

REMARKS OF SENATOR HUBERT H. HUMPHREY

J. C. PENNEY COMPANY CONFERENCE

Washington, D. C.

February 24, 1977

It is a pleasure for me to be here today with Dick Darling, Don Seibert and all of my friends from the J. C. Penney Company. As you know, I have had the opportunity and good fortune to be with you in the past and I have enjoyed it very much.

As a friend and follower of the J. C. Penney Company over the years, I always have been impressed by the extraordinary public spirit that your company consistently has demonstrated. It is so welcome and so necessary to the success of our political and economic system.

Recently the J. C. Penney Company has given us two more practical examples of what the term "corporate responsibility" really is all about. Once again J. C. Penney has shown the way.

First, your distinguished Chairman, Don Seibert, in testimony before the Joint Economic Committee earlier this month, provided the Congress with valuable insight into our current economic conditions and the economic future which our nation faces. It is particularly rewarding to have testimony such as his which is wise, optimistic, and truly in the public interest.

I can assure you that this was no self-serving, self-congratulatory statement of what the government can do for J. C. Penney. Rather, in the tradition of John F. Kennedy, Mr. Seibert came forth to ask not what his country could do for him but to bring his knowledge and expertise to the service of his country.

His excellent analysis was something that the Congress needed to hear and benefited from hearing. As you know, much of what we do in the area of economic policy is directly involved in building consumer confidence and confidence in the business sector. No one is in a better position to give us this advice than the leader of such a successful retail corporation.

We also are indebted to Ken Axelson for the job he did in helping to resolve the New York City financial crisis. We realize the sacrifice made by J. C. Penney in permitting one of its most important executives to contribute in this way to the public.

I always have felt close to America's retailers. I always have learned from them. The retailer is on the firing line. He truly is where the "buck" stops.

In our drugstore in South Dakota we have known more, and we have known more quickly, what was happening in the nation's economy than the CEA, the BLS and the JEC all put together. Why? Because we saw and talked to the folks every day. We saw it in our cash registers -- the truest barometer of consumer confidence and public attitudes toward the economic future.

We have got many fancy theories that the academics constantly evolve to explain consumer behavior, consumer propensity to consume, the marginal savings rates, and a whole lot more. But, as I have said before, I learned more economics in one South Dakota dust storm than I did in all my years of college.

In fact, my father gave me my best and most lasting economic lecture when he said, "if the customers haven't got it, we can't get it." There is a great deal of economic, business sense and political theory wrapped up in that one sentence, and I never have forgotten it.

Right now we see consumer confidence returning. People are beginning to spend again. Maybe not as rapidly as we would like them to, but the economy is rebounding.

Now, the cold weather will slow this process down somewhat. Heating bills are running anywhere from 50 to 100 percent higher this winter throughout the country because of cold weather. But this is a temporary phenomenon. It will pass and things will improve.

As I see it, the Carter economic stimulus package is coming at just the right time to provide a boost to this natural return of confidence among the people.

While I am not a great proponent of tax rebates, I do believe we can do this without reigniting inflation. I know the Congress is going to act quickly on the Carter proposal and I believe we will see the results in our economy this summer and in the fall.

Of course, I am basically a jobs man. And while there is a great deal of additional job spending proposed in the Carter package, I would prefer that it be a bit more.

My view is simple. If we can get the people to work and put a paycheck in their pockets, they will spend it. These aren't people who are going to sock it away in longterm investments or put it in five year certificates of deposit or buy ten year Treasury notes.

People who are unemployed today will spend from their paycheck when they get it. I think that should be the principal objective of national economic policy when more than seven million people are unemployed.

Today I would like to spend a few minutes with you talking about the continuing crisis in our great cities. You operate your stores there, live there, and see these problems first-hand, as I do.

Our cities are run down. Corporations are leaving in increasing numbers. The tax base of our great cities is eroding. Our urban centers are becoming the home of the poor, the minorities and the elderly, and as a result a huge welfare burden is being imposed on urban areas.

We all know that the technological and social problems of our cities feed on each other and produce tragic islands of poverty and decay throughout the land.

Yet, our cities have meant so much to our nation, to our prosperity, and to our democracy, and they can mean so much to our future, that we cannot let them die. These great centers of commerce, education, culture and government represent an investment of over 200 years that must be saved and built upon and not neglected.

