

REMARKS OF SENATOR HUBERT H. HUMPHREY
SECOND ANNUAL WERTHEIM HOUSING SEMINAR
Washington, D. C.
May 6, 1976

It's a pleasure to be here today with such a distinguished group of housing and finance experts.

Many Americans have become concerned that there may be something fundamentally wrong with our Nation's economy.

Families don't understand why they can't afford a home or a car, when they have been told that a strong recovery is underway. They are cynical about the government's ability to improve the Nation's economic situation, because our compact with the people for "full employment and price stability" has been violated so severely and so often. They can't understand how their country can tolerate so much waste -- high unemployment, idle capacity, lost revenues and lost income -- when there is so much to be done.

These are tough issues, difficult to comprehend and even harder to solve. Yet these are the economic issues that should be at the heart of the 1976 campaign.

No doubt, we are currently in the midst of a vigorous economic recovery. The Gross National Product has risen in four consecutive quarters. The unemployment rate has been declining although too slowly. Housing starts have risen significantly. Profits are up and many other economic indicators have improved.

I expect that this recovery will continue throughout 1976, and perhaps even into 1977. In fact, several months ago only Dr. Heller and I were predicting a 7 percent or better growth rate in early 1976.

But this is hardly a time to rest on our laurels. Despite one full year of recovery, we have not reached the level of production that we had achieved two years ago, prior to the recession. We still have seven and a half percent of our labor force "officially" unemployed, and if discouraged workers and part-time employees are included, the unemployment rate is closer to 10 percent.

We still are losing close to \$200 billion worth of goods and services a year due to high unemployment. Our industrial plants still are operating at only 75 percent of capacity. Federal, state and local government revenues are still far short of full employment levels.

In short, we still have a long way to go before we reach the finish line of a fully employed economy with price stability.

Any good track coach knows that winning the long distance races take persistence, hard work and commitment. But it also requires a willingness to map a strategy -- to run a steady but swift pace from beginning to end. A runner can't win by sprinting the first hundred yards and then coasting the rest of the way.

The same is true of our current economic situation. Twelve million additional people will be seeking employment in the work force between now and 1980. Gross National Product will have to grow approximately six percent a year, if we are to provide jobs for these people and reach full employment by 1980. That means we need a long, steady and vigorous recovery. It will not be enough to sprint until November 2 and then coast for the next four years.

Yet the President's budget proposals and economic policies seem designed to do just that -- keep the economy strong through

1976 and then slam on the brakes in 1977. According to analysis done by the Joint Economic Committee, and several respected private forecasters, the President's budget proposals could slow the rate of growth in the economy to about four percent in 1977. That would leave the unemployment rate at nearly seven percent throughout 1977.

Why would a President do this to the economy? I must admit that this question troubles me deeply, but I think I have found three answers.

First, the President believes that Federal expenditures are gobbling up a larger and larger share of people's incomes and that this is providing a drain on the private economy.

Second, the President sincerely believes that rapid economic recovery will only rekindle the inflation fires that have ravaged our economy over the last three years.

And third, the President believes that Federal programs are wasteful and ineffective.

On all three counts, I believe the President is wrong, and his mistakes could cost our economy and our people dearly.

First, Federal spending has not changed very much as a percentage of GNP in the last twenty-five years. In 1952, Federal government expenditures as a percentage of GNP were 20.5 percent; in 1962, 19.6 percent; in 1972, 20.9 percent; and due to reduced GNP, 23.8 percent in 1975.

Sure, government is big; but so is our economy.

The President's assumption that rapid recovery will rekindle inflation is also erroneous, in my opinion. With 25 percent of plant capacity idle and 7 1/2 percent of our work force "officially" unemployed, there is plenty of room for expansion before we run into capacity constraints.

Moreover, we have seen in recent months that as unemployment has declined so has the rate of inflation.

Finally, the President's budget cuts are designed to eliminate waste in government. But the greatest single waste in America is not in government, although at times government is shamefully wasteful. The greatest waste is our failure to utilize the skill, the energy and the available talent of our citizens who are currently unemployed, and our failure to utilize the tools, machinery and plant capacity of this Nation.

That's a tragic waste -- \$300 billion in goods, services, and income have been lost forever due to this recession; \$1 trillion to \$1.5 trillion will be lost through the end of this decade.

I do not mean to suggest that government cannot be more efficient. It can be. However, I do want to say that I categorically reject the meat-axe type of budget cutting that this Administration proposes. I favor a more systematic approach.

The Full Employment and Balanced Growth Act of 1976, authored by Congressman Augustus Hawkins and myself, requires that 20 percent of government spending be reviewed intensively each year. Every program would thus be subject to a detailed analysis every five years. Those that are successful would be continued and even expanded, while those that are unsuccessful would be improved or abandoned. This legislation also requires a complete evaluation of all Federal rules and regulations -- some have undoubtedly outlived their usefulness.

The major challenge to economic policy is to develop the long distance strategy that will provide sustained and vigorous recovery with price stability.

The Full Employment and Balanced Growth Act of 1976, the Humphrey-Hawkins Bill, is one such strategy. This bill modifies the way that economic policy is formulated and the content of that policy. It identifies a flexible program for achieving full employment with price stability.

The primary focus of the bill is the creation of work opportunities in the private sector. Tax, expenditure and credit policies will be used to increase employment in private business without causing inflationary pressures. Supplementary programs, such as manpower training, economic development programs, and incentives for investment in depressed areas, will also be used to create more private employment opportunities.

Despite the rhetoric of its opponents, this is not a huge public jobs bill. When and if public sector jobs are needed, they will be designed to supplement the private sector, not replace it. Only when the private sector cannot provide enough jobs, will the public jobs be made available.

This basic reform of our economic policy structure must be coupled with a renewed commitment to decent housing for our families. We have a national housing goal in this country that you and I consider to be very important, but that others have chosen to ignore. This goal contains two separate but closely related objectives.

The first portion of the goal commits the government to provide "a decent home for every American family."

The second part of our national housing goal commits the government to provide "a suitable living environment" for the family that occupies the home.

A decent home in a suitable living environment to every American family was a wise goal in 1949 when we conceived it. It was sound in 1968 when it was repeated, and it remains a worthy goal today.

In 1968, we placed a numerical value on our national housing goals. We agreed that 2.6 million new housing starts a year were necessary to meet our national housing objectives.

Unfortunately, once we agreed on the goal not much was done to meet it.

During the first five years under our goal we did pretty well. New housing starts from 1968 through 1973 averaged nearly 2 million units a year.

But since then, we have had nothing short of a disaster. Housing starts in the three-year period from 1974 to 1976, despite the recovery, will average approximately 1.3 million units a year, exactly half the production necessary to meet our goals.

There are several steps that I believe must be taken to restore housing production to levels that are sufficient to meet our housing goals.

First, we need a steady and expansive monetary policy. We must take housing off the economic roller-coaster by insuring an adequate supply of credit at reasonable interest rates. Housing is too vital to our people to be used as our economic shock absorber.

Second, we need policies designed to make home ownership available to a larger number of American families.

The Federal Government must assure that mortgage money is available at reasonable interest rates to the average American family. This is the heart of any national housing policy.

I have introduced a bill to establish a Federal Housing Bank to buy up low-rate mortgages and assure a steady supply of mortgage money at a fair rate of interest -- six percent to a maximum of seven percent -- for persons who want to own their own homes. The amount of the mortgage should be that necessary to finance a modest but adequate dwelling. It is a bold idea, but the time for tinkering around the edges of our serious housing problems clearly has passed.

Third, we need programs that will allow young families to enter the housing market. At present, housing policies are upside down. Families can afford a large house when the children are grown and they don't need a big home. But when they first start a family, they can't afford anything.

Fourth, we need specific policies designed to revitalize the multi-family housing industry. We must carefully examine local, State and Federal Government regulations that are delaying or preventing multi-family construction.

Fifth, and perhaps most important, we need to revive government-assisted housing construction programs for low and moderate income families. In 1968, we made a commitment to build 600 thousand government assisted housing units a year. The present Administration has welshed on that commitment.

Government-assisted housing starts in 1974 were about 60 thousand units, one-tenth of our yearly national goal. In 1975, they still were below 100 thousand units.

This is a national tragedy and a disgrace. Low-income families are living in housing that would be considered substandard in virtually any other industrialized country in the world.

Yet, this situation is tolerated in the world's richest Nation.

Finally, we need to attack the high cost of housing construction directly. We must examine land use controls to determine their impact on land costs. We must examine regulatory problems in the construction industry.

We also must expand the supply of materials that are used in home construction. One such program is the Forest Services Practices Act that I have authored and which the Senate Agriculture Committee has just reported. This legislation would result in a long overdue reform of timber harvesting practices in our national forests. It is designed to keep lumber prices down by expanding the available supply of timber. In this manner, it will also help keep the lid on housing prices.

Some public officials are telling the American people that they must give up their cherished goals and lower their sights.

Where would our nation be today if our Founding Fathers decided that "life, liberty and the pursuit of happiness" were too tough to achieve?

Where would we be if the promise of equal justice contained in the Emancipation Proclamation had been abandoned at the turn of the century because it had not been met?

Where would America be today if our commitment to social and economic progress for all our citizens had been scrapped because some believed we were not moving fast enough?

Our dissatisfaction with progress toward our Nation's goals should spur us on to greater efforts to reach them, and not be used as an excuse to abandon them.

Hopes and dreams are the seedbed of progress and achievement. A nation that gives up its dreams and abandons its promises, robs its citizens of hope and condemns future generations to stagnation and mediocrity.

This is not the America of Thomas Jefferson, Abraham Lincoln, FDR, JFK or LBJ, and it must not be permitted to be the legacy of our generation of political leaders.

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August 19, 1976

Honorable Hubert H. Humphrey
United States Senate
223 Russell Senate Office Building
Washington, D. C. 20510

Dear Sir:

Enclosed is a copy of the transcript of the speeches from the Second Annual Wertheim Housing Seminar. Once again, I would like to thank you for your participation.

Best wishes.

