

REMARKS BY SENATOR HUBERT H. HUMPHREY

LEADERSHIP CONFERENCE

AMERICAN FEDERATION OF STATE, COUNTY

AND MUNICIPAL EMPLOYEES (AFL-CIO)

WASHINGTON, D. C.

JUNE 9, 1971

001944

201-1225

J. Senator - non-candidate -
Thanks.

- FINANCING STATE AND LOCAL GOVERNMENT -

THERE ARE FOUR ESSENTIAL ELEMENTS OF ANY FINANCING

STRATEGY FOR STATE AND LOCAL GOVERNMENTS

(Domestic Economy)

Start Vietnam -

~~in the future~~

FIRST, A HEALTHY, BOOMING ECONOMY.

IF WE ARE GOING TO IMPROVE OUR CITIES, IF WE ARE

GOING TO FORCEFULLY ATTACK THE PROBLEMS THAT PLAGUE

OUR URBAN AREAS AND OUR STATES, THEN WE NEED AN ECONOMY

THAT WILL PROVIDE JOBS FOR ALL WHO WANT TO WORK

WE NEED AN ECONOMY THAT FOSTERS ORDERLY AND CONTINUED

GROWTH.

WE NEED AN ECONOMY THAT WILL PROVIDE THE REVENUE

BASE FROM WHICH STATE AND LOCAL GOVERNMENTS CAN EQUITABLY

LEVY TAXES.

Get over
the
stupid
assumption

1

growth & stability

001945

L BUT WHAT DO WE HAVE?

WE HAVE AN ECONOMY ~~affected with~~ UNEMPLOYMENT DECREED BY

THE ADMINISTRATION. L WE HAVE WORKERS WITHOUT JOBS, AND

TEEN-AGERS WHO WALK THE STREETS AIMLESSLY,

L WE HAVE AN ECONOMY THAT IS PROPELLED BY INFLATION.

L WE HAVE AN ADMINISTRATION THAT ISSUES INFLATION

ALERTS ABOUT PRICE INCREASES BUT NEGLECTS TO ALERT PEOPLE

ABOUT PROFIT INCREASES.

L WE HAVE AN ECONOMY THAT MIGHT WELL PRODUCE MASSIVE

FIRING OF PUBLIC EMPLOYEES -- 3000-4000 IN NEW YORK CITY,

1000 IN DETROIT, 600 IN PITTSBURGH . . . THE LIST

CONTINUES.

L IN SHORT, WE ARE THE VICTIMS OF AN ECONOMIC POLICY

BASED ON A POLITICAL DECISION THAT THE WAY TO FIGHT
INFLATION IS TO CREATE UNEMPLOYMENT.

1226
1026

is cruel and must be rejected

~~IT IS TIME WE REJECTED THIS POLICY AND LET THE PEOPLE~~

Let the People

BE THE MASTER OF THE ECONOMY RATHER THAN THE ECONOMY

BEING THE MASTER OF THE PEOPLE

*- no Peace Dividend
- no Growth Dividend*

2. THE NEED FOR A RATIONAL FINANCING MECHANISM

L THE FISCAL CRISIS OF OUR STATES AND CITIES HAS BEEN
ABUNDANTLY DOCUMENTED.

L THEY NEED HARD CASH, AND THEY NEED IT NOW

L AND, THEY WILL NEED MORE IN THE FUTURE,

LISTEN TO THESE FISCAL PROJECTIONS:

-- STATE AND LOCAL GOVERNMENTS WILL NEED ABOUT

\$150 BILLION BY FISCAL YEAR 1975 FOR ALL THEIR

PROGRAMS.

Per yr

-- EDUCATION WILL REQUIRE ABOUT 55 BILLION.

L -- 17 BILLION WILL BE NEEDED FOR HIGHWAYS.

L -- POLICE AND FIRE SERVICES WILL TAKE ANOTHER \$10
BILLION.

L WHERE ARE WE GOING TO GET THIS MONEY? HOW ARE WE
GOING TO MEET THESE DEMANDS?

L ~~There~~ *Remedies* ARE A NUMBER OF STEPS WE CAN TAKE TO HELP BAIL
OUT THE STATES AND LOCAL GOVERNMENTS:

① FIRST, WE CAN REFORM THE TAX SYSTEM., WE CAN

DE-EMPHASIZE THE REGRESSIVE SALES AND PROPERTY TAX AND

EMPHASIZE A MORE EQUITABLE LOCAL AND STATE INCOME TAX.

But THIS REFORM WILL NOT BE EASY. METHODS OF FINANCING

CHANGE SLOWLY, AND PEOPLE WILL NOT EAGERLY EMBRACE STATE

AND LOCAL INCOME TAXES.

YET, LOOK AT WHAT HAPPENS IF WE DO NOT CHANGE OUR

LOCAL TAX STRUCTURES:

L-- SALES TAXES IN FISCAL YEAR 1975 WILL PRODUCE SOME
\$28 BILLION.

