. Tight money and high interest has taken its toll. Presidential vetoes of aid to education, health, research and hospital construction --- as well as calculated Administration refusal to make Congressionally authorized expenditures for needed programs is sapping our economic strength.

This Republican Administration and its supporters must bear the responsibility for these facts.

Housing, aid to education, hospital construction and health care programs are needed to meet our social needs. They are needed also because as we de-escalate the war we must provide jobs for those displaced.

An example of this Administration's short sighted action is the recent cancellation of \$9.6 million in federal funds that had been earmarked for construction of 600 apartment units for the elderly in St. Paul.

This Republican Administration has an open purse for missiles and a blank check for a supersonic plane to take those who can afford it to Paris in four hours. Yet, when it comes to people --- particularly the needy, the elderly, the sick, the retarded, the handicapped, and the poor who are locked in our cities and rural areas --- these are the people for whom the Administration's purse strings have been tightened and the pennies pinched and in many cases the funds denied altogether.

As a result of this most recent action more than 1,000 elderly Minnesotans will be deprived of decent housing. This is housing they were promised and housing that they desperately need and deserve.

This cancelling of funds that were actually repayable loans will deprive these senior citizens not only of decent living conditions, but also of the dignity and security they have earned and deserve from this society and this government in the twilight of their lives.

This mistaken anti-people policy will mean less business opportunity for Minnesota builders and suppliers, and it will mean the loss of hundreds of jobs for Minnesota construction workers, thereby adding to Minnesota's growing rate of unemployment.

While this Republican Administration has been using every possible euphemism to describe the current state of the economy --- their verbal gymnastics come closer to a side show contortionist than they do to sophisticated economic analysis --- the facts do not support the press releases.

The other day the Secretary of Commerce Stans was in the Twin Cities to offer his support for my opponent.

Secretary Stans told us that the inflation was over and that we were in a period of orderly growth.

Our economy, Secretary Stans said, was in good shape except for a few "weeds" - "weeds" was the Secretary's word.

That gives you some idea about how Republicans think.

Minnesotans have had a 7 percent increase in consumer prices over the past year --- but Mr. Stans calls those "weeds".

One million Americans are out of work today who were earning a living and supporting their families just one year ago and Mr. Stans calls those "weeds".

In fact, there are one and one half million more unemployed American workers in this country since a Republican Administration took over in 1969. A million and a half "weeds", Mr. Stans?

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In fact, Mr. Stans said that while the rise in unemployment is "regrettable and serious for the individual involved" it was necessary to fight against inflation.

The home building industry must be another one of Mr. Stans 'weeds'.

Even Chairman McCracken of the President's Council of Economic Advisors has admitted that the housing industry is in recession.

Republicans call it anti-inflationary.

I call it anti-people.

And that's not Democratic rhetoric --- that's Republican policy. They say "Unemployment is necessary to fight inflation." Remember that's what the Republican Secretary of Commerce said.

That's been their game plan for over 40 years.

Everytime we've given them the chance that's the way they've played it.

We had a Republican depression in 1930. We had three Republican recessions in the 1950s. And now we have a Republican recession in 1970.

Listen to this. This isn't Democratic propaganda--- it comes from a well known business journal, Business Week (9/12/1970) and I quote:

"The employment picture continues to darken --- as economists said it would. The unemployment rate edged up to 5.1% of the labor force in August --- the highest since 1964. At 4.2 million, there are now 1.4 million more workers out pounding the pavement than a year ago.

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"The economy is far from that rate of growth. In the current quarter the rate may be only about 1% or so --- just not enough to make room for new workers.

"The picture is actually a bit darker than the unemployment rate suggests. As jobs become tougher to find, marginal job seekers are dropping out of the labor market, thus holding down growth in the labor force and the reported unemployment rate.

"It is becoming harder to find part-time work, too. The unemployment rate for the 9.5 million workers in the part-time labor force has soared to 8% from 6/4% last May.

"The number of hard-core unemployed is increasing steadily. Those who are jobless for 15 weeks or longer now make up 17% of total unemployment. And that figure will go up as the

recently unemployed, facing an even tougher job market, join the long-term unemployed.

"Economic consultant Townsend-Greenspan & Co. , predicting only a modest economic recovery over the next year, says that a steady increase in the number of jobless will produce a 6% rate by the late summer of 1971."

Our Republican friends may think that a "no growth" economy, unemployment, recession and inflation are sound economic policies --- but these are not policies, they are a disaster.

A disaster first and foremost for the jobless.

A disaster for the home builder and the mortgage banker.

A disaster for the housewife whose grocery dollar is shrinking.

Housing starts have declined from 1.9 million in January, 1969 to current starts of about 1.1 million. This is not just a disaster. It is a disgrace.

The nation is committed by the 1968 Housing Act to a goal of producing 2.6 million housing units a year over the next decade, but this Republican Administration is ignoring that law, just the way they are deliberately violating the Employment Act of 1946.

The Employment Act requires that the government --- The President --- establish policies to insure "maximum employment, production and purchasing power". This Administration has engaged in a calculated policy to ignore and violate the law. Secretary Stans confirmed that for Minnesotans when he told us that "unemployment was necessary to fight inflation." This is not a moral judgement or observation on my part. I charge this Administration with a direct and deliberate violation of Federal law.

This Administration has purposefully set out to create unemployment. That is their method for licking inflation --- tight money and unemployment.

000363

In this past year we've had interest rates at their highest level in 100 years.