The conservation and restoration of our cities is essential and must be a top priority of national policy. In this era of increasing scarcity, we can ill afford a policy of disposable cities, if ever we could afford such colossal waste. We all have too much at stake. We must clearly recognize that the destiny of the central cities is directly related to the destiny of our nation -- that successful central cities are a prerequisite for a successful America.

The failure of the federal government in the recent past to maintain full employment with reasonable price stability exacerbated the problems of economic decline in the central cities. First, double digit inflation caused city government expenditures to rise faster than revenues. This put the squeeze on central city budgets. Recession then administered a second and more serious blow to the central cities.

But, while the Federal government did not articulate a specific urban policy, its inadvertent actions often have been extremely detrimental to our cities. It is clear that the side effects of many government policies have directly undermined the effectiveness of the federal programs designed specifically to aid the central cities. This lack of direction, this floundering from policy to policy, cannot be allowed to continue. We can't afford the luxury.

The cornerstone of any comprehensive program to restore vitality to our central cities is a meaningful full employment policy. Without full employment, the resources and the incentives simply will not be available to redevelop the cities.

As you know, the private sector certainly is not going to invest in new plant and equipment or modernized plant facilities in our central cities if existing capacity is idle and there are no prospects that demand will increase in the future.

Therefore, the first prerequisite for restoring our urban areas is an effective national commitment to full employment in our economy. I am hopeful that the Carter Administration will provide such a framework for urban revitalization. I assure you that the Carter Administration will be urged to do so by one Senator from Minnesota.

Second, the Federal government must accept primary responsibility, once and for all, for financing the welfare and health programs that benefit disadvantaged American families. The health and welfare of individual American citizens always has been and should remain a chief concern of the Federal government.

The existing income maintenance system in our country is fraught with shortcomings. We can and we must do a better job and remove this onerous burden from those cities and states which least can afford to bear it.

Third, the Federal government in its employment and procurement expenditures can be an effective tool for increasing employment in chronically depressed regions of the country and in our cities.

In recent years, however, the largest increases in direct federal employment have occurred in precisely those regions that are experiencing the greatest private sector growth. The targeting of federal purchases of goods and services in chronically depressed cities could make a valuable contribution to increasing employment in these areas.

Fourth, there is a pressing need for general fiscal assistance to our cities. This assistance falls into two broad categories:

General assistance to cities with long-term budget difficulties;

And temporary assistance that is required to assist cities in periods of high unemployment.

Last year, Congress enacted a program, that I coauthored, of anti-recession grants to state and local governments with serious employment problems. It is a step in the right direction and one that the Carter Administration has proposed to expand.

Such programs should not be permanent subsidies but should come into existence, expand and contract as conditions in our economy dictate. I would be delighted to see such a program go off the books, but not when unemployment in our cities exceeds eight or nine percent.

Fifth, as many of you know, our central cities suffer not only from a declining economic base, but also from deteriorating physical facilities. Public facilities, such as transit systems, roads, sewers and water lines often are in desperate need of repair. Private structures such as factories, warehouses and office buildings may be in a similar state of deterioration.

In many respects rebuilding the physical environment of the city is as important as rebuilding the economic base. New public facilities generally lead to more efficient public services. They produce a sense of civic pride that the city is worth living in and working for. Similarly, new private facilities provide a revived sense of hope among the public and provide the enhanced productivity that is of such value to producers and consumers alike.

Finally, a key to strengthening the economy in the declining central cities is to encourage new private sector investments to locate in these areas. This best could be done by making longterm capital available at low interest rates to businesses that locate in the declining urban areas.

A Domestic Development Bank could perform this function. It could make long-term, low-interest loans to businesses and to state and local governments for the purpose of encouraging private sector investment in chronically depressed areas.

The Bank should make long-term loans at interest rates that are no higher than Treasury borrowing costs plus service charges. The major purpose of the Bank would be to increase the availability of jobs in areas with high unemployment over long periods of time.

These are just a few of my ideas for a new urban policy - a Marshall Plan for America's cities - that I wanted to share with you this afternoon. You may think that this speech could be better given to our nation's mayors, but I disagree.

We will only develop a rational approach to solving the problems of our cities when the private sector becomes convinced that it is in the long-term interest of the country and themselves, as corporations and as individuals, to make the revitalization of our cities a top priority on the nation's agenda.

