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COMMONWEALTH CLUB OF SAN FRANCISCO

OCTOBER 20, 1976

THERE IS NOTHING MORE INVIGORATING TO A DISPLACED NATIVE CALIFORNIAN THAN AN AIR-VIEW OF THE GOLDEN GATE BRIDGE.

AND WHEN THE PLANE LETS DOWN OVER YOUR BEAUTIFUL CITY I CAN ONLY THINK THAT TONY BENNETT WAS RIGHT.

HOWEVER -- SINCE I AM A MEMBER OF THE FORD ADMINISTRATION, AND THE PRESIDENTIAL ELECTION IS JUST 13 DAYS AWAY, YOU MIGHT THINK MY ENTHUSIASM IN BEING HERE IN SPITE OF MY LOVE FOR SAN FRANCISCO IS SOMEWHAT RELATED.

WELL -- YOU ARE RIGHT! I USE EVERY OCCASION I CAN TO TELL WHAT A FINE JOB I KNOW THAT PRESIDENT FORD IS DOING.

THE OPPOSITION HAS TRIED TO PUT DOWN THE PRESIDENT'S LEADERSHIP CAPACITY AND ON THAT ISSUE HE IS STRONG AND I DO NOT HESITATE TO MEET IT STRAIGHT ON.

THE FACT IS THAT PRESIDENT FORD HAS BEEN TAKING BETTER CARE OF THIS NATION'S AFFAIRS THAN ANY PRESIDENT IN RECENT HISTORY.



ON ASSUMING OFFICE 26 MONTHS AGO, HE LED THIS NATION THROUGH ITS MOST SERIOUS CONSTITUTIONAL CRISIS SINCE THE CIVIL WAR AND THEN PROCEEDED TO RESTORE NATIONAL CONFIDENCE IN THE INSTITUTIONS WHICH DISTINGUISH OUR FORM OF GOVERNMENT FROM THOSE ENDURED BY A MAJORITY OF THE WORLD'S PEOPLE.

HIS STRONG LEADERSHIP OVER THE PAST TWO YEARS HAS RESTORED THE PRESTIGE OF AMERICA AMONG THE COUNTRIES OF THE WORLD -- WHILE MAINTAINING PEACE, ENHANCING GOOD WILL, AND STANDING FIRM ON THE NEED FOR CONTINUED NATIONAL STRENGTH.

IF ANYTHING CAME THROUGH TO THE AMERICAN PEOPLE IN THE DEBATE ON FOREIGN AFFAIRS -- IT WAS THE UNARGUABLE FACT THAT THERE IS NOT ONE SINGLE AMERICAN ON A BATTLEGROUND ANYWHERE ON THIS EARTH!

BUT, MY SUBJECT, TODAY, INVOLVES NEITHER WAR NOR PEACE. INSTEAD, I WANT TO TALK ABOUT THE ECONOMY -- PARTICULARLY AS IT APPLIES TO HOUSING AND THE INTER-WORKINGS OF GOVERNMENT. AND THE BEST WAY TO START IS BY TAKING STOCK.

WHERE WERE WE A YEAR AGO? WHAT HAVE WE DONE ABOUT IT?
WHAT HAVE WE LEARNED?

NONE OF US CAN FORGET THAT IN 1975, THE MAJOR QUESTION-MARK WAS WHETHER OUR NATIONAL ECONOMY WOULD SUSTAIN THE FORWARD MOMENTUM WHICH WAS THEN ON THE CUSP OF A POSITIVE TURN-AROUND -- FROM THE BLEAK AND DEPRESSING 12-MONTH PERIOD OF A TERRIFYING RECESSION COMPOUNDED BY AN UNCEASING INCREASE IN THE COST OF EVERYTHING.

INFLATION STOOD AT 12 TO 14 PERCENT. THE UNEMPLOYMENT RATE WAS ABOUT 9 PERCENT.

URBAN REVENUES WERE WAY DOWN. NEW YORK WAS ON THE BRINK OF FINANCIAL FAILURE. INDUSTRY WAS DEPRESSED AND THE HOUSING SECTOR WAS SUFFERING ITS WORST YEAR IN THREE DECADES.

ON CAPITOL HILL, LABOR AND POLITICAL LEADERS WERE PROPHEZIZING A NATIONAL COLLAPSE UNLESS WE ENGAGED IN MASSIVE FEDERAL SPENDING -- IN THE FORM OF SUBSIDIES -- PARTICULARLY IN THE HOUSING INDUSTRY.

A PARADE OF POORLY CONCEIVED SPENDING BILLS WERE LITERALLY TUMBLING OUT OF THE LEGISLATIVE BRANCH TO FUEL OUR DOUBLE DIGIT INFLATION.