Sincerely,

Rich

Richard X. Bove
Vice President

RXB/lw
Enclosure

WERTHEIM

HOUSING NOTES
Vol. 3, No. 6

**TRANSCRIPTS OF THE SPEECHES OF THE SECOND
ANNUAL WERTHEIM HOUSING SEMINAR**

Richard X. Bove
August, 1976

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Wertheim

Richard X. Bove

August 2, 1976
Vol. 3, No. 6SUMMARY

This edition of Housing Notes reproduces speeches given at the Second Annual Wertheim Housing Seminar. The speeches have been separated into five groups:

1. Government Overview - Senators Hubert Humphrey (D.-Minn.) and Jake Garn (R.-Utah) discuss two basic philosophical approaches to government and the economy. One emphasizes the need for big government to solve major problems, and the other focuses on the need for making government responsive and smaller.
2. Government in Housing - Senators Alan Cranston (D.-Cal.) and John Tower (R.-Tex.) discuss government influence on the housing industry. Surprisingly, they concur that little government action is necessary at present.
3. An Economic Overview - Ezra Solomon presents Wertheim's economic viewpoint, which anticipates a relatively low level of inflation over the next few years with continued economic improvement.
4. Financial Review - How will housing finance its future? Representatives Thomas Ashley (D.-Ohio) and Garry Brown (R.-Mich.) discuss the implications of financial institution reform legislation and its necessity.

Economists - John Bunting (Chairman, First Pennsylvania Corp.) and George Hanc (Mutual Savings Bank Assoc.) review the same issue from the banker's view, and Sol Mosher of HUD describes how the Government provides money for the housing industry.
5. The Cost of Housing - Frank Crossen (Chairman, Centex Corp.) and William Weide (President, Fleetwood Enterprises) present a review (with charts) of the changes in the cost of housing from 1972 to 1976.

The speeches impart the following thoughts:

1. The days of massive government aid to housing are over for at least some time; and
2. The key determinant of housing activity over the short term will be the ability of the savings banks to finance an extended recovery.

Thus, the central theme of future discussions will be how the industry obtains capital and what changes will be necessary in the basic mortgage document.

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Senator Hubert H. Humphrey

Dear friends, every time I find myself where I can enjoy a good luncheon with pleasant, intelligent and kindly people, the Majority Leader of the United States Senate assigns me as floor leader for an important piece of legislation. Just before I left I was reminded that the Asian Development Bank Bill is scheduled for floor action today. It's not exactly the most popular issue but it is my responsibility to take care of it and to try to see that we pass it today. So you'll have to pardon me if I'm forced to leave early.

There are many things I should like to say to you because I thoroughly enjoy the opportunity, when I can find the time, to experience the give and take that accompanies a question-and-answer period with an audience such as this. But you will have to just sit there and be bored while I give you my views, and then later on, if you feel totally frustrated you can explode while I am away. Or you can even write me a letter to tell me how wrong I am.

I am going to discuss with you rather informally, for a few moments, the state of the economy as I see it. First of all, I am a congenital optimist. I suppose that always has been one of my characteristics. Many of the members of the media feel that I am a little bit overly optimistic. Somebody once said that they thought I was born in a basket of Cheer, but I have got to confess to you that there have been times of late that my native optimism has been sorely tested. I say so because the developments in our economy in the last twenty months, or at least until the past winter, have not been encouraging.

But before I discuss the overall economy with you, I would like to leave you with some thoughts about the role of agriculture in our national economy. I hope that as I speak to you, you will not feel that the American farmer should bear the full burden of the reductions in the cost of living through reduced food prices. That is what has been going on in recent months. Every time that the wholesale price index declines, the reason is that some poor soul out there farming is getting less than the cost of production for what he is producing. This last month, the farmers received prices equal to the cost of production and the wholesale price index went up again. But there is a tendency back here, among the professional economists on the Eastern Seaboard, in Washington, D.C. and, I might add, in financial and banking circles, to criticize the farmer and to ignore what is happening in rural America.

I want to let you know that I do not ignore what happens in rural America. And I want you to know, quite frankly, that what happens there is more important than anything that happens in any other part of America. Many of you may represent businesses that you think are of some size, but you are really running a peanutstand compared to the American agricultural economy. The American agricultural economy is the bulwark of strength of the United States' economic system. It is made up of five million private entrepreneurs. If it were comprised of four, like General Motors, Ford, Chrysler and American Motors, then it would be paid some attention. But we just rely upon the good luck, the blessings of the Lord with good weather, and the industriousness of the family farmer to produce the abundance of food and fiber that is the difference between solvency and insolvency for the United States of America. I did not have that written in my speech, but I thought I'd just jab it to you while I had the chance.

Many people are asking some very simple questions about our economy. They are asking why they cannot afford to buy a home, even when their incomes are rising. They are asking why there are still millions of people unemployed in this country when they read every day that recovery is on the way. They are asking why the wholesale price index goes up at a time when there have not been any real great wage demands that have had to be fulfilled, or when it appears that commodity prices have not increased. They are becoming cynical about the Government's ability to improve the nation's economic situation because our compact with the people for full employment and price stability has been violated so severely and so often. People can't understand how their nation can tolerate so much waste from unemployment and idle capacity.

Now, I am not talking about just the waste that you find in local, state and Federal governments. There is waste there, just as there is waste in every company with which you work. If you do not believe me just go to the comptroller of your company and he will tell you so. He is constantly busy reminding the officers of the company that waste has to be eliminated, and that is proper. But the waste that I speak of is the waste of high unemployment, the waste of lost skills, the waste of idle capacity in this country, the waste of lost revenues, the waste of lost incomes, and the waste of no work. And people are asking why. Now, these are tough issues. These are the issues to which we ought to be addressing ourselves in a campaign year.

I was asked to speak on the economics and the politics of 1976. Quite interestingly, we have not heard anything about these economic issues. We are still arguing about the Panama Canal. Frankly, I think you ought to be concerned about that. I did not come over here to make you happy so I am going to tell you what is on my mind. I am a liberated American. I am not seeking anything, except reelection to the United States Senate from Minnesota. I gather there are not too many Minnesotans here so I do not see that you are going to help me much with that. So I will bet the chips fall where they may.

I think it is an outrage, I think it is an insult to the intelligence of the American people, that aspirants for the highest office in this land are trying to refight the Spanish-American War and the Revolution of Panama of 1903. These events were carefully managed and directed for the purpose of acquiring a piece of property for the Government of the United States so we could build the Panama Canal. If anybody wants a dissertation on that, I once wrote a paper on it. I am prepared to give you a boring description of the whole project. But that is the major campaign. That is what they talked about in Texas. That is what they talked about in Indiana. The other thing the candidates talk about is whether we have more missiles than the Russians. I think this is an indication of the complete lack of responsibility in the political process. I'm sure that we will hear about some other issues, but I hope they will come to the forefront soon.

Quite frankly, we are in a period of economic recovery. In the past year, I have been more bullish on the economy than most of the people that appeared before the Joint Economic Committee. I have long felt that even a poor Administration could not injure the economy sufficiently to really wreck it. I personally thought that it would survive, and not only survive but emerge from the recession with a good record of performance.

Why? First, because we are rich in natural resources in this country. Everything is relative. We have our problems with energy, but compared to any other industrialized nation on the earth, we have much more energy available for our industrial capacity. When it comes to the other basic commodity called food, we are in the strongest position in the world. So the two areas in which most of the inflation has taken place in the world, food and energy, are areas in which we are relatively rich.

Sure we have to import oil, but we do not have to import nearly as much as we currently are. We seem to insist on driving these luxury tanks that guzzle gas at a rate of ten miles per gallon and I suppose we will continue that farce as long as there is no crisis. Had the Arabs kept on the embargo a little longer, we would have been

ten years further down the road in coal research. We would have discovered alternate sources of energy that would have amazed the entire world.

But the fact is, the Arabs knew us pretty well because all of their leaders have been educated in the United States. They knew that we were beginning to take the whole thing seriously and they said, "Let's knock it off. We will just charge them a high price." And we are willing to pay the high price.

Second, we are expanding our programs for research and development, although nothing like we ought to. A country that could develop synthetic rubber in one year's time in World War II and then switch from natural rubber to synthetic rubber in fourteen months and never miss the production schedule ought to be able to find a way to find alternative sources of fuel. You know it, and I know it. We ought not kid each other. We know we could do it quickly. We made up our mind to do what we wanted to in the space program. We were five years behind the Russians. We were fussing around with Roman candles while they were putting Sputnik in the air. We got frightened and we made up our mind to do something about it, and we went out and did it! We decided that we had to find a way to split the atom and we did it!

The problem today is that we just do not want to do anything because we seem to feel that the best government is no government. The way to be popular is to do little or nothing and the way to be more popular is to do less than that. That is a fact, politically. I am talking to you of sheer politics as the facts reveal today. Of course, that is not my kind of politics, and I do not intend to change my style one bit. I intend to stick with what I believe. I do not say that is always right, but you need different viewpoints, you need controversy. It is the contest of ideas that finally brings the purification of truth.

It is not important whether Hubert H. Humphrey is right. It is important whether Humbert H. Humphrey states his position. And that John Jones states his, and Susie Smith states hers. Finally, out of this, we will get something that we can live with and maybe something that will work.

Well, now, we are in the midst of a relatively vigorous recovery. The Gross National Product has risen for four consecutive quarters. I think Walter Heller and Hubert H. Humphrey were the two people who predicted that we would have an annual increase in the GNP of around 7%, while others were saying maybe 4%-5%. I am pleased to see that this is happening, but this is hardly a time just to rest on our laurels. Despite several months of recovery, we have not reached the level of production that we achieved two years ago, prior to the recession. We still have 7-1/2 million people in our labor force

officially unemployed. I say officially there are millions more that are so discouraged that they have given up looking for a job and also those that are forced to work part-time. We still have pockets of unemployment in our cities. People live in those cities, you know. What is happening is that the unemployment rate in these cities is 15%, 14%, 13%. The fact that it is only 5% in Nebraska does not make it any better in New York or Boston. Fortunately, it is only 6% in Minnesota, but that does not help a place like Los Angeles where unemployment is higher. So we still have these pockets of economic difficulty.

We are still losing close to \$200 billion a year of goods and services due to high unemployment. Our industrial plants, even as of today, are operating under 75% of capacity. To be sure, some plants and some industries are being pressured because they do not have enough capacity. The aggregate numbers do not tell the whole story. There will be shortages in some sectors of the economy. But overall, our industrial plant capacity is operating at about 73%. That is not good enough. That makes for high-cost goods. That is one of the real causes of inflation.