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✓ IT IS A PLEASURE FOR ME TO BE HERE TODAY WITH DICK DARLING,

DON SEIBERT AND ALL OF MY FRIENDS FROM THE J. C. PENNEY COMPANY.

✓ AS YOU KNOW, I HAVE HAD THE OPPORTUNITY AND GOOD FORTUNE TO BE  
WITH YOU IN THE PAST AND I HAVE ENJOYED IT VERY MUCH.

✓ AS A FRIEND AND FOLLOWER OF THE J. C. PENNEY COMPANY OVER THE

YEARS, I ALWAYS HAVE BEEN IMPRESSED BY THE EXTRAORDINARY PUBLIC

SPIRIT THAT YOUR COMPANY CONSISTENTLY HAS DEMONSTRATED ✓ IT IS

SO WELCOME AND SO NECESSARY TO THE SUCCESS OF OUR POLITICAL AND  
ECONOMIC SYSTEM.

✓ RECENTLY THE J. C. PENNEY COMPANY HAS GIVEN US TWO MORE

PRACTICAL EXAMPLES OF WHAT THE TERM "CORPORATE RESPONSIBILITY"

REALLY IS ALL ABOUT. ✓ ONCE AGAIN J. C. PENNEY HAS SHOWN THE WAY.

FIRST, YOUR DISTINGUISHED CHAIRMAN, DON SEIBERT, IN  
TESTIMONY BEFORE THE JOINT ECONOMIC COMMITTEE EARLIER THIS  
MONTH, PROVIDED THE CONGRESS WITH VALUABLE INSIGHT INTO OUR  
CURRENT ECONOMIC CONDITIONS AND THE ECONOMIC FUTURE WHICH OUR  
NATION FACES. It IS PARTICULARLY REWARDING TO HAVE TESTIMONY  
SUCH AS HIS WHICH IS WISE, OPTIMISTIC, AND TRULY IN THE PUBLIC  
INTEREST. (Similar to Burns) Productivity

h I CAN ASSURE YOU THAT THIS WAS NO SELF-SERVING, SELF-  
CONGRATULATORY STATEMENT OF WHAT THE GOVERNMENT CAN DO FOR  
J. C. PENNEY, h RATHER, IN THE TRADITION OF JOHN F. KENNEDY,  
MR. SEIBERT CAME FORTH TO ASK NOT WHAT HIS COUNTRY COULD DO  
J.C. Penney  
FOR HIM BUT TO BRING HIS KNOWLEDGE AND EXPERTISE TO THE SERVICE  
OF HIS COUNTRY.

L HIS EXCELLENT ANALYSIS WAS SOMETHING THAT THE CONGRESS  
NEEDED TO HEAR AND BENEFITED FROM HEARING. AS YOU KNOW, MUCH  
OF WHAT WE DO IN THE AREA OF ECONOMIC POLICY IS DIRECTLY  
INVOLVED IN BUILDING CONSUMER CONFIDENCE AND CONFIDENCE IN THE  
BUSINESS SECTOR. NO ONE IS IN A BETTER POSITION TO GIVE US  
THIS ADVICE THAN THE LEADER OF SUCH A SUCCESSFUL RETAIL  
CORPORATION.

L WE ALSO ARE INDEBTED TO KEN AXELSON FOR THE JOB HE DID IN  
HELPING TO RESOLVE THE NEW YORK CITY FINANCIAL CRISIS. WE  
REALIZE THE SACRIFICE MADE BY J. C. PENNEY IN PERMITTING ONE  
OF ITS MOST IMPORTANT EXECUTIVES TO CONTRIBUTE IN THIS WAY  
TO THE PUBLIC.



L I ALWAYS HAVE FELT CLOSE TO AMERICA'S RETAILERS, I ALWAYS HAVE LEARNED FROM THEM. THE RETAILER IS ON THE FIRING LINE.

HE TRULY IS WHERE THE "BUCK" STOPS, (He also is the barometer of the economy)

L IN OUR DRUGSTORE IN SOUTH DAKOTA WE HAVE KNOWN ~~AND~~, AND ~~WE HAVE~~ KNOWN MORE QUICKLY, WHAT WAS HAPPENING IN THE NATION'S ECONOMY THAN THE CEA, THE BLS AND THE JEC ALL PUT TOGETHER.

