

Tom
001127

STATEMENT OF SENATOR HUBERT H. HUMPHREY
JOINT ECONOMIC COMMITTEE
FEBRUARY 22, 1971.

201-411

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MR. CHAIRMAN, I AM PARTICULARLY GRATIFIED TO APPEAR BEFORE THE JOINT ECONOMIC COMMITTEE THIS MORNING. I THANK YOU AND THE COMMITTEE FOR THIS OPPORTUNITY. IT IS PARTICULARLY APPROPRIATE THAT MY FIRST APPEARANCE BEFORE ANY CONGRESSIONAL COMMITTEE, SINCE RETURNING TO THE SENATE, IS BEFORE THE JOINT ECONOMIC COMMITTEE.

I AM A JUNIOR MEMBER OF THIS COMMITTEE AND TODAY WE ARE DISCUSSING THE ECONOMY AND HOW REVENUE-SHARING AND WELFARE REFORM AND FINANCING RELATE TO THE ECONOMY. THE ~~PRESENT~~ CONDITION OF THE ECONOMY IS CERTAINLY THE MATTER OF MOST DOMESTIC CONCERN-- AND FRANKLY, THE HEALTH OF THE ECONOMY AND THE STRENGTH IT AFFORDS TO BOTH PROTECT AND INFLUENCE ABROAD, MAKE MEANINGFUL SOLUTIONS OF ANY

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GOVERNMENTAL PROBLEM DEPENDENT ON A SOUND ECONOMY.

IT IS GRATIFYING THAT MY CO-WITNESS, CONGRESSMAN HENRY REUSS, IS A MEMBER OF THIS COMMITTEE. WE SHARE THE SAME VIEWS ON MATTERS CONTAINED IN OUR STATEMENT. AND I MUST SAY, I FEEL PARTICULARLY SECURE WITH CONGRESSMAN REUSS RIGHT HERE. I FEAR NO ECONOMIC DRAGON, HUMAN OR OTHERWISE, WITH SUCH A COLLEAGUE. CONGRESSMAN REUSS IS A VETERAN OF THE ECONOMIC WARS-IN AND OUT OF THE CONGRESS. I HAVE FOLLOWED HIS THINKING ON ECONOMIC MATTERS FOR YEARS AND TRUST ECONOMIC POLICY-MAKERS WILL CONTINUE TO HEED HIS ADVICE, WHICH, IF FOLLOWED MORE CLOSELY, CAN HELP THIS COUNTRY AVOID ECONOMIC PITFALLS.

~~MR. CHAIRMAN,~~ OUR CITIES ARE MORTALLY SICK. OUR STATES IN A CHRONIC FISCAL CRISIS. THEY ARE

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SUFFERING FROM SEVERE AND WORSENING FINANCIAL
MALNUTRITION PLUS ORGANIC ADMINISTRATIVE IMPAIRMENT.

THEY JUST PLAIN LACK MONEY. IT IS NOT THE
TIME TO CONSIDER WHERE THE BLAME LIES OR ARGUED
ABOUT THE SOURCE OF THE ORIGINAL INFECTION. THE
FEDERAL SYSTEM IN OUR CITIES AND STATES IS IN A
CRITICAL CONDITION. THEY NEED A CRASH PROGRAM OF
ECONOMIC TRANSFUSIONS. AFTER IMMEDIATE ADMINISTRATION
OF THIS LIFE-BLOOD, THE CONGRESS ^{States & Localities} CAN GET ABOUT THE
BUSINESS OF DEVISING A PROGRAM OF REHABILITATION.

I SUPPORT ^{Administration initiatives} ~~REPUBLICAN PROPOSALS~~ FOR REVENUE
SHARING. I AM PLEASED THE PRESIDENT HAS OFFERED
TO THE CONGRESS A PLAN FOR PROVIDING THE STATES
AND LOCALITIES WITH THESE CRITICALLY NEEDED FUNDS.