Anybody that has been in business long enough to put the key in the door knows that if you have fixed overhead costs, you must do one of two things: either increase your volume at a steady price, or raise the price on less volume. I learned that in Humphrey's Drugstore a long time ago. I had to keep books -- accounts receivable, accounts payable. I know a little something about depreciation and cash flow, sales and profits, net and gross. Even this past year, I went home and spent three days taking inventory. It is a small business, but one of the ways that you learn is in a small business. You cannot learn much in a big business because you do not know enough about all of it. They assign you to one bolt, or one floor. You get the big picture out of the small business, and it really helps. It gives me a sense of reality.

So when I hear complaints about Government regulations, I know all about those OSHA regulations. I had a OSHA inspector come out there and tell me the basement ceiling was too low. And I said, "Now what do you expect me to do about that? Get the saw?" Well, you know, he told me that we needed to put a sign up there that said "Exit." I said, "Everybody in this town knows there is a front door and a back door. Why do I need to do that? And not only that, it is not just an Exit, we have customers that come in the back door. My farm trade comes in the back door, you know." But that did not bother him a bit, anyway. So I have my problems with the Government, too.

What I am trying to say is that, despite our progress, we still have a long way to go to reach the levels of economic activity that we want. Very sincerely, and without in any sense trying to be humorous or supercilious, let me just say this: Everything we want to do requires a dynamic economy. Whatever we want to do. Whatever we want to do internationally, what we wish to do domestically, all the hopes and ambitions we have, require economic performance. Otherwise, it is just talk, just dreams and talk.

The strength of this country is in its economy. That is what it is all about. Today we are in this struggle of the economic development on the one hand with environmental protection on the other. We have people that choose up sides. We have the no-growth people. Then we have the people that say, "Let 'er go, let 'er rip." Well, now, you and I know that the role of Government is to bring some balance between these two forces, but surely not to cause stagnation. People need jobs.

I recently noticed that 12 million additional people will be seeking employment in the work force between this day and 1980. We need 12 million more jobs plus 7-1/2 million for those who are already unemployed. These jobs can only be obtained if business is doing well. Yet the construction industry in America has been in a depression, particularly in the housing field. Furthermore, we are not doing as well as we should in plant investment. We ought to be adding a tremendous amount - about \$40 billion a year - in order to get our plant modernized.

Overall, the Gross National Product will have to grow at an average rate of over 6% if we are to provide jobs for these 12 million people and reach anywhere near full employment by 1980. Now that means we need a long, steady and vigorous recovery. It will not be enough to sprint until November 2, and then coast for the next four years. Yet I must say that I think the current budget proposals of the President and the economic policies buttressing those proposals will keep the economy strong through 1976, but then on go the brakes in 1977.

According to an analysis that has been done by the Joint Economic Committee, with the collaboration of several of the most eminent private economic forecasters, the President's budget proposal could slow down the rate of growth in the economy to about 4% in 1977. Paul McCracken, who is no raving radical, offered testimony recently to us in support of a budget of not less than \$412 billion, not the \$394.99 billion bargain price budget that we got from the President. He suggested that the budget policies that the President wants to pursue will result in a economic slowdown in 1977.

Now, why would anybody want to do this? First of all, the President really believes that Federal expenditures are gobbling up a larger and larger share of the people's income, that they are providing a drain on the private economy. Secondly, the President sincerely believes that rapid economic recovery will only rekindle inflation, and that those fires of inflation will ravage the economy. Thirdly, the President believes that Federal programs as such are essentially wasteful and frequently ineffective.

Now, I, of course, on all three counts find myself in some disagreement and at times in full disagreement with the President. I believe that his mistakes could cost our economy and our people very dearly. Let me tell you why. First, Federal spending has not changed very much as a percentage of GNP in the last 25 years. When you are in business, for example, you figure the percentage of rent that you are paying out of your gross income. Now, the rent may go up, but if gross income has gone up, the higher rent is not that bothersome. Everything is relative. In 1952, the Federal government expenditures as a percentage of GNP were 20.5%. In 1962, they were 19.2% and in 1972 they were 20.9%. In 1975, due to reduced GNP, government expenditures rose to 23.8%.

Government is big, and I will let you in on something: it is going to continue to be big. All this political blarney to the contrary, there has not been a man who ran for President who did not promise he was going to reduce the size of government. Franklin Roosevelt promised he would reduce the budget 25%. He was not in office two weeks before he found out that that was an impossibility unless he was to lead the country to total collapse. You know what happened to the budget.

Everybody whom I know who has ever run for President has promised that he would reduce the size of government, and most members of Congress say the same thing, too. However, when they get in there, they do not do it. There is a reason for this. It is not a sinister plan or plot. People want things done. Moreover, they think whatever is done should be done for them. If you want to cut government then they feel the other guy should be cut. But then the other guy feels the same way so nothing gets cut by much.

Now, the President's assumption that the rapid recovery will tend to rekindle inflation I think is subject to some skepticism and examination. With 25% of our plant capacity idle, and 7-1/2% of our work force idle, there is surely plenty of room for expansion before we run into capacity constraints. In fact, we have seen in recent months that as unemployment has declined, so has the rate of inflation. That is empirical evidence. We had a rate of inflation up at 12%-13%. We had unemployment up at 9-1/2%. The rate of inflation has now come down between 6% and 7%. The rate of unemployment is down

to 7-1/2%. When we had high unemployment we had high inflation. When we had less unemployment, we had lower inflation. Now, I do not want to argue the case, I will just leave it up to you.

I will also point out to you that during the entire period of the 1960's, from 1961 to 1969, the average rate of inflation was 2.3%--2.3% for the entire period including the period of the Vietnam War. We had during that same period of time levels of unemployment under 4%, and an average rate of unemployment of slightly over 4.7% (due to the high unemployment rates in 1961). Again, I do not say that this will all repeat itself. I just think that when people start to feed you stories about the relationship between inflation and employment, or you start to believe some of this old economic witchcraft, you might want to reexamine these theories in terms of the empirical evidence.

Now, the President's budget cuts are designed to eliminate what he thinks is waste, and there is waste in Government. There ought to be systematic ways and means of getting at the waste, but I am going to tell you a little bit about that later. However, the greatest waste which you in business ought to be concerned about is the failure to utilize the skill and the energy and the productive capacities and the talents of our people. That is an ungodly waste. That is double waste. First you get nothing from the unemployed, and secondly, you have got to pay them to keep them alive -- unemployment compensation, welfare costs, and all the other social service costs.

There is a phenomenal amount of waste from this failure to use people; \$300 billion in goods and services and in incomes that have been lost forever due to this recession. The Office of Management and Budget estimated the loss at a trillion-dollars from 1974 to 1980, due to the recession and high levels of unemployment. That is the same as if you went and flushed a big toilet and put in all this wealth right down the sewer. This is what business people ought to be talking about. This is your area of expertise. Let us get rid of that waste.

I do not mean to suggest that Government cannot be more efficient. I am in favor of taking a look at every single Government program from point zero and seeing whether or not it is needed, and how it is operating. The Full Employment and Balanced Growth Act of 1975, which I sponsored in the Senate and which Congressman Hawkins sponsored in the House, requires that 20% of all government spending programs be reviewed each year. Every program would thus be subject to detailed analysis every five years. On that basis, the Congress would be required to decide whether to keep the program, abandon it, modify it, enlarge it or limit it. That is what ought to be done. Start right from scratch and take a certain percentage of the programs each year.

Furthermore, our legislation requires that the President and the Council of Economic Advisors submit to the Congress each year a complete economic analysis of the impact of regulations by government agencies on the American economy. Now, we just talk about it. We need to know what the facts are; what the options are.

For example, we have a lot of talk that we ought to take all the regulation off the transportation industry. It sounds good, except two-thirds of the towns in my state would have neither a railroad nor a truck. I did not come down to Washington, D. C. to have some theoretician tell me how to liquidate the economy of Minnesota. I was Mayor of Minneapolis. It would survive. We have big terminals there. We have an International Airport. We have big railroads, big trucks.

But what about Litchfield and Mankato and Hector, Minnesota? What about Olivia and Renville? How are you going to get the product into the market from these towns? How are you going to get the soybeans in, how are you going to get the corn into market? Do you really think that a trucking company and a railroad will go to these little towns? Of course they will not. In fact, if we did not have regulations, we would not have an airline flying to Mankato or Worthington, Minnesota. I had to go over to the CAB and literally threaten them to keep it there. The only way we could keep an industry in Worthington, Minnesota was to be assured that an airline would come in.

So all this de-regulation pizazz has to be more carefully scrutinized. I do not think you want everybody to live in New York or Philadelphia. If you do, we will send them to you. This country is beginning to expand again into the rural areas. There is a great outward movement. That outward movement requires the investment policies, tax policies and governmental policies that encourage the diversification of industry; the diffusion of industry and peoples into the broad areas of the economy and of the country.

So, the major challenge to economic policy as I see it is to develop the long-distance strategy that will provide sustained recovery and reasonable price stability. I say reasonable price stability because I am quite sure that in any form of sustained recovery there will be some modicum of inflation, if you wish to call it that. An economy can endure that.

I know that there is a good deal of controversy over a bill called the Full Employment and Balanced Growth Act of 1976, the so-called Humphrey-Hawkins Bill. Let me tell you what it is not. It is not a public service jobs bill. It is not an emergency public works bill. It does provide that in some instances those things could be available, but what it really tries to do is to put the economic policy mechanisms of the Federal government in working order in an integrated fashion. It mandates that the Federal Reserve Board, the

Council of Economic Advisers, and the Office of Management and Budget shall work together. It provides that tax policy and monetary policy shall be synchronized. It provides a way of coordinating state and local fiscal policy with Federal fiscal policy.

Look at what we have done just recently without coordination. We have reduced Federal taxes only to find that the states had raised their taxes. We reduced Federal taxes for one reason: to stimulate the private economy by giving the consumer purchasing power. Yet, after we reduced the Federal taxes, many of the states went right out and raised state taxes, which took away the purchasing power. Then we wonder why the economy does not respond as quickly to some of these medications as we would like.