WITH THE SMALLEST PARTY SUPPORT IN CONGRESS IN OVER 50 YEARS, AND IN THE FACE OF THE SO-CALLED VETO PROOF CONGRESS, THE PRESIDENT HAD THE LEADERSHIP CAPACITY TO HOLD HIS SMALL PARTY TOGETHER AND TO ATTRACT A SUFFICIENT NUMBER OF DEMOCRATS TO BLOCK THE VAST MAJORITY OF THESE ILL-CONCEIVED MEASURES AND SAVE THE TAXPAYERS NEARLY \$10 BILLION IN A YEAR ALREADY PRODUCING A DEFICIT OVER \$50 BILLION.

YESTERDAY, BEFORE THE CALIFORNIA LEAGUE OF CITIES, SENATOR MONDALE CRITICIZED THE PRESIDENT FOR VETOING THE HOUSING ACT OF 1975. BUT, I WAS THERE AND I WELL RECALL THIS BILL -- AN ILL-CONCEIVED MULTI-BILLION DOLLAR MEASURE WHICH THE RESPECTED CHAIRMAN OF THE HOUSE BANKING COMMITTEE, A DEMOCRAT FROM OHIO, LUD ASHLEY, TERMED "A TURKEY THAT COULDN'T FLY".

AND, THE SENATOR NEGLECTED TO MENTION TO THE CALIFORNIA LEAGUE THAT WITHIN THREE DAYS AFTER THE VETO, THE ADMINISTRATION SECURED, WITH OVERWHELMING BIPARTISAN SUPPORT, PASSAGE OF THE EMERGENCY HOUSING ACT, WHICH IT HAS USED TO NURTURE THE RECOVERY IN THE HOUSING INDUSTRY -- NOW FIRMLY UNDERWAY.

OUR FOUNDING FATHERS CONSTRUCTED OUR SYSTEM OF CHECKS AND BALANCES FOR VERY GOOD REASON -- AND NEVER BETTER DEMONSTRATED THAN DURING 1975 -- AND THE PROOF IS IN THE RECORD.

HERE WE ARE -- ONE YEAR LATER.

THE NATION AND ITS ECONOMY SURVIVED -- AND THE DELICATE HEALTH OF THE ECONOMIC UPTURN, WHICH WE WATCHED SO FRETFULLY A YEAR AGO, HAS BECOME STRONGER AND STRONGER WITH EACH PASSING MONTH.

IN ONE SHORT YEAR WE HAVE SEEN:

PERSONAL INCOME JUMP \$83 BILLION; -- OUR GROSS NATIONAL PRODUCT GROW BY \$200 BILLION; -- RETAIL SALES INCREASE 16 PERCENT; -- AUTO SALES 38 PERCENT; -- GENERAL MERCHANDISE 11 PERCENT; -- NEW FACTORY ORDERS UP \$17 BILLION.

TODAY, THERE ARE THREE MILLION MORE AMERICANS WORKING THAN ONE YEAR AGO -- IN SPITE OF A TREMENDOUS INFLUX OF WOMEN AND YOUNG PEOPLE INTO THE LABOR MARKET. AND INFLATION HAS BEEN MORE THAN CUT IN HALF.

IN HOUSING -- PERHAPS THE HARDEST HIT SECTOR OF OUR ENTIRE ECONOMY -- NEW STARTS ARE UP 40 PERCENT OVER A YEAR AGO, AND 93 PERCENT OVER THE BEGINNING OF 1975.

WHAT HAVE WE LEARNED?

WE HAVE COME THIS FAR, NOT THROUGH THE MAGIC OF A BIG FEDERAL GOVERNMENT "SAVE", BUT THROUGH THE STRONG AND CONSISTENT GUIDING HAND OF A PRAGMATIC PRESIDENT.

AND OUR PROSPECTS FOR CONTINUED GROWTH AND PROGRESS DEPEND ON MAINTAINING THE STEADY COURSE PRESIDENT FORD SET WHEN HE TOOK OFFICE TWO YEARS AGO.

TODAY -- ACROSS THE BOARD -- WE ARE RIGHT ON TARGET WITH OUR FORECASTS MADE AT THE BEGINNING OF THE YEAR.

WHAT WORRIES ME ARE THE REPEATED CALLS FOR MORE GOVERNMENT SPENDING PROGRAMS.

I HAVE LISTENED TO OUR OPPOSITION'S PROPOSALS THAT WOULD ADD \$100 TO \$200 BILLION TO A BUDGET THAT IS ALREADY PRODUCING A DEFICIT OF OVER \$50 BILLION, BUT I HAVE NOT HEARD HOW WE WOULD PAY FOR THEM.