CONGRESSMAN REUSS AND I HAVE ANOTHER PROPOSITION
 FOR REVENUE-SHARING. ^{But} BOTH PLANS WILL PROVIDE THE
 FINANCIAL TRANSFUSION TO SAVE THE PATIENTS' LIVES.
 WE CANNOT PERMIT A STALEMATE BETWEEN THE CONGRESS
AND THE ADMINISTRATION ON THIS VITAL ISSUE. THE
 TIME HAS COME FOR ACTION. WE MUST FACE HARD FACTS.
 WE MUST DECIDE SWIFTLY ON A PROGRAM AND THEN PUT
 IT INTO EFFECT IMMEDIATELY.

MY ~~APPEARANCE~~ ^{appearance} HERE TODAY, THEREFORE, ^{are} ~~IS~~ TO
 FURTHER THE CAUSE OF REVENUE SHARING -- BOTH AS A
 CONCEPT WHOSE TIME HAS COME AND AS CONGRESSMAN
 REUSS AND I CONCEIVE IT MIGHT WORK. ^{indeed} INDEED, I
 FEAR THAT IF WE DO NOT PROCEED TO ACT SWIFTLY, ITS
 TIME---ITS VALUE, AS A TEMPORARY PALLIATIVE, WILL
 HAVE GONE. WHAT THEN MAY BE REQUIRED IS AN EXTENSION

OF FEDERAL INVOLVEMENT INTO LOCAL GOVERNMENT ON
A SCALE THAT WOULD HAVE THE FOUNDING FATHERS
LITERALLY SPINNING IN THEIR GRAVES.

WE HERE IN WASHINGTON DO NOT WANT THIS. LOCAL
GOVERNMENTS DO NOT WANT THIS. THE PEOPLE DO NOT
WANT THIS. I HOPE THAT THE CONGRESS, IN ITS
WISDOM, WILL ACT TO PREVENT SUCH AN INVOLVEMENT,
BEFORE THE COURTS POSSIBLY COMPOUND THE CONFUSION
BY SAYING THE FEDERAL GOVERNMENT MAY NOT BECOME
SO INVOLVED, WITHOUT CONSTITUTIONAL AMENDMENT.

appears
MY ~~APPEARANCE~~ HERE IS NON-PARTISAN. ~~ALMOST,~~
~~I MUST SAY, TO THE EXTREME.~~ BUT PROVIDING THIS
HIATUS FROM FINANCIAL COLLAPSE TO OUR STATE AND
LOCAL GOVERNMENTS, WILL AT LEAST BUY US ALL ENOUGH
TIME TO GET ON WITH THE STREAMLINING, UP-DATING,

our
AND HUMANIZING¹ FEDERAL AS WELL AS STATE AND LOCAL
GOVERNMENTS.

QUITE CANDIDLY, WE ALL REALIZE WASHINGTON
WOULD BE QUITE HELPLESS WITHOUT LOCAL GOVERNMENTS.
WE NEED THEM PERHAPS MORE THAN THEY NEED US.
WITHOUT THEM, AS MOST INTEGRAL FACTORS IN THE TOTAL
GOVERNMENTAL EQUATION, WE WOULD HAVE CHAOS. THEIR
HEALTH AND EFFECTIVENESS DIRECTLY AFFECT THE
FEDERAL GOVERNMENT. AND, MORE IMPORTANTLY, THE
PEOPLE THEY SERVE, OR FAIL TO SERVE, ARE OUR
PEOPLE -- AND ULTIMATELY ALL GOVERNMENTS ARE THEIRS.

~~I AM SURE THE MEMBERSHIP OF THIS COMMITTEE~~
~~IS AWARE OF THE BASICS OF THE HUMPHREY-REUSS BILL.~~
~~IT~~ CALLS FOR A FOUR-YEAR AUTHORIZATION OF FROM
3 BILLION DOLLARS THE FIRST YEAR TO 9 BILLION DOLLARS
THE FOURTH. EACH FISCAL YEAR WILL REQUIRE A

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SEPARATE APPROPRIATION FROM GENERAL FUNDS AND
EACH STATE IS REQUIRED TO FILE A MASTER RE-
ORGANIZATION PLAN AND A TIMETABLE FOR ITS IMPLEMENTATION.

