

The original documents are located in Box D34, folder “Public Affairs Conference, American Institute of Architects and the Consulting Engineers Council, March 19, 1973” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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Remarks at the Public Affairs Conference of the American Institute of Architects and the Consulting Engineers Council, March 19, 1973.

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However, one issue overshadows all others in the 93rd Congress. That issue is the economy.

The 93rd Congress, with its Democratic majority, has renewed a tug-of-war between the President over Federal spending. In the past few months, there have been many charges that the President has encroached on legislative powers.

If you analyze closely what has happened in the Congress and in its relations with the President, you will conclude it is not that the President has taken over the powers of the Congress, but that the Congress has abdicated its responsibility for making hard fiscal decisions.

This goes right to the heart of the question of Presidential impoundment of funds appropriated by the Congress. Last year, faced with a ballooning Federal deficit, the President asked the Congress for authority to hold Federal spending to \$250 billion and thereby maintain a semblance of fiscal sanity. I cosponsored such legislation. The House approved the President's request. The Senate did not. The President had only one choice to avoid inflation or a tax increase--refuse to spend some of the appropriated money.

Am I being a blind loyalist in speaking sympathetically of the President's impoundment of appropriated funds?

Listen to what Senate Democratic Leader Mike Mansfield said at a caucus of Democratic senators on January 3, 1973:

"The fault lies not in the Executive Branch but in ourselves, in the Congress. We cannot insist upon the power to control expenditures and then fail to do so. If we do not do the job, if we continue to abdicate our Constitutional responsibility, the powers of the Government will have to be recast so that it can be done elsewhere."

Yet, the Democratically-controlled Congress is trying to reinstate programs. It is seeking to force the spending of billions of dollars during the next four months. If successful, this would result in a deficit for fiscal 1973 which would total about \$36 billion and would cause a sharp rise in inflation.



Let me emphasize that President Nixon is not the first President to impound funds. As a matter of fact, Presidents have been refusing to spend funds ever since the days of Thomas Jefferson. Members of Congress have complained. There have been threats of action against the Executive, but there has never been a court decision on the legality of Presidential impoundment. Currently, there is a legal challenge to the impoundment of funds by President Nixon. There are, in fact, 15 Democratic committee chairmen in the Senate who have joined in the suit.

This is highly interesting, inasmuch as Presidents Harry Truman, John Kennedy and Lyndon Johnson also impounded funds. I know of no serious challenge by Democrats to funds impounded by those Presidents. Kennedy did not even reveal the total of funds he impounded! President Nixon was the first President to make these figures public. He has listed the funds he has impounded and has provided a rationale for his action.

The battle over impoundment leads into the battle over the \$268.7 billion fiscal 1974 budget.

In no area are Congress' procedures more archaic than in the consideration of the budget--the basic plan through which the Federal Government sets its priorities.

At no time does the Congress ever consider the budget as a complete package. There are 15 major appropriation bills. None of these bills is considered in relationship to another. There is no setting of priorities, except in the President's budget. Congress considers each money bill as though it were the only appropriations bill to be dealt with all year, tugging and pulling at it in response to the influence of lobbying groups.

Currently, a joint committee is working to develop a means for improving Congressional control over the budget. It has filed its interim report. In addition, a unified computerized system is being planned. This system will permit classifying various programs and expenditures of the Government so that the Executive Branch and the Congress will know how much is being spent for a particular purpose. This knowledge is essential if we are to achieve effective control over Federal expenditures on the basis of a system of priorities.

I believe the Congress should adopt a spending limitation and then consider the budget proposals in the light of the goals and objectives that shape the budget. Whatever action Congress then takes on the budget, all the appropriation bills should fit under the overall ceiling.

It is true that the President plans to reduce or terminate some Federal programs, but he also recommends continued and increased support of many effective

and needed programs. You have heard mostly about the cutbacks. There are also some increases, such as a 20 per cent rise in funding for cancer research and an 8 per cent jump in anti-crime spending.

Where cutbacks are called for, the course the President has outlined is difficult and painful. But consider what would happen if we do not make the kind of choices represented by the budget recommendations. Without the restraints currently being employed and those proposed in the 1974 budget, 1973 spending would be \$11 billion greater and 1974 spending would be almost \$20 billion more.

Most importantly, these higher spending levels would mean either an across-the-board personal income tax surcharge of at least 15 per cent or an added deficit which would fuel the fires of inflation.