L WHY? BECAUSE WE SAW AND TALKED TO THE FOLKS EVERY DAY. WE SAW IT IN OUR CASH registers -- THE TRUEST BAROMETER OF CONSUMER CONFIDENCE AND PUBLIC ATTITUDES TOWARD THE ECONOMIC FUTURE.

L WE HAVE ~~NOT~~ MANY FANCY THEORIES THAT THE ACADEMICS CONSTANTLY EVOLVE TO EXPLAIN CONSUMER BEHAVIOR, CONSUMER PROPENSITY TO CONSUME, THE MARGINAL SAVINGS RATES, AND A WHOLE LOT MORE.

h BUT, AS I HAVE SAID BEFORE, I LEARNED MORE ECONOMICS IN ONE SOUTH DAKOTA DUST STORM THAN I DID IN ALL MY YEARS OF COLLEGE.

L IN FACT, MY FATHER GAVE ME MY BEST AND MOST LASTING  
ECONOMIC LECTURE WHEN HE SAID, "IF THE CUSTOMERS HAVEN'T GOT  
IT, WE CAN'T GET IT." L THERE IS A GREAT DEAL OF ECONOMIC,  
BUSINESS SENSE AND POLITICAL THEORY WRAPPED UP IN THAT ONE  
SENTENCE, AND I NEVER HAVE FORGOTTEN IT.

L RIGHT NOW WE SEE CONSUMER CONFIDENCE RETURNING. L PEOPLE  
ARE BEGINNING TO SPEND AGAIN. L MAYBE NOT AS RAPIDLY AS WE  
WOULD LIKE THEM TO, BUT THE ECONOMY IS REBOUNDED. (Burns)

L NOW, THE COLD WEATHER WILL SLOW THIS PROCESS DOWN  
SOMEWHAT. L HEATING BILLS ARE RUNNING ANYWHERE FROM 50 TO  
100 PERCENT HIGHER THIS WINTER THROUGHOUT THE COUNTRY BECAUSE  
OF COLD WEATHER. L BUT THIS IS A TEMPORARY PHENOMENON.

L IT WILL PASS AND THINGS WILL IMPROVE.

L AS I SEE IT, THE CARTER ECONOMIC STIMULUS PACKAGE IS  
COMING AT JUST THE RIGHT TIME TO PROVIDE A BOOST TO  
THIS NATURAL RETURN OF CONFIDENCE AMONG THE PEOPLE.

*imposed  
plant capacity*  
WHILE I AM NOT A GREAT PROPONENT OF TAX REBATES, I DO  
BELIEVE WE CAN DO THIS WITHOUT REIGNITING INFLATION. ( I KNOW  
THE CONGRESS IS GOING TO ACT QUICKLY ON THE CARTER PROPOSAL  
AND I BELIEVE WE WILL SEE THE RESULTS IN OUR ECONOMY THIS  
SUMMER AND IN THE FALL.

L OF COURSE, I AM BASICALLY A JOBS MAN. ( AND WHILE THERE  
IS A GREAT DEAL OF ADDITIONAL JOB SPENDING PROPOSED IN THE  
CARTER PACKAGE, I WOULD PREFER THAT IT BE A BIT MORE.

*Work, not welfare  
Jobs, not unemployment compensation  
Pay Checks, Not Food Stamps.*

L MY VIEW IS SIMPLE, L IF WE CAN GET THE PEOPLE TO WORK  
AND PUT A PAYCHECK IN THEIR POCKETS, THEY WILL SPEND IT.

L THESE AREN'T PEOPLE WHO ARE GOING TO SOCK IT AWAY IN LONGTERM  
INVESTMENTS OR PUT IT IN FIVE YEAR CERTIFICATES OF DEPOSIT  
OR BUY TEN YEAR TREASURY NOTES.

L PEOPLE WHO ARE UNEMPLOYED TODAY WILL SPEND FROM THEIR  
PAYCHECK WHEN THEY GET IT. I THINK THAT SHOULD BE THE  
PRINCIPAL OBJECTIVE OF NATIONAL ECONOMIC POLICY WHEN MORE

THAN SEVEN MILLION PEOPLE ARE UNEMPLOYED.