My bill modifies the way that economic policy is formulated and the content of that policy. The primary focus is the creation of work opportunities in the private sector, giving the private sector the assurance of a steady policy. You people in private industry have gone through something almost like withdrawal from dope addiction -- the phases and the freezes, the stops and the go's, and the zigs and the zags. Nobody knows from one six-month period to another what is going to happen. You know that I speak the truth. When you have a President who says that under no circumstances will there be wage and price controls, and within ten days turns around and puts on a price freeze, it does cause some confusion.

When the President of the United States says he believes that we need a 5% tax increase in the Christmas season of 1974, and then on the tenth day of January says, "I think we need a tax decrease", it causes a little change of thinking somewhere in the financial circles. When no one knows what the Federal Reserve policy is going to be from one month to another, it does cause a little problem. All my bill says is, "Let us try to put policy in some coordinated fashion. Let us try to improve the ways of integrating and coordinating these economic policy mechanisms, and let us lay out some goals of production, income and employment." Hopefully, we will then strive to achieve those goals.

I do not know what has gone wrong with us in this country. Nobody wants to state any goals, except people that are in athletics. What we say here is, "Well, let us just see how it all works out." We do, once in awhile, ask for some goals in some things. We asked our farmers to produce a certain amount and they did. We made some arrangements to see that they did. So it can be done.

We once did have a goal of putting a man on the moon and bringing him back to earth safely in a given time frame, and we did it. By the way, that was one of the most fruitful and rewarding experiences in all of our national economic life. Despite the cost of the drama of putting the man on the moon, the space program has yielded more

productive efficiency to this country than any single development in the last 50 years -- maybe in the last 100 years. However, most of the time young people are told that the space program was just a grandiose design to put somebody in orbit. We are kind of cynical about this great achievement. One development from the space program has been the weather satellite that has saved us billions of dollars and gives us advance warnings. The only reason in the world we can trust the Russians in any form of arms control at all is because we have got Project Delta. This is a satellite which keeps a constant surveillance over all types of nuclear explosions worldwide. That program has been a Godsend, but we planned it. We put government, the private sector, the research facilities, the universities and the laboratories together. We stated some goals, we said what we wanted to do and we went out and did it.

We did exactly the same thing in the Marshall Plan. Everything that we are proud of today we had to plan. We were proud of the Marshall Plan. We are very proud of our telephone system. AT&T planned it. Otherwise, we would still be communicating with smoke signals. I believe in planning. I do not believe that every factor of our life must be controlled, but I believe that it requires some planning. It requires planning to run a family. It requires planning to get a college education, unless your Daddy's the richest man in town. And it is ridiculous for business people to go around pooh-poohing planning. It is the limits of planning that is the point of argument.

How much and what kind? Surely we ought to have an honest information data base that we can all rely on -- accurate, up to date. Surely we ought to be able to come to agreement on some common goals. Surely we ought to come to some agreement on some priorities. Surely we ought to come to some agreement as to where we might want some expansion in our economy. We can have limits. It is in the area of limits where we need to help each other.

Now, quickly, I want to say something about housing and I will get out of here. I am not a housing expert. I am not an expert in anything. I work with people that are experts. We have a national housing goal in this country. The one way that we are able to measure how well we are doing in housing is through that goal. The housing goal is to provide a decent home for every American family. That is a broad goal, to be sure, but a good one. Our goal has a second part. That is a suitable living environment for the family that occupies the home.

It is quite obvious that we have failed to achieve these goals for a substantial number of our families, but those two goals have had an impact. There are many more people today living in good homes, and there are some beautiful neighborhoods in America. We began to

understand the importance of a neighborhood and a suitable living environment. Because we have had the goals, we have had some way of reaching out for solutions and achieving results.

These goals were established in 1949 by that radical revolutionary, Robert Taft. I was in Congress when he handled that bill on the floor of the Senate. The Ellender-Taft Housing Act, if you may recall. We reestablished those goals in 1968, and again in 1974. In 1968 we placed a numerical value on our national housing goals. We agreed that 2.6 million new housing starts a year were necessary to meet our national housing objectives. We agreed on the goal and then the question was what was to be done.

For the first five years, 1968-1973, under our goal we did pretty well. New housing starts averaged about 2.0 million units a year. That is a remarkable record. But since then we have had nothing short of a disaster. Housing starts in the three-year period from 1974 through 1976, despite the recovery, will average approximately 1.3 million units, exactly half the production necessary to meet our annual goals.

There are several steps that I believe must be taken to restore housing production to levels that are sufficient to meet our housing goals. First, we need a steady and expansive monetary policy. We must take housing off the economic roller-coaster by insuring an adequate supply of credit at reasonable interest rates. Housing is too vital to our people to be used as our economic shock absorber.

Second, we need policies designed to make home ownership available to a larger number of American families. The Federal government must assure that mortgage money is available at reasonable interest rates to the average American family. This is the heart of any national housing policy. I have introduced a bill to establish a Federal Housing Bank to buy mortgages and assure a steady supply of mortgage money at a fair rate of interest -- 6% to a maximum of 7% -- for persons who want to own their own homes. The amount of the mortgage should be that necessary to finance a modest but adequate dwelling. It is a bold idea, but the time for tinkering around the edges of our serious housing problems clearly has passed.

Third, we need programs that will allow young families to enter the housing market. At present, housing policies are upside down. Families can afford a large house when the children are grown and they do not need a big home. But when they first start a family, they cannot afford anything.

I want to say quite candidly that this country will be better off with more home ownership. People have a piece of the action. We ought to be daring enough and bold enough and creative enough to

find a way to make home ownership a fact for the vast majority of the American people.

I will tell you, you can tell what kind of a city you are in by the number of people who own their homes. You go into a city in which the home ownership is 70%-75% of all units and you have a nice city. You go into one where you only have 40% of the people owning their own homes with the rest of them renting and take a look at what you have. I have been a mayor of a city and I have worked very closely with the National Housing Conference. I have for years. I work very closely with the National Association of County Officials and the Mayors' Conference. This is my life. I am a private entrepreneur. I am a homeowner and I believe in it. I believe that private property is good. It is good for everybody, and I want everybody to have a little piece of the action. When I hear people say, "Well you cannot do things like that, Mr. Humphrey, because you have to let the market take care of it." I say, "Is that so? We did not let the market take care of the Export-Import Bank, did we?" You know better than that. The Government took care of that. We did not let the market take care of the DISC program in the tax schedule to improve our exports, did we? We did not let the market take care of the exports of our grain, did we? We have the Commodity Credit Corporation to finance them, and at less than the market rate.

We do not let the market take care of housing programs every place else in the world. Our very same Government that says we cannot do anything to tamper with the money markets in this country is perfectly willing to go off and commit billions of dollars to roll back the Sahara Desert. We may have to do that, I do not want to be misunderstood. The Secretary of State is angry with me already for having said this once before. But it is interesting that every time we have some big project, we have to get in Air Force I and travel 10,000 miles to find if there is something out there we ought to do.

If these travelers would just get in their car and travel twelve blocks in Washington from the White House, they would find quite a bit to do. It is right there, a city to be rebuilt. Rat-infested sections of this city that threaten the health of the people and that need to be removed. However, instead we have to travel all the way around the world. Then we say, "Well now, what we are going to do is this, we are going to put in billions here." We have a safety net for this and we have something else for that. It all sounds good. Chase Manhattan endorses it, and somebody else endorses it. However, the minute that somebody says that somebody ought to be able to buy a house at 6% and 7% interest, they say, "Well now, just a minute. You do not realize what you are doing to the forces of the free market."

I know what I am doing to the forces of the free market. And the forces of the free market will be one sure sight better off if people are able to buy a home and own one. Not only that, so would General Electric, so would Weyerhaeuser, and so would every one of you. The housing industry in this country has a ripple effect second to none.

Fourth, we need policies designed to revitalize the multiple-family housing industry. We need to carefully examine local, state and Federal government regulations that are delaying and preventing multiple-family construction. The HUD Agency has really got to get with it.

Fifth, and perhaps most important, we need to revive Government-assisted housing construction programs for low- and moderate-income families. In 1968, we made a commitment to build 600,000 Government-assisted housing units a year. The present Administration has not met that commitment. Government-assisted housing starts in 1974 were about 60,000. In 1975 they will be below 100,000.

This is a national tragedy and a disgrace. Low-income families are living in housing that would be considered substandard in virtually any other industrialized country in the world. Yet, this situation is tolerated in the world's richest nation. Finally, we need to attack the high cost of housing construction directly. We must examine regulatory problems in the construction industry.

We also must expand the supply of materials that are used in home construction. One such program is the Forest Service Practices Act, that I have authored. This legislation would result in a long overdue reform of timber harvesting practices in our national forests. It is designed to keep lumber prices down by expanding the available supply of timber. In this manner, it will also help keep the lid on housing prices.

Well, there are other things to be discussed but I do not have time to discuss them with you. I just want to end up on this note. I am a great optimist concerning where our country can go and what it ought to do. I believe it is just a matter of putting ourselves to the task of utilizing a partnership which this country has long utilized -- that is the partnership of government and the private sector. It makes good politics to enter into what we call the confrontation between the private sector and government. Also, I know that the present mood in the country is anti-Washington. But I will let you in on a secret. The Federal Reserve Board is in Washington. You can be anti-Washington if you want. The only ones who have burned down Washington were the British and the riots of 1967 that took a little piece of it.

Whoever is President of this country is going to have to live in this town, at least part of the time. Government policies are going

to come out of this city. There are going to be departments of government, and there are going to be agencies of government. They are not going to be fewer and they are not going to be less. The only question is, are they going to be better? Are we going to make them work? Are we going to try to systematize what we are trying to do? Are we going to have Presidents meeting with Governors on a regular basis with a prescribed agenda so we can take a real look at what is going on in this country? Will we quit governing America as if there was one government up here and another government out there that never meet, with the Federal Reserve Board over here to oversee the whole thing?

We have one meeting a year between the President and the Governors. That is the chance for the Governors to be fully propagandized by the Executive Branch, which I indulged in as your Vice President at one time. We feed them well, and give the ladies presents. We then put on a big State dinner at night with a big dance and that was the meeting. There ought to be at least a regular agenda and a regular agenda and a regular, formalized program for what I call the Federal Cabinet, where the President and the Governors of the 50 states meet regularly to discuss the operation of every program, the needs of every section of the country, and what is needed in the Federal budget. That Federal budget dictates an awful lot of what is going to happen in this economy, and what is going to happen in every state legislature. Yet today we go ahead willy-nilly on our way as if nobody had ever been consulted.