WHILE THIS DOES AMOUNT TO A NEARLY MEANINGLESS

Handy
STRING IN THE AUTHORIZATION ITSELF, I AM SURE THAT
NATIONAL ORGANIZATIONS REPRESENTING STATES, COUNTIES,
AND CITIES ARE AWARE OF WHAT GOES ON DURING THE
APPROPRIATIONS PROCESS. APPROPRIATIONS COMMITTEES
IN THE HOUSE AND SENATE WILL BE LOOKING AT THE
PROGRESS OR LACK THEREOF IN THE REFORM TO WHICH

✓ THE STATES HAVE COMMITTEED THEMSELVES. I BELIEVE
THAT THE CONGRESS, WHICH PROVIDES THE MEDICINE,
DOES HAVE THE RIGHT TO EXAMINE THE PATIENT REGULARLY
DURING TREATMENT.

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THIS IS WHY I BELIEVE THE HUMPHREY-REUSS
BILL IS SUPERIOR IN CONCEPTION TO THE VARIOUS OTHER
PROPOSALS THAT HAVE BEEN FORTHCOMING. / THE BILL
PROVIDES DIRECT FUNDING TO THE STATES AND LOCALITIES.
IT HINTS STRONGLY IN THE AUTHORIZING LEGISLATION
THAT STATE AND LOCAL GOVERNMENTAL REFORM WOULD
BE A FINE PROCESS TO PLAN, INSTITUTE AND IMPLEMENT.

HOWEVER, THIS HINT IS FOLLOWED UP WITH A
YEARLY CONGRESSIONAL REVIEW OF ACTUAL FUNDING. IT
IS UNPLEASANT TO THINK OF THE STATES AND LOCALITIES
BEING PENALIZED FOR THE FAILURE OF A FEW. HOWEVER,
I TRUST THAT PRESSURES FROM THEIR PEERS WOULD BE
A STRONG CONVINCING AND MOTIVATING FORCE.

welfare ~~IN OUR PREPARED STATEMENT, WE DISCUSS~~ *I have also* *are*
ALTERNATIVE OF PROVIDING FOR A COMPLETE FEDERAL
ASSUMPTION OF THE WELFARE COSTS THROUGHOUT THE NATION.

I BELIEVE THE FEDERAL GOVERNMENT SHOULD ASSUME THESE COSTS, AND THE SOONER THE BETTER. IN PROGRAMS THAT ARE CONTROLLED THROUGH FEDERAL STANDARDS, THERE SHOULD BE FEDERAL FINANCING. THIS WILL BE EVEN MORE IMPERATIVE WHEN CONGRESS ESTABLISHES A GUARANTEED MINIMUM INCOME FOR ALL AMERICANS.

WELFARE COSTS SHOULD BE ASSUMED BY THE FEDERAL GOVERNMENT AND THUS SAVE THE STATES AND LOCALITIES OVER 7 BILLION DOLLARS. NATURALLY, THE GREATEST SAVINGS WILL BE TO THOSE STATES THAT HAVE THE HIGHEST WELFARE BURDENS. THIS IS AS IT SHOULD BE. THE NUMBER OF THOSE IN NEED OF FINANCIAL ASSISTANCE THROUGH WELFARE ARE ALSO IN NEED OF A HOST OF OTHER STATE AND LOCAL SERVICES. THIS DEMAND ON PRESENT TAX REVENUES

IS ONE SIDE OF THE COIN. THE OTHER IS A COMPLETELY INADEQUATE TAX BASE. IN OTHER WORDS, WHERE NEED IS THE GREATEST, THE TAX BASE DESIGNATED FOR SOCIAL-NEEDS REVENUES IS THE WEAKEST.