~~work not~~

*Now let me shift gears and relate the issue of  
recession to our cities.*

TODAY I WOULD LIKE TO SPEND A FEW MINUTES WITH YOU TALKING

(42) ABOUT THE CONTINUING CRISIS IN OUR GREAT CITIES. YOU OPERATE

YOUR STORES THERE, LIVE THERE, AND SEE THESE PROBLEMS FIRST-

HAND AS I DO.

OUR CITIES ARE RUN DOWN. CORPORATIONS ARE LEAVING IN

INCREASING NUMBERS. THE TAX BASE OF OUR GREAT CITIES IS

ERODING. OUR URBAN CENTERS ARE BECOMING THE HOME OF THE

POOR, THE MINORITIES AND THE ELDERLY, AND AS A RESULT A

HUGE WELFARE BURDEN IS BEING IMPOSED ON URBAN AREAS.

WE ALL KNOW THAT THE TECHNOLOGICAL AND SOCIAL PROBLEMS

OF OUR CITIES FEED ON EACH OTHER AND PRODUCE TRAGIC ISLANDS

OF POVERTY AND DECAY, ~~THROUGHOUT THE LAND~~

YET, OUR CITIES HAVE MEANT SO MUCH TO OUR NATION, TO

OUR PROSPERITY, AND TO OUR DEMOCRACY, AND THEY CAN MEAN SO

MUCH TO OUR FUTURE, THAT WE CANNOT LET THEM DIE. THESE GREAT

CENTERS OF COMMERCE, EDUCATION, CULTURE AND GOVERNMENT

REPRESENT AN INVESTMENT OF OVER 200 YEARS THAT MUST BE SAVED

AND BUILT UPON AND NOT NEGLECTED.

Property  
Tax

THE CONSERVATION AND RESTORATION OF OUR CITIES IS  
ESSENTIAL AND MUST BE A TOP PRIORITY OF NATIONAL POLICY.

IN THIS ERA OF INCREASING SCARCITY, WE CAN ILL AFFORD A  
POLICY OF DISPOSABLE CITIES, IF EVER WE COULD AFFORD SUCH

COLOSSAL WASTE. WE ALL HAVE TOO MUCH AT STAKE. WE MUST

CLEARLY RECOGNIZE THAT THE DESTINY OF THE CENTRAL CITIES IS

DIRECTLY RELATED TO THE DESTINY OF OUR NATION -- THAT

SUCCESSFUL CENTRAL CITIES ARE A PREREQUISITE FOR A SUCCESSFUL

AMERICA.



*Our failure to*  
~~THE FAILURE OF THE FEDERAL GOVERNMENT IN THE RECENT PAST~~

~~TO~~ MAINTAIN FULL EMPLOYMENT WITH REASONABLE PRICE STABILITY, *has*  
*intensified*  
~~EXACERBATED~~ THE PROBLEMS OF ECONOMIC DECLINE IN THE CENTRAL

CITIES. *First,* DOUBLE DIGIT INFLATION CAUSED CITY GOVERNMENT

EXPENDITURES TO RISE FASTER THAN REVENUES. *This put the*

SQUEEZE ON CENTRAL CITY BUDGETS. *unemployment*  
*RECESSION THEN ADMINISTERED*

A SECOND AND MORE SERIOUS BLOW TO THE CENTRAL CITIES.

*h* BUT, WHILE THE FEDERAL GOVERNMENT DID NOT ARTICULATE A

SPECIFIC URBAN POLICY, ITS INADVERTENT ACTIONS OFTEN HAVE

BEEN EXTREMELY DETERIMENTAL TO OUR CITIES. *It is clear that*

THE SIDE EFFECTS OF MANY GOVERNMENT POLICIES HAVE DIRECTLY

UNDERMINED THE EFFECTIVENESS OF THE FEDERAL PROGRAMS DESIGNED

SPECIFICALLY TO AID THE CENTRAL CITIES. THIS LACK OF DIRECTION,

THIS FLOUNDERING FROM POLICY TO POLICY, CANNOT BE ALLOWED TO

CONTINUE. WE CAN'T AFFORD THE LUXURY.

Rural Develop-  
farm income  
City Rehab - income, jobs  
-11-

h THE CORNERSTONE OF ANY COMPREHENSIVE PROGRAM TO RESTORE  
VITALITY TO OUR CENTRAL CITIES IS ~~infrastructure~~ <sup>a firm commitment to</sup> FULL EMPLOYMENT.