I am here to tell you that not a single Governor, not a single Mayor, not the American Bankers Association, the AFL-CIO, the Chamber of Commerce, nor the AMA -- none of them has ever been consulted as to what ought to go in the Federal budget. That is all done by a few people around here who think they know more than anybody else. I think that before that budget is ever prepared and sent to Congress it should be reviewed by every Governor in this land -- by the elected public officials. I also think that it ought to be a subject of public discussion before it is formalized and sent to the Congress of the United States. If we do some of those things, friends, we will get the economy to revitalize itself. Forgive me for the disjointed remarks. Thank you very much.

Mr Bove

REMARKS OF SENATOR HUBERT H. HUMPHREY

SECOND ANNUAL WERTHEIM HOUSING SEMINAR

WASHINGTON, D. C.

MAY 6, 1976

IT'S A PLEASURE TO BE HERE TODAY WITH SUCH A DISTINGUISHED GROUP
OF HOUSING AND FINANCE EXPERTS.

MANY AMERICANS HAVE BECOME CONCERNED THAT THERE MAY BE SOMETHING
FUNDAMENTALLY WRONG WITH OUR NATION'S ECONOMY.

FAMILIES DON'T UNDERSTAND WHY THEY CAN'T AFFORD A HOME OR A CAR,
WHEN THEY HAVE BEEN TOLD THAT A STRONG RECOVERY IS UNDERWAY. THEY
ARE CYNICAL ABOUT THE GOVERNMENT'S ABILITY TO IMPROVE THE NATION'S
ECONOMIC SITUATION, BECAUSE OUR COMPACT WITH THE PEOPLE FOR "FULL
EMPLOYMENT AND PRICE STABILITY" HAS BEEN VIOLATED SO SEVERELY AND
SO OFTEN. THEY CAN'T UNDERSTAND HOW THEIR COUNTRY CAN TOLERATE SO
MUCH WASTE -- HIGH UNEMPLOYMENT, IDLE CAPACITY, LOST REVENUES AND
LOST INCOME -- WHEN THERE IS SO MUCH TO BE DONE.

THESE ARE TOUGH ISSUES, DIFFICULT TO COMPREHEND AND EVEN
HARDER TO SOLVE. YET THESE ARE THE ECONOMIC ISSUES THAT SHOULD
BE AT THE HEART OF THE 1976 CAMPAIGN.

L NO DOUBT, WE ARE CURRENTLY IN THE MIDST OF A VIGOROUS ECONOMIC
RECOVERY. THE GROSS NATIONAL PRODUCT HAS RISEN IN FOUR CONSECUTIVE
QUARTERS. THE UNEMPLOYMENT RATE HAS BEEN DECLINING ALTHOUGH TOO
SLOWLY. HOUSING STARTS HAVE RISEN SIGNIFICANTLY. PROFITS ARE UP
AND MANY OTHER ECONOMIC INDICATORS HAVE IMPROVED.

L I EXPECT THAT THIS RECOVERY WILL CONTINUE THROUGHOUT 1976,
AND PERHAPS EVEN INTO 1977. IN FACT, SEVERAL MONTHS AGO ONLY
DR. HELLER AND I WERE PREDICTING A 7 PERCENT OR BETTER GROWTH
RATE IN EARLY 1976.

✓ BUT THIS IS HARDLY A TIME TO REST ON OUR LAURELS. DESPITE
ONE FULL YEAR OF RECOVERY, WE HAVE NOT REACHED THE LEVEL OF
PRODUCTION THAT WE HAD ACHIEVED TWO YEARS AGO, PRIOR TO THE
RECESSION. ✓ WE STILL HAVE SEVEN AND A HALF PERCENT OF OUR LABOR
FORCE "OFFICIALLY" UNEMPLOYED, AND IF DISCOURAGED WORKERS AND PART-
TIME EMPLOYEES ARE INCLUDED, THE UNEMPLOYMENT RATE IS CLOSER TO
10 PERCENT.

✓ WE STILL ARE LOSING CLOSE TO \$200 BILLION WORTH OF GOODS AND
SERVICES A YEAR DUE TO HIGH UNEMPLOYMENT. OUR INDUSTRIAL PLANTS STILL
ARE OPERATING AT ONLY 75 PERCENT OF CAPACITY. FEDERAL, STATE AND
LOCAL GOVERNMENT REVENUES ARE STILL FAR SHORT OF FULL EMPLOYMENT LEVELS.

IN SHORT, WE STILL HAVE A LONG WAY TO GO BEFORE WE REACH THE
FINISH LINE OF A FULLY EMPLOYED ECONOMY WITH PRICE STABILITY.

ANY GOOD TRACK COACH KNOWS THAT WINNING THE LONG DISTANCE RACE TAKES PERSISTENCE, HARD WORK AND COMMITMENT. BUT IT ALSO REQUIRES A WILLINGNESS TO MAP A STRATEGY -- TO RUN A STEADY BUT SWIFT PACE FROM BEGINNING TO END. A RUNNER CAN'T WIN BY SPRINTING THE FIRST HUNDRED YARDS AND THEN COASTING THE REST OF THE WAY.

THE SAME IS TRUE OF OUR CURRENT ECONOMIC SITUATION.

TWELVE MILLION ADDITIONAL PEOPLE WILL BE SEEKING EMPLOYMENT IN THE WORK FORCE BETWEEN NOW AND 1980. GROSS NATIONAL PRODUCT WILL HAVE TO GROW APPROXIMATELY SIX PERCENT A YEAR, IF WE ARE TO PROVIDE JOBS FOR THESE PEOPLE AND REACH FULL EMPLOYMENT BY 1980. THAT MEANS WE NEED A LONG, STEADY AND VIGOROUS RECOVERY.

IT WILL NOT BE ENOUGH TO SPRINT UNTIL NOVEMBER 2 AND THEN COAST FOR THE NEXT FOUR YEARS.

YET THE PRESIDENT'S BUDGET PROPOSALS AND ECONOMIC POLICIES SEEM DESIGNED TO DO JUST THAT -- KEEP THE ECONOMY STRONG THROUGH 1976 AND THEN SLAM ON THE BRAKES IN 1977. ACCORDING TO ANALYSIS DONE BY THE JOINT ECONOMIC COMMITTEE, AND SEVERAL RESPECTED PRIVATE FORECASTERS, THE PRESIDENT'S BUDGET PROPOSALS COULD SLOW THE RATE OF GROWTH IN THE ECONOMY TO ABOUT FOUR PERCENT IN 1977. THAT WOULD LEAVE THE UNEMPLOYMENT RATE AT NEARLY SEVEN PERCENT THROUGHOUT 1977.

WHY WOULD A PRESIDENT DO THIS TO THE ECONOMY? I MUST ADMIT THAT THIS QUESTION TROUBLES ME DEEPLY, BUT I THINK I HAVE FOUND THREE ANSWERS.

FIRST, THE PRESIDENT BELIEVES THAT FEDERAL EXPENDITURES ARE GOBBLING UP A LARGER AND LARGER SHARE OF PEOPLE'S INCOMES AND THAT THIS IS PROVIDING A DRAIN ON THE PRIVATE ECONOMY.

SECOND, THE PRESIDENT SINCERELY BELIEVES THAT RAPID ECONOMIC RECOVERY WILL ONLY REKINDLE THE INFLATION FIRES THAT HAVE RAVAGED OUR ECONOMY OVER THE LAST THREE YEARS,

AND THIRD, THE PRESIDENT BELIEVES THAT FEDERAL PROGRAMS ARE WASTEFUL AND INEFFECTIVE.

ON ALL THREE COUNTS, I BELIEVE THE PRESIDENT IS WRONG, AND HIS MISTAKES COULD COST OUR ECONOMY AND OUR PEOPLE DEARLY.

FIRST, FEDERAL SPENDING HAS NOT CHANGED VERY MUCH AS A PERCENTAGE OF GNP IN THE LAST TWENTY-FIVE YEARS. IN 1952, FEDERAL GOVERNMENT EXPENDITURES AS A PERCENTAGE OF GNP WERE 20.5 PERCENT; IN 1962, 19.6 PERCENT; IN 1972, 20.9 PERCENT; AND DUE TO REDUCED GNP, 23.8 PERCENT IN 1975.

SURE, GOVERNMENT IS BIG; BUT SO IS OUR ECONOMY.

THE PRESIDENT'S ASSUMPTION THAT RAPID RECOVERY WILL REKINDLE
INFLATION IS ALSO ERRONEOUS, IN MY OPINION, WITH 25 PERCENT OF
PLANT CAPACITY IDLE AND 7 1/2 PERCENT OF OUR WORK FORCE "OFFICIALLY"
UNEMPLOYED, THERE IS PLENTY OF ROOM FOR EXPANSION BEFORE WE RUN
INTO CAPACITY CONSTRAINTS. *(Except certain areas)*

L MOREOVER, WE HAVE SEEN IN RECENT MONTHS THAT AS UNEMPLOYMENT
HAS DECLINED SO HAS THE RATE OF INFLATION.

FINALLY, THE PRESIDENT'S BUDGET CUTS ARE DESIGNED TO ELIMINATE
WASTE IN GOVERNMENT. BUT THE GREATEST SINGLE WASTE IN AMERICA IS
NOT IN GOVERNMENT, ALTHOUGH AT TIMES GOVERNMENT IS SHAMEFULLY
WASTEFUL L THE GREATEST WASTE IS OUR FAILURE TO UTILIZE THE SKILL,
THE ENERGY AND THE AVAILABLE TALENT OF OUR CITIZENS WHO ARE
CURRENTLY UNEMPLOYED, AND OUR FAILURE TO UTILIZE THE TOOLS,
MACHINERY AND PLANT CAPACITY OF THIS NATION.

THAT'S A TRAGIC WASTE -- \$300 BILLION IN GOODS, SERVICES, AND INCOME HAVE BEEN LOST FOREVER DUE TO THIS RECESSION; \$1 TRILLION TO \$1.5 TRILLION WILL BE LOST THROUGH THE END OF THIS DECADE.