The American people believe that Federal spending can and should be held down. The 1974 budget indicates some ways in which this can be done. It is now up to the Congress to act. The Congress can make the decisions or it can leave the decision-making function to the Executive. The President has put the tax and inflation monkey squarely on Congress' back. He has said, in effect: If there is a tax increase this year because of Federal spending in excess of my budget, Congress will be to blame. If there is no tax increase but a larger deficit, which adds to inflation, Congress will be to blame for the higher cost of living.

Speaking of inflation, I think the President has done an excellent job in curbing it. The economy has plenty of zip in it. Profits are good. More Americans are working than ever before. Personal incomes are setting new records. It appears the national income will exceed a trillion dollars by the end of this year. As you know, real growth in the economy topped 6 per cent last year. That was a highly unusual rate of growth. I predict now that we will have a real growth of 5.5 per cent or better in 1973--a fine showing in anybody's book. The years 1972 and 1973 probably will give us more economic growth than any other two-year period since the Korean War.

The President has acted wisely in moving this country to a self-administering price and wage control system. Let none think all the restraints have been removed. We are simply in a transition from a system of strict controls to a position where we once again will enjoy a free economy. I am encouraged by the President's action, and I believe it will work. It pains me to see our free enterprise system operate under a net of artificial governmental restraints.

The President has promised to send Congress some tax reform proposals, and the House Ways and Means Committee has started hearings on general tax reform. I am

pleased that the President has made tax reform a priority item because it ranks at the top of my list of things Congress should do.

There is no aspect of our national concerns that rates a higher priority than keeping our economy healthy. This means the Congress should act promptly to impose strict limits on Federal spending, to reform our tax structure, and to give the President the bargaining power he needs in trade negotiations with other nations. Hopefully, the Congress will join hands with the President in these matters.

As architects and engineers, I know each of you is concerned about the matter of subsidized housing. Let me clear up any misconceptions on this issue.

As Secretary Romey emphasized in his speech to the National Association of Home Builders on January 8, subsidized housing starts will continue at an annual rate of 250,000 for the next 18 months. This is equal to the number of subsidized units built during 1972. The Secretary also stressed that if the Department of Housing and Urban Development has made a funding commitment, a project will receive its money.

The Federal government is not withdrawing from subsidized housing. The Administration is firmly committed to the goal first set forth for America in the 1949 Housing Act: "a decent home and a suitable living environment for every American family." The objective of the temporary halt--and I stress temporary halt--in the approval of new commitments is to provide an opportunity to examine what has been accomplished and what has failed. It is now clear that all too frequently the needy have not been the primary beneficiaries of these programs; that the programs have been riddled with inequities; and that the cost for each unit of subsidized housing produced under these programs has been too high. An evaluation is needed to determine whether the course HUD is on is the right one. We must continually review programs, discard bad ones, and try new methods if the old ones have failed. This is how progress is achieved. A major housing study is now underway within the Government, under the direction of the President's Counsellor for Community Development. Within the next half year, Congress should be acting on policy recommendations based on this study.

The President, in one of his recent State of the Union messages, set forth new directions for community development in America.

In addition to his appointment of a Presidential Counsellor on Community Development to coordinate programs, the President outlined a program which will allow people and their leaders in each community to meet their own needs in ways they think best.

I know many of you have worked on projects which have been delayed by a massive amount of red tape. Our present system of community development has led to the creation of too many complex and often competing Federal programs.

The President will submit legislation to be known as the Better Communities Act. Under this act, revenue sharing would be the vehicle for community development in place of categorical grants. The flow of money to cities and urban counties would be based on a formula reflecting community needs. In the years following enactment, funds would be used to assure that no city receives less money for community development than it has received under the categorical grant programs. Recipients would be required to show the Federal Government only that they are complying with Federal statutes in their revenue sharing expenditures, thereby eliminating much of the red tape.

I would like now to comment briefly on the Public Buildings Amendments adopted by Congress last year. As you know, this legislation created a revolving fund which makes it possible for us to expedite the construction of Federal buildings. General Services Administration has already contracted for 34 of the public buildings which were stalled due to lack of construction funds. Another 18 buildings are scheduled to be placed under contract this year.

The questions of impoundment, the budget, inflation and community development are just some of the major issues facing the 93rd Congress.

At this time, Congress is coming under closer and closer scrutiny by the public. If Congress is to continue as a viable part of American Government, it must face its fiscal responsibilities. It must modernize its procedures to cope with the problems of the last third of the 20th Century. It must approve new programs which will raise the standard of life in the United States. These are the challenges which face the 93rd Congress.

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