

PRESS CONFERENCE STATEMENT

SENATOR HUBERT H. HUMPHREY

ROOM 6202 NEW SENATE OFFICE BUILDING

WASHINGTON, D. C.

MAY 26, 1971

I am introducing in the Senate today the National Domestic Development Bank Act of 1971.

It will provide a major new source of capital funds and technical assistance for cities, counties, towns, school districts and other local government bodies across the Nation.

This legislation goes to the heart of the twin crisis facing our communities today -- the fiscal crisis and the development crisis.

The purpose is three-fold:

-- To help relieve the shortage of funds confronting nearly every government jurisdiction in the Nation and provide them with the capital to move ahead on vitally needed public projects.

-- To facilitate economic development -- including development of depressed areas -- to provide jobs, and stimulate the domestic economy.

-- To help promote better balanced rural-urban growth.

Simply stated, the National Domestic Development Bank will make long-term loans to state and local governments -- and to private business and other institutions in some cases -- for a wide range of urgent public construction.

Loans to state and local government will be made available at rates of interest no higher than tax exempt state or municipal bonds. Thus, the new financing mechanism will provide relief to government jurisdictions on interest charges and on the need to continually raise property taxes.

We are the leading partner in an institution that has had significant impact on development abroad -- the World Bank. I propose that we now apply this approach to our pressing development needs at home.

I believe that a nation that can assist development in Africa, Asia, Europe and Latin America must be able to provide financing for development of our own cities and towns.

If we can build a better Rio de Janeiro, why can't we help build a better Detroit, Michigan? If we can assist a province in Peru, why can't we help Wright County, Minnesota?

The Domestic Development Bank will provide an orderly, continuing source of capital funds. It is designed to end the "stop-start" history of public construction in our country. And it is designed to help communities plan for sound, coordinated, comprehensive development that truly serves its citizens.

My proposal is fully consistent with this country's long-established principles of public financing.

There is abundant precedent in the Federal Land Banks, the Banks for Cooperatives, the Federal Intermediate Credit Banks, the Reconstruction Finance Corporation and similar institutions.

All of these have been successful both in terms of development and financial stability.

The bill I propose is a development program for all the communities of America.

It can mean schools and medical and hospital centers close to the people.

It can mean industrial parks and more jobs.

It can provide funds for desperately needed transit and transportation systems.

It can mean more parks and playgrounds, swimming pools and campsites.

It can provide funds for comprehensive day care and community service centers . . . centers for cultural activities and museums . . . job training facilities . . . low and moderate income housing . . . ambulance and rescue centers . . . nursing homes and clinics . . .

water purification facilities and waste disposal and treatment plants . . . libraries . . . adult education centers . . . rehabilitation centers for the retarded and the disabled . . . and much more.

It can provide needed jobs in a slumping economy and trigger new private investment. It can make possible an overdue start on the renewal of business centers in our small towns and central cities, and a comprehensive attack on urban and rural blight.

The list of needed public projects is almost endless. We have neglected it too long and we have succeeded in becoming a nation that is privately wealthy, but publicly poor.

The time to begin to redress that imbalance is now.

In the next decade and beyond, the financial requirements for public development are expected to double and then triple. Inflation alone is expected to increase construction estimates by \$200 billion.

Money costs will be higher and so will the already high price of municipal bonds. It is time that we begin to adapt our antiquated methods of financing public construction to meet the mounting needs of our growing population.

There is a staggering backlog of public construction applications waiting the commitment of Federal funds.

The program backlog for urban renewal totals more than \$2.75 billion for some 900 projects.

The unmet demand for water and sewer facility construction totals \$2.5 billion.

There is a \$560 million backlog in public housing applications, with 474 localities waiting for funds for some 263,000 units and there is a backlog of \$645 million in requests from cities for lower and moderate income housing.

In rapid transit, our states and cities have submitted more than 100 applications for capital grants for construction and improvements totalling more than \$7 billion. And so on, and on.

My bill provides for a primary capitalization for the Domestic Development Bank of \$3.5 billion.

This initial capital will be raised mainly through public stock subscriptions. Dividend income will be partially exempt from Federal income tax to provide an incentive for investors.