I DO NOT MEAN TO SUGGEST THAT GOVERNMENT CANNOT BE MORE EFFICIENT. IT CAN BE. HOWEVER, I DO WANT TO SAY THAT I CATEGORICALLY REJECT THE MEAT-AXE TYPE OF BUDGET CUTTING THAT THIS ADMINISTRATION PROPOSES. I FAVOR A MORE SYSTEMATIC APPROACH.

THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1976, AUTHORED BY CONGRESSMAN AUGUSTUS HAWKINS AND MYSELF, REQUIRES THAT 20 PERCENT OF GOVERNMENT SPENDING BE REVIEWED INTENSIVELY EACH YEAR. EVERY PROGRAM WOULD THUS BE SUBJECT TO A DETAILED ANALYSIS EVERY FIVE YEARS. THOSE THAT ARE SUCCESSFUL WOULD BE CONTINUED AND EVEN EXPANDED, WHILE THOSE THAT ARE UNSUCCESSFUL WOULD BE IMPROVED OR ABANDONED.

THIS LEGISLATION ALSO REQUIRES A COMPLETE EVALUATION OF ALL FEDERAL RULES AND REGULATIONS -- SOME HAVE UNDOUBTEDLY OUTLIVED THEIR USEFULNESS.

↳ THE MAJOR CHALLENGE TO ECONOMIC POLICY IS TO DEVELOP THE LONG DISTANCE STRATEGY THAT WILL PROVIDE SUSTAINED AND VIGOROUS RECOVERY WITH PRICE STABILITY.

↳ THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1976, THE HUMPHREY-HAWKINS BILL, IS ONE SUCH STRATEGY. ↳ THIS BILL MODIFIES THE WAY THAT ECONOMIC POLICY IS FORMULATED AND THE CONTENT OF THAT POLICY. IT IDENTIFIES A FLEXIBLE PROGRAM FOR ACHIEVING FULL EMPLOYMENT WITH PRICE STABILITY.

↳ THE PRIMARY FOCUS OF THE BILL IS THE CREATION OF WORK OPPORTUNITIES IN THE PRIVATE SECTOR.

TAX, ^{Budget} EXPENDITURE AND CREDIT POLICIES WILL BE USED TO INCREASE

EMPLOYMENT IN PRIVATE BUSINESS WITHOUT CAUSING INFLATIONARY

PRESSURES, SUPPLEMENTARY PROGRAMS, SUCH AS MANPOWER TRAINING,

ECONOMIC DEVELOPMENT PROGRAMS, AND INCENTIVES FOR INVESTMENT

IN DEPRESSED AREAS, WILL ALSO BE USED TO CREATE MORE PRIVATE

EMPLOYMENT OPPORTUNITIES.

L DESPITE THE RHETORIC OF ITS OPPONENTS, THIS IS NOT A HUGE

PUBLIC JOBS BILL. WHEN AND IF PUBLIC SECTOR JOBS ARE NEEDED,

THEY WILL BE DESIGNED TO SUPPLEMENT THE PRIVATE SECTOR, NOT REPLACE

IT. ONLY WHEN THE PRIVATE SECTOR CANNOT PROVIDE ENOUGH JOBS, WILL

THE PUBLIC JOBS BE MADE AVAILABLE.

L THIS BASIC REFORM OF OUR ECONOMIC POLICY STRUCTURE MUST BE

COUPLED WITH A RENEWED COMMITMENT TO DECENT HOUSING FOR OUR FAMILIES.

WE HAVE A NATIONAL HOUSING GOAL IN THIS COUNTRY THAT YOU AND I
CONSIDER TO BE VERY IMPORTANT, BUT THAT OTHERS HAVE CHOSEN TO IGNORE.
THIS GOAL CONTAINS TWO SEPARATE BUT CLOSELY RELATED OBJECTIVES.

THE FIRST PORTION OF THE GOAL COMMITS THE GOVERNMENT TO PROVIDE
"A DECENT HOME FOR EVERY AMERICAN FAMILY."

THE SECOND PART OF OUR NATIONAL HOUSING GOAL COMMITS THE
GOVERNMENT TO PROVIDE "A SUITABLE LIVING ENVIRONMENT" FOR THE
FAMILY THAT OCCUPIES THE HOME.

A DECENT HOME IN A SUITABLE LIVING ENVIRONMENT TO EVERY AMERICAN
FAMILY WAS A WISE GOAL IN 1949 WHEN WE CONCEIVED IT. IT WAS SOUND
IN 1968 WHEN IT WAS REPEATED, AND IT REMAINS A WORTHY GOAL TODAY.

IN 1968, WE PLACED A NUMERICAL VALUE ON OUR NATIONAL HOUSING
GOALS. WE AGREED THAT 2.6 MILLION NEW HOUSING STARTS A YEAR WERE
NECESSARY TO MEET OUR NATIONAL HOUSING OBJECTIVES.

L UNFORTUNATELY, ONCE WE AGREED ON THE GOAL NOT MUCH WAS DONE
TO MEET IT.

L DURING THE FIRST FIVE YEARS UNDER OUR GOAL WE DID PRETTY
WELL. NEW HOUSING STARTS FROM 1968 THROUGH 1973 AVERAGED NEARLY
2 MILLION UNITS A YEAR.

L BUT SINCE THEN, WE HAVE HAD NOTHING SHORT OF A DISASTER.
HOUSING STARTS IN THE THREE-YEAR PERIOD FROM 1974 TO 1976, DESPITE
THE RECOVERY, WILL AVERAGE APPROXIMATELY 1.3 MILLION UNITS A YEAR,
EXACTLY HALF THE PRODUCTION NECESSARY TO MEET OUR GOALS.

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L THERE ARE SEVERAL STEPS THAT I BELIEVE MUST BE TAKEN TO
RESTORE HOUSING PRODUCTION TO LEVELS THAT ARE SUFFICIENT TO MEET
OUR HOUSING GOALS.

FIRST, WE NEED A STEADY AND EXPANSIVE MONETARY POLICY,

WE MUST TAKE HOUSING OFF THE ECONOMIC ROLLER-COASTER BY
INSURING AN ADEQUATE SUPPLY OF CREDIT AT REASONABLE INTEREST
RATES. HOUSING IS TOO VITAL TO OUR PEOPLE TO BE USED AS OUR
ECONOMIC SHOCK ABSORBER.

SECOND, WE NEED POLICIES DESIGNED TO MAKE HOME OWNERSHIP
AVAILABLE TO A LARGER NUMBER OF AMERICAN FAMILIES.

THE FEDERAL GOVERNMENT MUST ASSURE THAT MORTGAGE MONEY IS
AVAILABLE AT REASONABLE INTEREST RATES TO THE AVERAGE AMERICAN
FAMILY. THIS IS THE HEART OF ANY NATIONAL HOUSING POLICY.

4 I HAVE INTRODUCED A BILL TO ESTABLISH A FEDERAL HOUSING
BANK TO BUY UP LOW-RATE MORTGAGES AND ASSURE A STEADY SUPPLY OF
MORTGAGE MONEY AT A FAIR RATE OF INTEREST -- SIX PERCENT TO A
MAXIMUM OF SEVEN PERCENT -- FOR PERSONS WHO WANT TO OWN THEIR
OWN HOMES.

Housing Bank.

THE AMOUNT OF THE MORTGAGE SHOULD BE THAT NECESSARY TO FINANCE
A MODEST BUT ADEQUATE DWELLING. IT IS A BOLD IDEA, BUT THE TIME
FOR TINKERING AROUND THE EDGES OF OUR SERIOUS HOUSING PROBLEMS
CLEARLY HAS PASSED.

THIRD, WE NEED PROGRAMS THAT WILL ALLOW YOUNG FAMILIES TO
ENTER THE HOUSING MARKET. AT PRESENT, HOUSING POLICIES ARE
UPSIDE DOWN. FAMILIES CAN AFFORD A LARGE HOUSE WHEN THE
CHILDREN ARE GROWN AND THEY DON'T NEED A BIG HOME. BUT WHEN THEY
FIRST START A FAMILY, THEY CAN'T AFFORD ANYTHING.

FOURTH, WE NEED SPECIFIC POLICIES DESIGNED TO REVITALIZE THE
MULTI-FAMILY HOUSING INDUSTRY. WE MUST CAREFULLY EXAMINE LOCAL,
STATE AND FEDERAL GOVERNMENT REGULATIONS THAT ARE DELAYING
OR PREVENTING MULTI-FAMILY CONSTRUCTION.

FIFTH, AND PERHAPS MOST IMPORTANT, WE NEED TO REVIVE GOVERNMENT-
ASSISTED HOUSING CONSTRUCTION PROGRAMS FOR LOW AND MODERATE INCOME
FAMILIES. IN 1968, WE MADE A COMMITMENT TO BUILD 600 THOUSAND
GOVERNMENT ASSISTED HOUSING UNITS A YEAR. THE PRESENT ADMINISTRATION
HAS WELSHED ON THAT COMMITMENT.

GOVERNMENT-ASSISTED HOUSING STARTS IN 1974 WERE ABOUT 60 THOUSAND
UNITS, ONE-TENTH OF OUR YEARLY NATIONAL GOAL. IN 1975, THEY STILL
WERE BELOW 100 THOUSAND UNITS.

THIS IS A NATIONAL TRAGEDY AND A DISGRACE. LOW-INCOME FAMILIES
ARE LIVING IN HOUSING THAT WOULD BE CONSIDERED SUBSTANDARD IN
VIRTUALLY ANY OTHER INDUSTRIALIZED COUNTRY IN THE WORLD.

YET, THIS SITUATION IS TOLERATED IN THE WORLD'S RICHEST NATION.

FINALLY, WE NEED TO ATTACK THE HIGH COST OF HOUSING CONSTRUCTION DIRECTLY. WE MUST EXAMINE LAND USE CONTROLS TO DETERMINE THEIR IMPACT ON LAND COSTS. WE MUST EXAMINE REGULATORY PROBLEMS IN THE CONSTRUCTION INDUSTRY.

WE ALSO MUST EXPAND THE SUPPLY OF MATERIALS THAT ARE USED IN HOME CONSTRUCTION. ONE SUCH PROGRAM IS THE FOREST SERVICES PRACTICES ACT THAT I HAVE AUTHORED AND WHICH THE SENATE AGRICULTURE COMMITTEE HAS JUST REPORTED. THIS LEGISLATION WOULD RESULT IN A LONG OVERDUE REFORM OF TIMBER HARVESTING PRACTICES IN OUR NATIONAL FORESTS. IT IS DESIGNED TO KEEP LUMBER PRICES DOWN BY EXPANDING THE AVAILABLE SUPPLY OF TIMBER. IN THIS MANNER, IT WILL ALSO HELP KEEP THE LID ON HOUSING PRICES.