~~Without~~ h WITHOUT FULL EMPLOYMENT, THE RESOURCES AND THE  
INCENTIVES SIMPLY WILL NOT BE AVAILABLE TO REDEVELOP THE CITIES.

~~As you know,~~ h THE PRIVATE SECTOR CERTAINLY IS NOT GOING  
TO INVEST IN NEW PLANT AND EQUIPMENT OR MODERNIZED PLANT  
FACILITIES IN OUR CENTRAL CITIES IF EXISTING CAPACITY IS IDLE  
AND THERE ARE NO PROSPECTS THAT DEMAND WILL INCREASE IN THE FUTURE.

h THEREFORE, THE FIRST PREREQUISITE FOR RESTORING OUR URBAN  
AREAS IS AN EFFECTIVE NATIONAL COMMITMENT TO FULL EMPLOYMENT IN  
OUR ECONOMY. h I AM HOPEFUL THAT THE CARTER ADMINISTRATION WILL  
PROVIDE SUCH A FRAMEWORK FOR URBAN REVITALIZATION. h I ASSURE  
YOU THAT THE CARTER ADMINISTRATION WILL BE URGED TO DO SO BY  
ONE SENATOR FROM MINNESOTA.

(2) L SECOND, THE FEDERAL GOVERNMENT MUST ACCEPT PRIMARY

RESPONSIBILITY, ONCE AND FOR ALL, FOR FINANCING THE WELFARE

AND HEALTH PROGRAMS THAT BENEFIT DISADVANTAGED AMERICAN FAMILIES.

~~THE HEALTH AND WELFARE OF INDIVIDUAL AMERICAN CITIZENS ALWAYS~~

~~HAS BEEN AND SHOULD REMAIN A CHIEF CONCERN OF THE FEDERAL~~

~~GOVERNMENT.~~

L THE EXISTING INCOME MAINTENANCE SYSTEM IN OUR COUNTRY IS

FRAUGHT WITH SHORTCOMINGS. WE CAN AND WE MUST DO A BETTER JOB

AND REMOVE THIS ONEROUS BURDEN FROM THOSE CITIES AND STATES

WHICH LEAST CAN AFFORD TO BEAR IT.

(3) L THIRD, THE FEDERAL GOVERNMENT IN ITS EMPLOYMENT AND

PROCUREMENT EXPENDITURES CAN BE AN EFFECTIVE TOOL FOR INCREASING

EMPLOYMENT IN CHRONICALLY DEPRESSED REGIONS OF THE COUNTRY AND

IN OUR CITIES.

L IN RECENT YEARS, HOWEVER, THE LARGEST INCREASES IN DIRECT  
FEDERAL EMPLOYMENT HAVE OCCURRED IN PRECISELY THOSE REGIONS  
THAT ARE EXPERIENCING THE GREATEST PRIVATE SECTOR GROWTH. (THE  
TARGETING OF FEDERAL PURCHASES OF GOODS AND SERVICES IN  
CHRONICALLY DEPRESSED CITIES COULD MAKE A VALUABLE CONTRIBUTION  
TO INCREASING EMPLOYMENT IN THESE AREAS.)

4 (FOURTH, THERE IS A PRESSING NEED FOR ~~GENERAL~~ FISCAL ASSIS-  
TANCE TO OUR CITIES. THIS ASSISTANCE FALLS INTO TWO BROAD  
CATEGORIES:

L GENERAL ASSISTANCE TO CITIES WITH LONG-TERM BUDGET

DIFFICULTIES; (*Revenue Sharing*)

L AND TEMPORARY ASSISTANCE THAT IS REQUIRED TO ASSIST  
CITIES IN PERIODS OF HIGH UNEMPLOYMENT.

L LAST YEAR, CONGRESS ENACTED A PROGRAM, THAT I COAUTHORED,  
OF ANTI-RECESSION GRANTS TO STATE AND LOCAL GOVERNMENTS WITH  
SERIOUS EMPLOYMENT PROBLEMS. IT IS A STEP IN THE RIGHT DIRECTION  
AND ONE THAT THE CARTER ADMINISTRATION HAS PROPOSED TO EXPAND.