The lending power of the Bank will be multiplied by the issuance of bonds on the national investment market.

There would be three main categories of loans:

First, states, cities, counties and other local government jurisdictions will be able to borrow for basic community facilities at rates comparable to municipal bonds.

Second, 40-year loans will be available to non-profit or quasi-government organizations receiving Federal funds and pursuing public purposes. Projects in this category would include construction of housing, medical, and other public facilities.

Third, loans over a 20-year period will be made to business organizations for economic development purposes in specially designated areas.

The bank will require that every project plan contain provisions to protect the environment -- the land, our water, the air we breathe.

And it will provide for local representation and participation in development projects to insure that projects are consistent with the needs and desires of the local area involved.

The cost to the Federal Government in establishing the National Domestic Development Bank will be a small fraction of the development value the Bank can generate.

Let us begin now on our urgent domestic agenda.

Let us begin now to shape our future, to build an America that addresses both the physical needs of our people and the spirit of man as well.

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SENATOR HUBERT H. HUMPHREY

ROOM 6202 NEW SENATE OFFICE BUILDING

WASHINGTON, D. C.

MAY 26, 1971

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I AM INTRODUCING IN THE SENATE TODAY THE NATIONAL
DOMESTIC DEVELOPMENT BANK ACT OF 1971.

IT WILL PROVIDE A MAJOR NEW SOURCE OF CAPITAL FUNDS
AND TECHNICAL ASSISTANCE FOR CITIES, COUNTIES, TOWNS,
SCHOOL DISTRICTS AND OTHER LOCAL GOVERNMENT BODIES ACROSS
THE NATION.

THIS LEGISLATION GOES TO THE HEART OF THE TWIN CRISIS
FACING OUR COMMUNITIES TODAY -- THE FISCAL CRISIS AND THE
DEVELOPMENT CRISIS.

THE PURPOSE IS THREE-FOLD:

-- TO HELP RELIEVE THE SHORTAGE OF FUNDS CONFRONTING
NEARLY EVERY GOVERNMENT JURISDICTION IN THE NATION AND
PROVIDE THEM WITH THE CAPITAL TO MOVE AHEAD ON VITALLY
NEEDED PUBLIC PROJECTS.

-- TO FACILITATE ECONOMIC DEVELOPMENT -- INCLUDING
DEVELOPMENT OF DEPRESSED AREAS -- TO PROVIDE JOBS, AND
STIMULATE THE DOMESTIC ECONOMY,

-- TO HELP PROMOTE BETTER BALANCED RURAL-URBAN
GROWTH.

SIMPLY STATED, THE NATIONAL DOMESTIC DEVELOPMENT
BANK WILL MAKE LONG-TERM LOANS TO STATE AND LOCAL
GOVERNMENTS -- AND TO PRIVATE BUSINESS AND OTHER INSTITUTIONS
IN SOME CASES -- FOR A WIDE RANGE OF URGENT PUBLIC
CONSTRUCTION.

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LOANS TO STATE AND LOCAL GOVERNMENT WILL BE MADE
AVAILABLE AT RATES OF INTEREST NO HIGHER THAN TAX
EXEMPT STATE OR MUNICIPAL BONDS. THUS, THE NEW FINANCING
MECHANISM WILL PROVIDE RELIEF TO GOVERNMENT JURISDICTIONS
ON INTEREST CHARGES AND ON THE NEED TO CONTINUALLY RAISE
PROPERTY TAXES.

WE ARE THE LEADING PARTNER IN AN INSTITUTION THAT
HAS HAD SIGNIFICANT IMPACT ON DEVELOPMENT ABROAD -- THE
WORLD BANK. I PROPOSE THAT WE NOW APPLY THIS APPROACH
TO OUR PRESSING DEVELOPMENT NEEDS AT HOME.

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I BELIEVE THAT A NATION THAT CAN ASSIST DEVELOPMENT
IN AFRICA, ASIA, EUROPE AND LATIN AMERICA MUST BE ABLE
TO PROVIDE FINANCING FOR DEVELOPMENT OF OUR OWN CITIES
AND TOWNS.