SOME PUBLIC OFFICIALS ARE TELLING THE AMERICAN PEOPLE THAT THEY MUST GIVE UP THEIR CHERISHED GOALS AND LOWER THEIR SIGHTS.

WHERE WOULD OUR NATION BE TODAY IF OUR FOUNDING FATHERS
DECIDED THAT "LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS" WERE TOO
TOUGH TO ACHIEVE?

WHERE WOULD WE BE IF THE PROMISE OF EQUAL JUSTICE CONT~~AINED~~^{AINED}
IN THE EMANCIPATION PROCLAMATION HAD BEEN ABANDONED AT THE TURN
OF THE CENTURY BECAUSE IT HAD NOT BEEN MET?

WHERE WOULD AMERICA BE TODAY IF OUR COMMITMENT TO SOCIAL AND
ECONOMIC PROGRESS FOR ALL OUR CITIZENS HAD BEEN SCRAPPED BECAUSE
SOME BELIEVED WE WERE NOT MOVING FAST ENOUGH?

OUR DISSATISFACTION WITH PROGRESS TOWARD OUR NATION'S GOALS
SHOULD SPUR US ON TO GREATER EFFORTS TO REACH THEM, AND NOT BE
USED AS AN EXCUSE TO ABANDON THEM.

HOPES AND DREAMS ARE THE SEEDBED OF PROGRESS AND ACHIEVEMENT.

A NATION THAT GIVES UP ITS DREAMS AND ABANDONS ITS PROMISES, ROBS
ITS CITIZENS OF HOPE AND CONDEMNS FUTURE GENERATIONS TO STAGNATION
AND MEDIOCRITY.

THIS IS NOT THE AMERICA OF THOMAS JEFFERSON, ABRAHAM LINCOLN,
FDR, JFK OR LBJ, AND IT MUST NOT BE PERMITTED TO BE THE LEGACY OF
OUR GENERATION OF POLITICAL LEADERS.

#

United States Senate

MEMORANDUM

This speech was not delivered.

The dinner had adjourned before
the Senator arrived.

REMARKS OF SENATOR HUBERT H. HUMPHREY

ANTI-DEFAMATION LEAGUE OF B'NAI B'RITH

NEW YORK, NEW YORK

MAY 6, 1976

I AM HONORED TO BE HERE THIS EVENING TO ^{join} ~~HELP~~ MY FRIENDS
IN THE ANTI-DEFAMATION LEAGUE ^{my paying} ~~PAY~~ TRIBUTE TO A MAN WHO HAS
DEDICATED SO MUCH OF HIS LIFE TO BUILDING A BETTER AMERICA.

AS CORPORATE EXECUTIVE AND COMMUNITY LEADER, MATTHEW ROSENHAUS
IS A SYMBOL OF THE INCREDIBLE POTENTIAL AND SPIRIT OF THE
AMERICAN PEOPLE.

HE HAS GIVEN OF HIMSELF IN A HOST OF EFFORTS AND
ORGANIZATIONS DEDICATED TO HEALING THE SICK, FURTHERING
EDUCATION IN AMERICA, PROMOTING THE GOALS OF JEWISH EDUCATION
AND BATTLING FOR HUMAN RIGHTS.

IT IS APPROPRIATE THAT YOU HONOR HIM THIS EVENING. HE
STANDS FOR WHAT YOU STAND FOR. HE HAS FOUGHT FOR THE THINGS
THAT ^{are of paramount interest} ~~MEAN~~ TO THE ADL AND ~~TO~~ THE JEWISH COMMUNITY AT LARGE.

Matthew Rosenhaus
-2-

IN OTHER WORDS, HE STANDS FOR A HUMANE AND COMPASSIONATE AMERICA.

HE STANDS FOR AN AMERICA DEDICATED TO ELIMINATING EVERY VESTIGE
OF PREJUDICE AND BIGOTRY FROM NATIONAL LIFE.

WE ARE BROUGHT TOGETHER THIS EVENING TO HONOR THIS FINE MAN
AND TO INDICATE OUR SUPPORT FOR THE ADL. I ALSO WANT TO PAY A
PERSONAL TRIBUTE TO YOUR GREAT ORGANIZATION.

THE B'NAI B'RITH'S ANTI-DEFAMATION LEAGUE HAS BEEN IN THE
FOREFRONT OF THE STRUGGLES WE HAVE WAGED OVER THE YEARS FOR THE
CAUSES OF PROGRESSIVE DEMOCRACY IN AMERICA.

I KNOW OF FEW ORGANIZATIONS WHICH HAVE SO CONSISTENTLY
REPRESENTED THE VALUES WHICH MAKE THIS COUNTRY GREAT: A FREE,
VIBRANT, OPEN SOCIETY IN WHICH ALL MEN AND WOMEN ARE FREE TO
MAKE THE MOST OF THEIR GOD-GIVEN POTENTIAL.

h WHETHER IN THE FIELDS OF CIVIL RIGHTS OR HUMAN RIGHTS,

WHETHER BATTLING FOR SOCIAL JUSTICE OR WAGING WAR TO ERADICATE

POVERTY, THE ADL AND THE AMERICAN JEWISH COMMUNITY HAVE ALWAYS

BEEN IN THE FOREFRONT OF PROGRESSIVE CAUSES LEADING OUR NATION

TO A BETTER DAY.

B. Stein

h AS WE CELEBRATE OUR BICENTENNIAL -- OUR PAST TWO HUNDRED

YEARS -- WE MUST LOOK AHEAD AS WELL. h AND WE MUST ASK OURSELVES

THIS FUNDAMENTAL QUESTION: HOW WILL PROGRESSIVE AMERICANS INSURE

THAT THE FREEDOMS OF OUR FIRST TWO CENTURIES ARE PRESERVED FOR

AMERICA'S THIRD AND FOURTH CENTURIES?

h WE LIVE IN A WORLD OF RAPID CHANGE. WHAT TOOK DECADES TO

ACCOMPLISH IN THE PAST, NOW TAKES WEEKS.

Change

Years are compressed into milliseconds and whole generations pass through eras and epochs at mind-boggling speed.

In an age when the world and time are shrinking the dimensions of our lives, at a moment when the power of private and public institutions is growing rapidly, the challenge of preserving democracy as we know it becomes formidable.

How do we go about this awesome task?

How do we adapt the precepts of Jefferson, Franklin and Madison to the 21st century and beyond?

There are no easy answers to this challenge and no one should ever tell you that there are.

~~But I want to discuss with you ways in which Americans can begin to meet this challenge and work together to insure that we remain a free people in a free land.~~

THIS EVENING I WOULD LIKE TO DISCUSS FOUR PRINCIPLES FOR
OUR GOVERNMENT AND OURSELVES WHICH I BELIEVE ARE FUNDAMENTAL TO THE
PRESERVATION OF AMERICAN DEMOCRACY. WE NEED TO REAFFIRM THESE AND
OTHER PRINCIPLES AS WE CELEBRATE OUR BICENTENNIAL.

THE FIRST PRINCIPLE IS PERHAPS THE MOST IMPORTANT:

GOVERNMENT BY CONSENT OF THE GOVERNED -- A FUNDAMENTAL
PRECEPT OF DEMOCRACY -- CANNOT LONG ENDURE IF GOVERNMENT DOES
NOT RESPECT THE LAW.

THE BRILLIANT JURIST, MR. JUSTICE BRANDEIS, SAID IT BEST
IN ONE OF HIS FAMOUS DISSENTING OPINIONS:

"DECENCY, SECURITY AND LIBERTY ALIKE DEMAND THAT
GOVERNMENT OFFICIALS SHALL BE SUBJECTED TO THE SAME
RULES OF CONDUCT THAT ARE COMMANDS TO THE CITIZEN.

IN A GOVERNMENT OF LAWS, EXISTENCE OF THE GOVERNMENT
WILL BE IMPERILED IF IT FAILS TO OBSERVE THE LAW
SCRUPULOUSLY."

WE HAVE JUST PASSED THROUGH A TRAGIC PERIOD IN OUR HISTORY.

MEN AND THE ~~VERY~~ INSTITUTIONS THEY LED TOOK THE LAW UNTO THEMSELVES.

THEY ERODED A PEOPLE'S TRUST AND CONFIDENCE IN THEIR
GOVERNMENT AT ALL LEVELS.

THEY DAMAGED A PEOPLE'S BELIEF IN THE VIABILITY OF THEIR
POLITICAL INSTITUTIONS.

WE MUST NEVER AGAIN LET THIS HAPPEN.

YES, IT WILL TAKE VIGILANCE BY THE PRESS, THE CONGRESS AND
THE COURTS.

BUT, EVEN MORE, IT WILL TAKE GREATER RESPECT FOR THE LAW
BY ALL AMERICANS.

L THERE IS NO EASY SOLUTION TO THE PROBLEM OF GROWING AND
PERVASIVE VIOLENT AND WHITE COLLAR CRIME IN AMERICA. BUT AS
BRANDEIS SO ELOQUENTLY STATED:

"OUR GOVERNMENT IS THE POTENT, OMNIPRESENT TEACHER.
FOR GOOD OR FOR EVIL IT TEACHES THE WHOLE PEOPLE BY
ITS EXAMPLE."

Yes THE GOVERNMENT MUST SET HIGH STANDARDS FOR ITS OWN CONDUCT,
UNLESS IT DOES, OUR DEMOCRACY WILL BE ENDANGERED.

LET ME TURN TO ANOTHER IMPORTANT PRINCIPLE.

WE CANNOT SEEK DEMOCRACY AND SOCIAL JUSTICE AT HOME AND ABANDON
THESE PRINCIPLES ABROAD.

THE TIME HAS COME FOR THE UNITED STATES OF AMERICA TO PUT
A PREMIUM ON THE SUPPORT OF DEMOCRATIC GOVERNMENTS AS A CENTRAL
TENET OF AMERICAN FOREIGN POLICY.