WE WILL EITHER HAVE HUGE DEFICITS WITH ACCOMPANYING INFLATION OR WE WILL HAVE MUCH HIGHER TAXES. THERE ARE NO SECRET SOURCES OF REVENUES.

SINCE THEY PROMISE TO BALANCE THE BUDGET, THEY MUST TAX. THEY ALSO PROMISE TO TAX ONLY THE UNDESERVING RICH, AND THERE HAS BEEN SOME CONFUSION AS TO WHETHER THE RICH TO BE TARGETTED ARE THOSE WITH INCOMES ABOVE THE \$14,000 MEDIAN, THOSE WITH INCOMES ABOVE \$25,000, OR MORE RECENTLY, THOSE WITH INCOMES ABOVE \$50,000.

BUT, WE SHOULD NOT BE CONFUSED ABOUT THE TAX IMPACT.

ONLY 10 PERCENT OF THE FAMILIES MAKE \$25,000 OR MORE, AND A FULL 40 PERCENT OF THEM DO IT WITH TWO WAGE EARNERS. THEY ARE ALREADY PAYING \$41 BILLION OUT OF THE \$93 BILLION COLLECTED.

AND, FEWER THAN 5 PERCENT OF AMERICAN FAMILIES MAKE \$50,000 OR MORE. IF WE DOUBLE THEIR TAX, WE WOULD ONLY PICK UP ABOUT \$20 BILLION IN ADDITIONAL REVENUES.

PLUG THE LOOPHOLES, THEY SAY, FOR THE RICH.

OF THE \$65 BILLION IN PREFERENCES THAT GO TO ALL TAXPAYERS -- \$53 BILLION GOES TO PERSONS WITH INCOMES BELOW \$25,000, IN SUCH FORMS AS THE MINIMUM STANDARD DEDUCTIONS, DEDUCTIONS OF LOCAL AND STATE TAXES AND INTEREST ON MORTGAGES. IF WE CLOSE ALL LOOPHOLES FOR PERSONS WITH INCOMES OVER \$50,000, WE WOULD ONLY PICK UP ABOUT \$6 BILLION IN ADDED REVENUES.

BUT ALL OF THESE MEASURES FALL CONSIDERABLY SHORT OF PAYING FOR THE PROMISED NEW PROGRAMS OFFERED AS CURES TO OUR DOMESTIC ILLS.

IT REMINDS ME OF H.L. MENCKEN'S COMMENT:

"FOR EVERY HUMAN PROBLEM, THERE IS A SOLUTION THAT IS SIMPLE, NEAT AND WRONG."

AND, THE UNVARNISHED EVIDENCE IS THAT THESE BIG SPENDING PROGRAMS THWART NEEDED BUSINESS EXPANSION BY DRIVING UP COSTS OF DOING BUSINESS.

THAT HURTS THE VERY PEOPLE SUCH PROGRAMS WERE SUPPOSED TO HELP -- WITH GREATER EXPENSES, EMPLOYMENT CONTRACTION, LAY-OFFS AND STILL ANOTHER ROUND OF UNEMPLOYMENT CHECKS.

CERTAINLY, THAT DOES NOT MEAN WE CAN EVER IGNORE THE GREAT HUMAN PROBLEMS -- SUCH AS CATASTROPHIC ILLNESS AND UNEMPLOYMENT. BUT, PRESIDENT FORD'S SOLUTION DOES NOT CALL FOR A DON QUIXOTE CHARGE OF MASSIVE FEDERAL SPENDING TO WIPE OUT THESE ANCIENT ENEMIES.

IN HEALTH INSURANCE, FOR EXAMPLE, THE PRESIDENT PROPOSES NOT TO FEDERALIZE ALL OF THE HEALTH CARE, BUT, INSTEAD, TO INSURE THAT ELDERLY PERSONS WITH MAJOR MEDICAL EXPENSES WILL NOT BE FINANCIALLY DESTROYED BY THOSE COSTS.

AND, THE PRESIDENT'S CURE FOR UNEMPLOYMENT IS THE BEST REMEDY KNOWN TO A DEMOCRATIC SOCIETY: TO ESTABLISH A STABLE ECONOMY IN WHICH EXPANDING BUSINESS AND INDUSTRY, CREATE REAL AND LASTING JOBS AND A GROWING DEMAND FOR BLUE AND WHITE COLLAR WORKERS AT EVERY INCOME LEVEL.

IN THE HOUSING AREA I AM VERY CONCERNED ABOUT OUR OPPOSITION'S CALL FOR THE FEDERAL GOVERNMENT TO SUBSIDIZE THE BUILDING OF 2-1/2 MILLION HOUSING UNITS A YEAR.