*but*  
L SUCH PROGRAMS SHOULD NOT BE PERMANENT SUBSIDIES BUT SHOULD  
COME INTO EXISTENCE, EXPAND AND CONTRACT AS CONDITIONS IN OUR  
ECONOMY DICTATE. I ~~WOULD BE DELIGHTED TO SEE SUCH A PROGRAM~~  
~~GO OFF THE BOOKS, BUT NOT WHEN UNEMPLOYMENT IN OUR CITIES~~  
~~EXCEEDS EIGHT OR NINE PERCENT.~~

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FIFTH, AS MANY OF YOU KNOW, OUR CENTRAL CITIES SUFFER

NOT ONLY FROM A DECLINING ECONOMIC BASE, BUT ALSO FROM

DETERIORATING PHYSICAL FACILITIES / PUBLIC FACILITIES, SUCH AS

TRANSIT SYSTEMS, ROADS, SEWERS AND WATER LINES OFTEN ARE

IN DESPERATE NEED OF REPAIR. / PRIVATE STRUCTURES SUCH AS

FACTORIES, WAREHOUSES AND OFFICE BUILDINGS MAY BE IN A SIMILAR

STATE OF DETERIORATION.

*Housing needs*

/ IN MANY RESPECTS REBUILDING THE PHYSICAL ENVIRONMENT

OF THE CITY IS AS IMPORTANT AS REBUILDING THE ECONOMIC BASE.

/ NEW PUBLIC FACILITIES GENERALLY LEAD TO MORE EFFICIENT PUBLIC

SERVICES. / THEY PRODUCE A SENSE OF CIVIC PRIDE THAT THE CITY

IS WORTH LIVING IN AND WORKING FOR. / SIMILARLY, NEW PRIVATE

FACILITIES PROVIDE A REVIVED SENSE OF HOPE AMONG THE PUBLIC

AND PROVIDE THE ENHANCED PRODUCTIVITY THAT IS OF SUCH VALUE

TO PRODUCERS AND CONSUMERS ALIKE.



# ⑧ Neighborhood - Rehabilitation People - Rehabilitation, Educ, Training

Finally, A KEY TO STRENGTHENING THE ECONOMY IN THE

DECLINING CENTRAL CITIES IS TO ENCOURAGE NEW PRIVATE SECTOR

INVESTMENTS TO LOCATE IN THESE AREAS. THIS BEST COULD BE

DONE BY MAKING LONGTERM CAPITAL AVAILABLE AT LOW INTEREST

RATES TO BUSINESSES THAT LOCATE IN THE DECLINING URBAN

AREAS.

h A DOMESTIC DEVELOPMENT BANK COULD PERFORM THIS FUNCTION,

h IT COULD MAKE LONG-TERM, LOW-INTEREST LOANS TO BUSINESSES

AND TO STATE AND LOCAL GOVERNMENTS FOR THE PURPOSE OF

ENCOURAGING PRIVATE SECTOR INVESTMENT IN CHRONICALLY

DEPRESSED AREAS.

THE BANK SHOULD MAKE LONG-TERM LOANS AT INTEREST RATES  
THAT ARE NO HIGHER THAN TREASURY BORROWING COSTS PLUS  
SERVICE CHARGES. THE MAJOR PURPOSE OF THE BANK WOULD BE  
TO INCREASE THE AVAILABILITY OF JOBS IN AREAS WITH HIGH  
UNEMPLOYMENT OVER LONG PERIODS OF TIME.

THESE ARE JUST A FEW OF MY IDEAS FOR A NEW URBAN  
POLICY - A MARSHALL PLAN FOR AMERICA'S CITIES - THAT I  
WANTED TO SHARE WITH YOU THIS AFTERNOON. YOU MAY THINK  
THAT THIS SPEECH COULD BE BETTER GIVEN TO OUR NATION'S  
MAYORS, BUT I DISAGREE.

WE WILL ONLY DEVELOP A RATIONAL APPROACH TO SOLVING  
THE PROBLEMS OF OUR CITIES WHEN THE PRIVATE SECTOR  
BECOMES CONVINCED THAT IT IS IN THE LONG-TERM INTEREST OF  
THE COUNTRY AND THEMSELVES, AS CORPORATIONS AND AS INDIVIDUALS,  
TO MAKE THE REVITALIZATION OF OUR CITIES A TOP PRIORITY ON  
THE NATION'S AGENDA ③

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