SO THERE IS A BASIC EQUITY TO GRANTING FEDERAL WELFARE ASSISTANCE TO THOSE IN THE GREATEST NEED. HOWEVER, THERE ARE STATE AND LOCAL GOVERNMENTS THAT, WHILE THEY DO NOT HAVE AS CRUSHING A WELFARE BURDEN AS NEW YORK, CALIFORNIA, OR NEW JERSEY, THEY TOO NEED IMMEDIATE FINANCIAL AID. RURAL AREAS, WITH NO INDUSTRIAL TAX BASE ARE ONE EXAMPLE.

THE HUMPHREY-REUSS BILL, PAIRED WITH A WELFARE REFORM AND FEDERAL REFINANCING BILL, WOULD PROVIDE ASSISTANCE TO BOTH TYPES OF JURISDICTIONS.

I URGE THE ADMINISTRATION AND THE CONGRESS


TO BE FLEXIBLE AND TO WORK TOGETHER IN A SPIRIT
OF BI-PARTISANSHIP. I HAVE PLEDGED MY HELP IN
BRINGING TOGETHER THOSE URGING ONE PLAN TO
THE EXCLUSION OF THE OTHER. WE CAN^{and must} HAVE BOTH
REVENUE-SHARING AND FEDERAL FUNDING OF WELFARE.

I EXPECT MY PLEDGE OF COOPERATION AND CON-
CILIATION TO BE TAKEN ON ITS FACE VALUE. WE
CANNOT PLAY POLITICS WITH THIS ISSUE. THERE
EXISTS A PRESSING NATIONAL NEED THAT KNOWS NO
POLITICS. WE ARE HERE TO FIND A SOLUTION TO THE
FINANCIAL PLIGHT OF ■ STATE AND LOCAL GOVERNMENTS--
AND WE WILL.

THIS COUNTRY, WHEN THE NEED IS GREAT AND
THE DANGER CLEAR AND PRESENT, HAS ALWAYS CLOSED
RANKS -- PRESENTED A UNITED FRONT TO THOSE FROM

WITHOUT WHO WOULD DESTROY OR UNDERMINE OUR
SECURITY. TO NO SMALL DEGREE WILL THE MAINTENANCE
OF THE CIVIL PEACE HERE WITHIN THE NATION
DEPEND ON GOVERNMENT BECOMING INCREASINGLY
RESPONSIVE TO THE NEEDS OF THE PEOPLE -- AND
REMAINING RESPONSIVE TO THE PEOPLE.

I BELIEVE THAT IMPLEMENTATION OF THE
HUMPHREY-REUSS CONCEPT OF REVENUE-SHARING,
AND GOVERNMENTAL REFORM, IN CONCERT WITH
FEDERAL ASSUMPTION OF WELFARE COSTS, CAN HELP
HEAL OUR SOCIAL WOUNDS AND HELP CURE AMERICANS
OF THIS PANDEMIC MONONUCLEOSIS OF THE SOUL.

~~MR. CHAIRMAN, I WISH TO THANK YOU AGAIN~~

~~FOR THE CHANCE TO PRESENT OUR VIEWS ON THESE~~
~~MATTERS. THE PROFESSIONAL CALIBER OF BOTH~~

MEMBERS AND STAFF OF THE JOINT ECONOMIC COMMITTEE,
HAS MADE THIS COMMITTEE THE MOST RESPECTED
ECONOMIC FORUM IN THE NATION. THE PROFESSIONAL
ECONOMISTS AND POLICYMAKERS KNOW AND RESPECT
THIS COMMITTEE. IT CERTAINLY IS NO LOVE FEAST
TO APPEAR HERE AS A WITNESS, BUT THE CLASH OF
IDEAS--DEBATE OF CONFLICTING POSITIONS AND THE
MEETING OF ECONOMIC MINDS CANNOT HELP BUT CONTINUE
TO BE OF IMMENSE VALUE TO THE CONGRESS AND
THE NATION.

THANK YOU.



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