THE FACT IS THAT THE PROBLEMS WE HAVE SUFFERED IN HOUSING OVER THE PAST TWO YEARS WERE CAUSED IN LARGE MEASURE BY THAT VERY PHILOSOPHY WHICH WAS MANDATED BY THE HOUSING ACT OF 1968.

FOR PURSUANT TO THAT ACT, THIS NATION SUBSIDIZED, ANNUALLY, MORE THAN 2 MILLION HOUSING STARTS FOR THREE YEARS RUNNING -- AND GENERATED A BURST OF HOUSING OVERPRODUCTION THAT WE ARE JUST NOW WORKING OFF,

IN THE COURSE OF THIS PRODUCTION EXPLOSION OUR NATION ABANDONED THOUSANDS OF SOUND, WELL-DESIGNED HOMES IN OUR CITIES AND UNDER-UTILIZED ROADS, UTILITIES, AND SEWAGE SYSTEMS ALREADY IN PLACE THERE, AS BUYERS HEEDED THE PIED PIPER CALL OF "NEW IS BETTER". NEIGHBORHOODS ALL ACROSS THIS NATION WERE BLIGHTED WITH ROW UPON ROW OF BOARDED-UP HOUSES LEFT TO DECAY,

BUT IT WAS NOT ONLY OUR CITIES THAT SUFFERED -- OUR HOUSING INDUSTRY WAS INCAPACITATED. BECAUSE AN ARTIFICIALLY PRODUCED "BOOM" CANNOT CONTINUE FOREVER, THE NEXT PERIOD, WHICH HIT US ABOUT TWO YEARS AGO, WAS ONE OF EXAGGERATED CONTRACTION TO ENABLE US TO WORK OFF EXCESSIVE INVENTORIES WITH THE RESULTING LAY-OFFS IN THE CONSTRUCTION INDUSTRY.

THE PRESIDENT'S HOUSING POLICIES ARE DESIGNED TO ACCOMMODATE THE LOGICAL CALL FOR REASONABLE LEVELS OF STARTS WHILE AVOIDING THE DISASTEROUS CYCLES OF "ALL OR NOTHING" THAT HAVE CHARACTERIZED THE HOUSING CONSTRUCTION INDUSTRY EVER SINCE BIG GOVERNMENT GOT INTO THE ACT.

AND HIS POLICIES HAVE WORKED. EVEN IF WE FAIL TO BUILD ANOTHER HOUSE IN 1976, THIS YEAR -- RIGHT NOW -- WILL BE THE FOURTH BEST YEAR ON RECORD FOR NEW SINGLE-FAMILY STARTS. AND MULTI-FAMILY STARTS, ALTHOUGH NOT SO QUICK TO RECOVER, JUMPED 48 PERCENT IN JULY AND 46 PERCENT IN AUGUST, WITH SUBSTANTIAL JUMPS IN PERMITS SO THAT WE HAVE EVERY REASON TO BE CONFIDENT OF THEIR CONTINUED GAIN.

RATHER THAN RE-CREATE MASSIVE SUBSIDY PROGRAMS TO EXPAND HOMEOWNERSHIP OPPORTUNITIES, WHICH TOO OFTEN FORCE TAXPAYERS TO SUBSIDIZE THEIR ECONOMIC PEERS, THE PRESIDENT HAS SUPPORTED THREE INITIATIVES WHICH HAVE BEEN UNDER STUDY IN MY DEPARTMENT FOR SEVERAL MONTHS.

THE FIRST IS TO LOWER DOWNPAYMENTS FOR THOSE WHO BUY HOMES WITH FHA INSURANCE. FOR THE TYPICALLY-PRICED NEW HOME, THE PRESIDENT'S INITIATIVE WILL CUT THE DOWNPAYMENT IN HALF, THUS HELPING FAMILIES -- PARTICULARLY YOUNG FAMILIES WHO ARE BUYING THEIR FIRST HOMES -- TO GAIN THE PRACTICAL AND PERSONAL BENEFITS OF HOMEOWNERSHIP.

THE SECOND IS TO EXPAND FHA MORTGAGE LIMITS TO COVER ABOUT 87 PERCENT OF SALES.

AND THE THIRD IS TO PROVIDE A FEDERAL GUARANTEE OF A GUADUATED PAYMENT MORTGAGE, WHICH ALLOWS YOUNG FAMILIES TO REDUCE THEIR MONTHLY PAYMENTS IN THE EARLY YEARS WHEN THEIR INCOMES ARE LIKELY TO BE LOWER. THE PAYMENTS INCREASE MODERATELY IN LATER YEARS WHEN THEIR INCOMES ARE EXPECTED TO RISE.