IF WE CAN BUILD A BETTER RIO DE JANEIRO, WHY CAN'T
WE HELP BUILD A BETTER DETROIT, MICHIGAN? IF WE CAN
ASSIST A PROVINCE IN PERU, WHY CAN'T WE HELP WRIGHT COUNTY,
MINNESOTA?

THE DOMESTIC DEVELOPMENT BANK WILL PROVIDE AN ORDERLY,
CONTINUING SOURCE OF CAPITAL FUNDS. IT IS DESIGNED TO
END THE "STOP-START" HISTORY OF PUBLIC CONSTRUCTION
IN OUR COUNTRY.

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AND IT IS DESIGNED TO HELP COMMUNITIES PLAN FOR SOUND,
COORDINATED, COMPREHENSIVE DEVELOPMENT THAT TRULY SERVES
ITS CITIZENS.

MY PROPOSAL IS FULLY CONSISTENT WITH THIS COUNTRY'S
LONG-ESTABLISHED PRINCIPLES OF PUBLIC FINANCING.

THERE IS ABUNDANT PRECEDENT IN THE FEDERAL LAND
BANKS, THE BANKS FOR COOPERATIVES, THE FEDERAL INTERMEDIATE
CREDIT BANKS, THE RECONSTRUCTION FINANCE CORPORATION AND
SIMILAR INSTITUTIONS.

ALL OF THESE HAVE BEEN SUCCESSFUL BOTH IN TERMS
OF DEVELOPMENT AND FINANCIAL STABILITY.

THE BILL I PROPOSE IS A DEVELOPMENT PROGRAM FOR
ALL THE COMMUNITIES OF AMERICA.

To here

IT CAN MEAN SCHOOLS AND MEDICAL AND HOSPITAL CENTERS
CLOSE TO THE PEOPLE.

IT CAN MEAN INDUSTRIAL PARKS AND MORE JOBS.

IT CAN PROVIDE FUNDS FOR DESPERATELY NEEDED TRANSIT
AND TRANSPORTATION SYSTEMS.

IT CAN MEAN MORE PARKS AND PLAYGROUNDS, SWIMMING
POOLS AND CAMPSITES.

IT CAN PROVIDE FUNDS FOR COMPREHENSIVE DAY CARE AND
COMMUNITY SERVICE CENTERS . . . CENTERS FOR CULTURAL
ACTIVITIES AND MUSEUMS . . . JOB TRAINING FACILITIES . . .

LOW AND MODERATE INCOME HOUSING , , , AMBULANCE AND
RESCUE CENTERS , , , NURSING HOMES AND CLINICS , , , WATER
PURIFICATION FACILITIES AND WASTE DISPOSAL AND TREATMENT
PLANTS , , , LIBRARIES , , , ADULT EDUCATION CENTERS , , ,
REHABILITATION CENTERS FOR THE RETARDED AND THE DISABLED , , ,
AND MUCH MORE .

IT CAN PROVIDE NEEDED JOBS IN A SLUMPING ECONOMY
AND TRIGGER NEW PRIVATE INVESTMENT. IT CAN MAKE
POSSIBLE AN OVERDUE START ON THE RENEWAL OF BUSINESS
CENTERS IN OUR SMALL TOWNS AND CENTRAL CITIES, AND A
COMPREHENSIVE ATTACK ON URBAN AND RURAL BLIGHT.

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THE LIST OF NEEDED PUBLIC PROJECTS IS ALMOST
ENDLESS. WE HAVE NEGLECTED IT TOO LONG AND WE HAVE
SUCCEEDED IN BECOMG A NATION THAT IS PRIVATELY WEALTHY,
BUT PUBLICLY POOR.

THE TIME TO BEGIN TO REDRESS THAT IMBALANCE IS NOW.

IN THE NEXT DECADE AND BEYOND, THE FINANCIAL
REQUIREMENTS FOR PUBLIC DEVELOPMENT ARE EXPECTED TO DOUBLE
AND THEN TRIPLE. INFLATION ALONE IS EXPECTED TO INCREASE
CONSTRUCTION ESTIMATES BY \$200 BILLION.

MONEY COSTS WILL BE HIGHER AND SO WILL THE ALREADY
HIGH PRICE OF MUNICIPAL BONDS. IT IS TIME THAT WE BEGIN
TO ADAPT OUR ANTIQUATED METHODS OF FINANCING PUBLIC
CONSTRUCTION TO MEET THE MOUNTING NEEDS OF OUR GROWING
POPULATION.