That is why I have proposed that the Federal Reserve Board be expanded to include labor representation.

The Federal Reserve Board at the present time is not providing a sound allocation of this country's credit resources.

To fight this misallocation of credit, in addition to labor representation on the Federal Board, we need quantitative ceilings on bank lending. Such ceilings will limit unnecessary plant expansion or conglomerate take overs.

Similarly, we should employ variable bank reserve requirements --- for example, zero reserves on bank lending to financial intermediaries like mortgage bankers who are aiding home construction.

Obviously, we need to seriously reevaluate the entire focus of our fiscal and monetary policy mechanisms.

Efforts to coordinate monetary and fiscal policy have failed. In too many cases they have pulled at our economy in opposite directions.

Monetary, fiscal and economic policy must be coordinated by the President. This has not been done. It isn't good enough just to rely on the powers of the Federal Reserve Board to raise interest and adjust the money supply in a period of inflation.

∟ Fiscal --- yes, tax policy --- and budget policy --- and wage price policy must be included in the mix. This has not been done.

Our President --- Republican or Democrat --- must have the tools to do the job that needs to be done for

America --- but he must be willing to use the tools.

Apart from the need to preserve the peace of the world, the future of our cities is the greatest single challenge confronting the American nation in the last third of the 20th Century. Our response to this challenge will undoubtedly not only determine history's evaluation of our civilization, but more significantly it will shape our lives over the next thirty years.

The failure to solve the crisis of our cities is a failure of the national will.

It is the refusal to make a national commitment.

This is not to say that we haven't enacted housing legislation. We have been doing that for over thirty years. However, we haven't matched promise to performance.

For example, the Housing Act of 1949 boldly proclaimed as its goal a "decent home and a suitable living environment for every American family."

With over eleven million substandard and overcrowded dwelling units in this country, we have failed woefully to match our performance to our goals. For too many Americans our cities fall far short of offering either a decent home or a suitable living environment.

The unhappy fact of the matter is that in 1970, after 30 years of housing programs, we have built fewer public housing units than Congress said in 1949 were needed by 1954.

I have frequently called for a "Marshall Plan" for our cities because, in my view, we need that kind of symbolic spiritual, economic and political commitment. It is a com-

bination of the statement of political and economic goals, and the application of public and private resources to getting the job done. It is a commitment that grows out of more than trying to do what is good and necessary. It stems more fundamentally from a recognition of the fact that to embark on the course proposed will best serve our self interest.

That's what made the Marshall Plan for Europe work. Beyond the recognition of the basic need, was the recognition of the still more basic fact that the economic recovery of Europe was in our self interest. We decided that we had to act to preserve those valuable economic markets and protect those important political relationships.

That's what we did, and that's why it worked.

Solutions must be fashioned in the context of a National Urban Strategy.

Implementation of a national strategy will require commitment of federal funds substantial in amount and regular in availability. Those funds could be provided from the "growth dividend" in our economy, but not as long as this Republican Administration maintains a "no growth" economic policy.

Because of this recession, we have already lost \$19 billion in federal revenues. For this year alone we will have lost \$40 billion in potential output.

A continuation of these Republican restrictive economic policies runs the risk of losing \$1 billion per week in American productive potential in 1971.

A promised Federal Budget surplus has now been turned into a projected \$10 to \$14 billion deficit.

We need a National Urban Development Bank with subsidiary Regional Banks financed through subscription of public and private funds. The Bank would underwrite the unusual risks inevitably involved in meeting the hardest and most critical problems. Federal funds would be appropriated to get the Bank started. The balance of the funds would come from federally-guaranteed securities sold by the Bank to private investors.

Operating much like the World Bank, the Urban Development Bank would provide "hard" loans to be fully repaid on reasonable terms and "soft" loans with very low interest charges and long periods of payment. The federal guarantee should, in itself, make possible lower interest costs and longer repayment periods, but hard loans would still be made without federal subsidy.

Using federal funds to reduce the interest costs will make feasible even the less economic but socially desirable projects.

Control of land use is the key to influencing the pattern of future development. Yet America today has only the fragments of a National Urban Land Policy.

The lack of urban land policy is in marked contrast to the historical concern which opened the frontier to settlement by all comers and provided federal incentives for national growth through assistance to develop canals, railroads, ports, harbors and other waterways and through irrigation and agricultural development policy.

There is not only ample precedent for adoption of national policies relating to land use; there is compelling need. The doubling of our urban population projected within the next generation will necessitate space for a tripling of the nation's urban areas.

We can provide tax and other incentives for the building of low and middle income housing. One approach to

accomplish this goal would be a National Urban Homestead Act to subsidize the land costs for qualified private housing developments to allow the use of relatively high-priced urban and suburban land.

We can provide Federal support for State equalization of certain community services --- education and welfare, for example --- within metropolitan areas, as well as between rural and urban areas.

Effective implementation of these programs and policies requires that we come to grips with the problem of in-migration.

The right of all Americans to move freely about the country is assured by the Constitution.

But, we can and must take action to eliminate government-created incentives which pull people into the cities where there are no jobs. And we can provide a new

system of incentives which makes it possible for families to move from distressed areas to growing communities --- just as such incentives are now provided to bring industry into local communities. The use of the investment tax credit to encourage business development in new towns and areas designated as development areas should be re-enacted. This, coupled with a much larger Economic Development Administration, could initiate a revitalization of our countryside and our inner cities.

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