I HAVE SEEN PRESIDENTS EMBRACE DICTATORS AND COZY UP TO
JUNTAS IN THE NAME OF SECURITY AND EXPEDIENCY. BUT WE MUST LEARN
THAT THERE CAN BE LITTLE SECURITY IN THE WORLD IF DEMOCRATIC
GOVERNMENT BECOMES AN ENDANGERED SPECIES.

L THE UNITED STATES MUST AID AND SUPPORT THOSE PEOPLE AND
NATIONS WHO CHOOSE TO FORM GOVERNMENTS GUIDED BY DEMOCRATIC
PRINCIPLES, WHETHER THEY BE IN ISRAEL, IN GREECE, IN PORTUGAL OR
IN SOUTHERN AFRICA.

L WE CAN LOOK TO THE VERY RECENT PAST FOR A GOOD EXAMPLE OF
HOW ONE OF OUR GREAT LEADERS CHERISHED DEMOCRACY BEYOND OUR SHORES.

L THE GREAT AMERICAN PRESIDENT WHO FIRST RECOGNIZED THE STATE
OF ISRAEL, HARRY TRUMAN, KNEW THAT ISRAEL'S REBIRTH WAS THE
CREATION OF A DEMOCRACY AT A TIME WHEN DEMOCRACY WAS THREATENED.

I MUST SAY THAT TODAY, AS IN 1948, AMERICA'S SUPPORT OF A
DEMOCRATIC ISRAEL IS VITAL TO THE SECURITY OF THAT NATION AND THE
MAINTENANCE OF PEACE IN THAT TROUBLED PART OF THE WORLD.

OUR DEMOCRATIC HERITAGE IS SHARED BY ISRAEL. AMERICA'S
LOVE FOR FREEDOM IS A CORNERSTONE OF ISRAEL'S INDEPENDENCE.

WHETHER HERE IN AMERICA OR IN ISRAEL, WE MUST STAND FOR THE
PRESERVATION AND PROTECTION OF DEMOCRATIC VALUES.

THE ONLY EFFECTIVE WAY TO COMBAT THE TYRANNY OF COMMUNISM
AND THE TOTALITARIANISM OF THE RIGHT IS TO BATTLE FOR HUMAN
RIGHTS AND DEMOCRATIC VALUES ABROAD. *and*

OUR MORAL VALUES MUST PLAY A GREATER ROLE IN OUR FOREIGN
POLICY. UNTIL THEY DO, WE WILL NOT GAIN THE SUPPORT OF PEOPLES
AROUND THE WORLD WHO ARE STRUGGLING FOR THEIR FREEDOM.

Post

THERE IS A THIRD PRINCIPLE WHICH I BELIEVE TO BE OF CRITICAL
IMPORTANCE TO PROGRESSIVE AMERICANS:

THERE CAN BE NO MEANINGFUL FREEDOM IN AMERICA WITHOUT
FREEDOM FROM POVERTY AND HUNGER.

Jobs

L YOU AND I HAVE PLAYED A ROLE IN THE UNPRECEDENTED STRUGGLE
OF THE PAST TWO DECADES TO SECURE EQUAL RIGHTS FOR ALL AMERICANS.

L WE HAVE MADE GAINS IN SUCH AREAS AS EQUAL ACCESS TO PUBLIC
ACCOMODATIONS, EQUAL JOB OPPORTUNITY, NON-DISCRIMINATORY USE OF
FEDERAL FUNDS AND PROTECTION OF THE RIGHT TO VOTE.

L DESPITE HARD-WON GAINS IN CONGRESS AND THE COURTS, THE
STRUGGLE FOR ERADICATION OF PREJUDICE AND BIGOTRY IN AMERICA IS
NOT YET OVER.

AS I HAVE SAID IN THE PAST: IT IS NOT ENOUGH TO ALLOW A
MAN OR WOMAN THE RIGHT TO SIT AT A LUNCH COUNTER IF THEY DON'T
HAVE THE MONEY IN THEIR POCKETS TO PAY FOR ^{the} MEAL.

THE RIGHT TO FULL PARTICIPATION IN THE ECONOMIC LIFE OF OUR
NATION IS THE BIRTHRIGHT OF EVERY AMERICAN.

UNTIL WE GUARANTEE THIS FREEDOM OF ALL AMERICANS, WE CANNOT
CALL OURSELVES TRULY FREE.

I AM DISTURBED THAT TOO MANY AMERICANS ARE WILLING TO ACCEPT
GROWING POVERTY AMIDST AFFLUENCE. WE SEEM TO BE READY TO ACCEPT
LARGE NUMBERS OF UNEMPLOYED PERSONS AS A PERMANENT PART OF THE
ECONOMIC SCENE. URBAN DECAY INCREASES AS CITIES FACE RISING
COSTS AND DECLINING REVENUE SOURCES. WELFARE ROLLS AND FOOD
STAMPS BECOME A WAY OF LIFE FOR EVER-GROWING NUMBERS OF OUR
FELLOW CITIZENS.

AN AMERICA DIVIDED BETWEEN RICH AND POOR AND WHITE AND BLACK
IS IN TROUBLE. FREEDOM FOR THE COMFORTABLE CANNOT ENDURE ALONGSIDE
OF MISERY FOR OVER ONE QUARTER OF THE AMERICAN POPULATION.

IF THERE HAS EVER BEEN A TIME TO MOBILIZE THE FORCES IN
AMERICA IN AND OUT OF GOVERNMENT WHO CARE ABOUT AND UNDERSTAND THIS
PROBLEM, IT IS NOW. TIME IS RUNNING OUT.

LET ME TURN TO ANOTHER AND FINAL PRINCIPLE:

A FREE PEOPLE WHO REFUSE TO PARTICIPATE IN THEIR OWN POLITICAL
PROCESSES AND GOVERNMENT DO SO AT THEIR PERIL.

DEMOCRATIC SELF-GOVERNMENT WILL BE THREATENED IN THE LONG
RUN UNLESS AMERICANS TAKE THE TIME AND EFFORT TO CHOOSE THEIR
LEADERS AND WORK TO MAKE GOVERNMENT A BETTER PROTECTOR OF THEIR
RIGHTS AND INTERESTS.

JUST LOOK AT THE ALARMING STATISTICS OF VOTER PARTICIPATION
IN OUR RECENT ELECTIONS:

-- IN 1972, WITH A CLEAR IDEOLOGICAL CHOICE, ONLY 55 PERCENT
OF ELIGIBLE VOTERS WENT TO THE POLLS. / THIS MEANT THAT SIXTY-EIGHT
MILLION AMERICANS ELIGIBLE TO VOTE DID NOT DO SO.

← IN THE CONGRESSIONAL ELECTIONS OF 1974, ONLY 45 PERCENT
OF THE VOTING POPULATION BOTHERED TO GO TO THE POLLS.

← AND, IN 1974, AMONG THE CRITICAL GROUP OF YOUNG VOTERS
WITH STILL MANY ELECTIONS AHEAD OF THEM, ⁶⁴~~53.6~~ PERCENT OF 18 TO
20-YEAR-OLDS DID NOT EVEN BOTHER TO REGISTER.

← IF AMERICANS THINK THAT THEY CAN FAIL TO VOTE IN SUCH LARGE
NUMBERS AND STILL INSURE THEMSELVES OF ABLE AND DEDICATED PUBLIC
SERVANTS THEY ARE DEAD WRONG.

BUT THIS TREND OF NON-PARTICIPATION EXTENDS ALL ACROSS THE
FACE OF AMERICA -- FROM THE PTA AND THE TOWN COUNCIL TO SERVICE
ON THE FEDERAL BENCH AND IN THE EXECUTIVE BRANCH.

It is time for Americans to change their attitude about
their government and their role in it. Government is not some
monster apart from and detached from our lives. It is us -- our
values, our strengths and our weaknesses.

As a nation we are a community of people. Americans must
participate in this community to achieve common goals.

It is our duty and responsibility as citizens. If we as
Americans do not care about our collective political destiny,
we must accept the consequences of our own ^{individual} irresponsibility.

~~I sincerely believe that~~ democracy is severely weakened
if the many are governed by the notes of the few.

BUT I AM CONFIDENT THAT THE TASK OF PRESERVING AMERICA'S
DEMOCRACY CAN BE ACCOMPLISHED WITH THE HARD WORK AND DEDICATION
WHICH ARE SO PLENTIFUL IN OUR NATION.

WE HAVE THE INNER STRENGTH AND MORAL COURAGE TO OVERCOME
MOMENTARY SETBACKS.

LET US NOT FORGET WHO WE ARE AND WHAT WE ARE. WE ARE THE
MOST HETEROGENEOUS MIXTURE OF RACES, RELIGIONS AND NATIONALITIES
EVER TO COEXIST PEACEFULLY UNDER THE TENT OF DEMOCRACY. AND WE
ARE NOW THE WORLD'S LARGEST DEMOCRACY CELEBRATING TWO CENTURIES
OF FREEDOM.

THERE IS EVERY REASON TO BELIEVE THAT OUR THIRD CENTURY CAN
BE ONE OF FREEDOM AND ^{opportunity} ~~prosperity~~ FOR ALL AMERICANS.

*We have so much
Resources, People*

THERE IS EVERY REASON TO BELIEVE THAT THE PROGRESSIVE FORCES
IN AMERICA AND ABROAD CAN MAKE GREAT GAINS SOON IN THE STRUGGLE
TO ERADICATE INJUSTICE, HUNGER AND POVERTY WHEREVER THEY ARE
FOUND.

AMERICA'S FUTURE IS A BRIGHT ONE. AS THE POET AND SCHOLAR,
CARL SANDBURG, SO ELOQUENTLY SPOKE:

"I SEE AMERICA, NOT IN THE SETTING SUN OF A BLACK
NIGHT OF DESPAIR AHEAD OF US. I SEE AMERICA IN THE
CRIMSON LIGHT OF A RISING SUN FRESH FROM THE BURNING,
CREATIVE HAND OF GOD. I SEE GREAT DAYS AHEAD, GREAT
DAYS POSSIBLE TO MEN AND WOMEN OF WILL AND VISION..."

I KNOW THAT THE MEN AND WOMEN OF WILL AND VISION HERE THIS
EVENING ARE READY TO JOIN HANDS AND WORK FOR THE KIND OF AMERICA
WHICH IS IN OUR HOPES AND DREAMS.



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