L-- PROPERTY TAXES WILL ACCOUNT FOR \$39 BILLION.

L-- INCOME TAXES, ON THE OTHER HAND, WILL BRING IN
ONLY \$10 BILLION.

L-- AND, CORPORATE TAXES WILL PRODUCE ONLY \$3.7 BILLION.

THE REGRESSIVENESS OF THE PRESENT TAX SYSTEM IS
APPARENT.

THE TAXPAYER WHO CAN LEAST AFFORD TO PAY ENDS UP
PAYING.

I AM PLEASED THAT YOUR UNION HAS ALREADY TAKEN A
PUBLIC POSITION IN FAVOR OF TAX REFORM AND THE INCOME
TAX. I WANT TO COMMEND YOU FOR THIS ACTION.

Revenue Sharing L WE SHOULD ALSO PASS A REVENUE SHARING BILL.

I RECOGNIZE THAT REVENUE SHARING IS NOT A PANACEA AND,

I RECOGNIZE THAT TO BE EFFECTIVE, THE AMOUNT OF MONEY SHARED

MUST BE GREATER THAN THE 5 BILLION DOLLARS PROPOSED BY

THE ADMINISTRATION.

*also Revenue Sharing
Tax Reform - Cong.
overseen.*

L REVENUE SHARING SHOULD BE PART OF ANY COMPREHENSIVE

FINANCIAL PACKAGE, AND I AM ONE DEMOCRAT WHO IS FOR IT. !

L BUT IT IS ONLY A PART OF THE REQUIRED PACKAGE. !

L REVENUE SHARING OUGHT NOT TO BE OVERSOLD OR LOOKED UPON

AS A CURE-ALL. L IT IS, AT BEST, AN ECONOMIC BLOOD TRANSFUSION

FOR LOCAL GOVERNMENTS THAT ARE SUFFERING FROM SEVERE ECONOMIC
ANEMIA.

#3 L THE THIRD CHANGE WE CAN MAKE IS TO ENACT THE NATIONAL
DOMESTIC DEVELOPMENT BANK -- LEGISLATION I RECENTLY

INTRODUCED. L IT WOULD PROVIDE A MAJOR NEW SOURCE OF FUNDS AND
TECHNICAL ASSISTANCE FOR OUR STATE AND LOCAL GOVERNMENTS TO

ENABLE THEM TO UNDERTAKE VITALLY NEEDED PUBLIC PROJECTS.

L THIS LEGISLATION WILL ALLOW CITIES TO BORROW MONEY ^{country + states}

AT LOW INTEREST AND FOR LONG TERMS FOR COMMUNITY FACILITIES. IT

IS AN ALTERNATIVE SOURCE OF FUNDING FOR NEW SCHOOLS, MEDICAL

AND HOSPITAL CENTERS, POLICE AND FIRE TRAINING FACILITIES,

DAY CARE CENTERS, PARKS, AND WASTE DISPOSAL CENTERS AND MANY

MORE NEEDED PUBLIC PROJECTS.

L THIS LEGISLATION CAN BEGIN TO REDRESS THE IMBALANCE THAT

✓ HAS MADE OUR COUNTRY PRIVATELY WEALTHY BUT PUBLICLY POOR.

(4)
THE FOURTH CHANGE WE CAN MAKE IS TO COMPLETELY

FEDERALIZE THE COST AND ADMINISTRATION OF THE WELFARE
SYSTEM.

L WELFARE IS A NATIONAL, NOT A LOCAL PROBLEM. IT
DESERVES A NATIONAL ANSWER.

*Employee
Protection &
your
employees*

FEDERAL PAYMENT OF WELFARE COSTS CAN RELEASE FOR

STATE AND LOCAL GOVERNMENTS APPROXIMATELY \$5 BILLION.

Health Security Act -

FINALLY, WE CAN ENACT A SERIES OF BLOCK GRANTS -- MONEY

ALLOCATED TO CITIES AND STATES FOR FUNCTIONAL PURPOSES

BUT WITH INCREASED LOCAL DISCRETION AS TO HOW THE FUNDS

ARE USED.

L WE CAN ELIMINATE THE MATCHING REQUIREMENTS AND THE
RED TAPE.

L AND WE CAN STILL MAINTAIN A FEDERAL PRESENCE AS TO
CIVIL RIGHTS PROTECTIONS AND ^{the} ~~WHAT~~ GOALS THESE FUNDS SHOULD
ACCOMPLISH. (Planning-Priorities)

3. EFFECTIVE POLITICAL LEADERSHIP.

NONE OF THESE REFORMS AND MECHANISMS WILL WORK,
HOWEVER, IF WE DO NOT HAVE EFFECTIVE POLITICAL LEADERSHIP,
IN THE MAYOR'S OFFICE, IN THE STATE HOUSE, AND IN
WASHINGTON,

L WHAT WE NEED FROM OUR LEADERSHIP IS STRAIGHT TALK --
A FRANK DISCUSSION OF OUR PROBLEMS, AN END TO THE BLAME
FIXING, AND A REFUSAL TO PLAY POLITICS WITH THE FISCAL
LIFE OF OUR CITIES States.