THERE IS A STAGGERING BACKLOG OF PUBLIC CONSTRUCTION APPLICATIONS WAITING THE COMMITMENT OF FEDERAL FUNDS.

THE PROGRAM BACKLOG FOR URBAN RENEWAL TOTALS MORE THAN \$2.75 BILLION FOR SOME 900 PROJECTS.

THE UNMET DEMAND FOR WATER AND SEWER FACILITY CONSTRUCTION TOTALS \$2.5 BILLION.

THERE IS A \$560 MILLION BACKLOG IN PUBLIC HOUSING APPLICATIONS, WITH 474 LOCALITIES WAITING FOR FUNDS FOR SOME 263,000 UNITS AND THERE IS A BACKLOG OF \$645 MILLION IN REQUESTS FROM CITIES FOR LOWER AND MODERATE INCOME HOUSING.

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IN RAPID TRANSIT, OUR STATES AND CITIES HAVE SUBMITTED
MORE THAN 100 APPLICATIONS FOR CAPITAL GRANTS FOR
CONSTRUCTION AND IMPROVEMENTS TOTALLING MORE THAN \$7 BILLION.
AND SO ON, AND ON.

MY BILL PROVIDES FOR A PRIMARY CAPITALIZATION FOR
THE DOMESTIC DEVELOPMENT BANK OF \$3.5 BILLION.

THIS INITIAL CAPITAL WILL BE RAISED MAINLY THROUGH
PUBLIC STOCK SUBSCRIPTIONS. DIVIDEND INCOME WILL BE
PARTIALLY EXEMPT FROM FEDERAL INCOME TAX TO PROVIDE AN
INCENTIVE FOR INVESTORS.

THE LENDING POWER OF THE BANK WILL BE MULTIPLIED
BY THE ISSUANCE OF BONDS ON THE NATIONAL INVESTMENT
MARKET.

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THERE WOULD BE THREE MAIN CATEGORIES OF LOANS:

FIRST, STATES, CITIES, COUNTIES AND OTHER LOCAL GOVERNMENT JURISDICTIONS WILL BE ABLE TO BORROW FOR BASIC COMMUNITY FACILITIES AT RATES COMPARABLE TO MUNICIPAL BONDS.

SECOND, 40-YEAR LOANS WILL BE AVAILABLE TO NON-PROFIT OR QUASI-GOVERNMENT ORGANIZATIONS RECEIVING FEDERAL FUNDS AND PURSUING PUBLIC PURPOSES. PROJECTS IN THIS CATEGORY WOULD INCLUDE CONSTRUCTION OF HOUSING, MEDICAL, AND OTHER PUBLIC FACILITIES.

THIRD, LOANS OVER A 20-YEAR PERIOD WILL BE MADE TO BUSINESS ORGANIZATIONS FOR ECONOMIC DEVELOPMENT PURPOSES IN SPECIALLY DESIGNATED AREAS.

THE BANK WILL REQUIRE THAT EVERY PROJECT PLAN
CONTAIN PROVISIONS TO PROTECT THE ENVIRONMENT -- THE LAND,
OUR WATER, THE AIR WE BREATHE.

AND IT WILL PROVIDE FOR LOCAL REPRESENTATION AND
PARTICIPATION IN DEVELOPMENT PROJECTS TO INSURE THAT
PROJECTS ARE CONSISTENT WITH THE NEEDS AND DESIRES OF
THE LOCAL AREA INVOLVED.

THE COST TO THE FEDERAL GOVERNMENT IN ESTABLISHING
THE NATIONAL DOMESTIC DEVELOPMENT BANK WILL BE A SMALL
FRACTION OF THE DEVELOPMENT VALUE THE BANK CAN GENERATE.

LET US BEGIN NOW ON OUR URGENT DOMESTIC AGENDA.

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LET US BEGIN NOW TO SHAPE OUR FUTURE, TO BUILD
AN AMERICA THAT ADDRESSES BOTH THE PHYSICAL NEEDS OF
OUR PEOPLE AND THE SPIRIT OF MAN AS WELL.

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