- 10 -

L WE NEED DEDICATED AND DILIGENT LEADERSHIP -- LEADERSHIP

WITH THE FORTITUDE TO SAY, "HERE IS WHAT WE ARE GOING

TO DO; LET'S GET IT DONE."

L WE NEED LEADERSHIP THAT CAN DEFINE THE PROBLEMS,

PROPOSE BOLD SOLUTIONS TO THOSE PROBLEMS, AND KEEP AFTER

THOSE PROBLEMS DAY AFTER DAY.

L BUT, WHAT DO WE HAVE?

WE FIND SOME LOCAL LEADERS SPENDING THEIR TIME

BICKERING WITH GOVERNORS.

L WE HAVE A CONGRESS THAT FRAGMENTS AND DIFFUSES

RESPONSIBILITY FOR THE URBAN AREAS BY SPLITTING POLICY
JURISDICTION BETWEEN TWO HOUSES AND A HALF-DOZEN MAJOR

COMMITTEES.

WE HAVE AN ADMINISTRATION THAT SAYS IT HAS A
COMMITMENT TO URBAN AREAS, BUT THEN IMPOUNDS BILLIONS
OF DOLLARS IN URBAN FUNDS.

Funds
impounded

Need full
funding

THE CONCLUSION IS INESCAPABLE: THE FINANCING OF

OUR CITIES IS A PROBLEM OF POLITICAL LEADERSHIP. IF WE

ARE GOING TO MAKE OUR CITIES WORK, THEN WE MUST HAVE

AGGRESSIVE, IMAGINATIVE LEADERS.

WE NEEDED THEM YESTERDAY.

WE NEED THEM TODAY.

WE CANNOT WAIT UNTIL TOMORROW.

4. THE PUBLIC EMPLOYEES.

#4 L THE FOURTH ESSENTIAL ELEMENT OF A FINANCING STRATEGY

IS ONE OF THE MOST IMPORTANT: WE HAVE GOT TO LEARN WHAT

THE URBAN CRISIS IS ALL ABOUT FROM THOSE WHO KNOW WHAT

IT IS ALL ABOUT -- THE RANK AND FILE MEMBERS YOU OFFICIALS

REPRESENT.

L YOUR MEN AND WOMEN ARE ON THE FRONT LINES OF THE

URBAN CRISIS.

L YOUR MEN AND WOMEN FIGHT THE URBAN BATTLE EVERY

DAY -- AT THE STREET LEVEL -- WHERE IT IS MOST VISIBLE,

AND AT TIMES, MOST DEPRESSING.

YOUR MEN AND WOMEN, BETTER THAN ANYONE ELSE, RECOGNIZE
THAT THE KEY TO THE CITY IS NOT HELD BY VISITING DIGNITARIES
BUT BY THOSE WHO MAINTAIN THE BASIC SERVICES OF THE CITY,

YOUR UNION HAS CLEARLY SHOWN THAT THE REAL URBAN
QUESTIONS ARE VERY BASIC: HOW DO WE KEEP CITIES GOING?

HOW DO WE KEEP THEM OPERATING? HOW DO WE FINANCE ADEQUATE
GARBAGE COLLECTION OR SNOW REMOVAL?

THESE ARE NOT SEXY QUESTIONS.

THESE ARE NOT GREAT QUESTIONS OF URBAN PHILOSOPHY.

BUT THEY ARE FUNDAMENTAL QUESTIONS. AND, IF WE CANNOT

PROVIDE ANSWERS TO THEM, IF WE CANNOT ADEQUATELY FINANCE

OUR CITIES AND STATES, WE CAN FORGET URBAN PHILOSOPHY,

BECAUSE OUR CITIES AND STATES WILL CEASE TO EXIST.

IN SHORT, IF WE NEGLECT OUR PUBLIC EMPLOYEES, IF WE
FAIL TO PAY THEM DECENT WAGES, THEN WE WILL ULTIMATELY
RUN THE RISK OF NEGLECTING OUR CITIES AND STATES.

SUMMARY:

1. SUCCESSFUL AND PRODUCTIVE CONFERENCE
2. SOLICIT COMMENTS ON NATIONAL DOMESTIC DEVELOPMENT

BANK

3. ENCOURAGE MEMBERS TO WRITE, GIVE ME THEIR
IDEAS ON URBAN LIFE, PROBLEMS AND SOLUTIONS.

#



Minnesota Historical Society

Copyright in this digital version belongs to the Minnesota Historical Society and its content may not be copied without the copyright holder's express written permission. Users may print, download, link to, or email content, however, for individual use.

To request permission for commercial or educational use, please contact the Minnesota Historical Society.



www.mnhs.org