IN THE 1930'S AND 40'S THE FEDERAL GOVERNMENT REVOLUTIONIZED HOME PURCHASING BY INTRODUCING THE 30-YEAR FULLY-AMORTIZED LOAN WITH A 10 TO 20 PERCENT DOWNPAYMENT. YOU MAY RECALL THAT IN 1930, THE TRADITIONAL MORTGAGE WAS FOR 5-YEARS WITH A 50 PERCENT DOWNPAYMENT.

UNDER THE PRESIDENT'S GRADUATED PAYMENT PROGRAM, WE CAN CHANGE THE MARKET IN A SIMILAR WAY IN THE 1970'S. THESE PROPOSALS ARE NOT BASED ON SUBSIDIES PAID FOR WITH TAX DOLLARS -- THEY ARE INNOVATIVE METHODS FOR HELPING FAMILIES TO PAY FOR THEIR OWN HOMES.

BUT NO AMOUNT OF INNOVATION WILL WORK IF THE AMERICAN FAMILY DOES NOT HAVE THE SPENDABLE INCOME TO MAKE THE DOWNPAYMENT AND TO PAY THE MORTGAGE, UTILITIES AND MAINTENANCE.

THE DECIDING FACTOR IN ANY POLICY DECISION, AT ANY LEVEL OF GOVERNMENT, IS NOT HOW COMPASSIONATE OR SENSITIVE IT IS SAID TO BE, BUT HOW WELL IT WILL IN FACT WORK.

SINCE THE START OF HIS ADMINISTRATION TWO YEARS AGO, PRESIDENT FORD HAS TAKEN STEPS TO IMPROVE THE WORKINGS OF GOVERNMENT BY IMPROVING THE FOCUS AND DELIVERY OF FEDERAL ASSISTANCE TO OUR STATES AND URBAN CENTERS.

HE HAS DIRECTLY ATTACKED THE DELAYS, THE RED-TAPE, AND THE REGULATION MAZE SO DISHEARTENING TO THE INNOVATIVE SPIRIT THAT IS THE SOUL OF THE FREE ENTERPRISE SYSTEM. AND HE HAS DONE IT IN TWO SHORT YEARS, ASSEMBLING HIS WINNING TEAM AT THE LOWEST POINT IN THE POLITICAL HISTORY OF OUR COUNTRY.

INDEED, HE HAS SET THE TONE FOR A NEW NATIONAL AWARENESS THAT AMERICA'S WISDOM DOES NOT RESIDE ENTIRELY IN THE CORRIDORS OF CONGRESS -- THAT OUR STATES AND OUR CITIES ACROSS OUR DIVERSE LAND VERY OFTEN CAN DEVISE BETTER SOLUTIONS FOR THEIR INDIVIDUAL PROBLEMS THAN CAN CONGRESS WHICH DEALS IN NATIONAL STATISTICS AND DEVISES GRAND SOLUTIONS THAT TOO FREQUENTLY MISS THE MARK.

ON JUNE 30TH, THE PRESIDENT APPOINTED A CABINET-LEVEL COMMITTEE ON URBAN DEVELOPMENT AND NEIGHBORHOOD REVITALIZATION, WHICH I CHAIR, TO UNDERTAKE A COMPREHENSIVE REVIEW OF ALL FEDERAL PROGRAMS WHICH AFFECT OUR URBAN AREAS; TO CONSULT WITH LOCAL OFFICIALS AND COMMUNITY GROUPS REGARDING HOW FEDERAL PROGRAMS IMPACT ON COMMUNITIES, AND TO PROPOSE TO HIM STATUTORY AND ADMINISTRATIVE CHANGES FOR IMPROVEMENT.

OUR INITIAL STUDY OF THE AMASSED DATA QUICKLY CONFIRMED WHAT WE ALREADY SUSPECTED.

OVER THE PAST HALF-CENTURY, SUCCEEDING CONGRESSES HAVE ENACTED SO MANY SEPARATE CATEGORICAL PROGRAMS THAT IT DEFIES THE INGENUITY OF ANYBODY TO DEVELOP A COORDINATED STRATEGY FOR A SAN DIEGO, A SAN FRANCISCO, OR A SAN JOSE.

THOSE WHO TALK ABOUT "MANAGING THE BUREAUCRACY" OR "BRINGING WASHINGTON UNDER CONTROL" HAD BEST START WITH THAT FACT-OF-LIFE IN MIND.

I HAVE PERSONALLY REVIEWED 103 FEDERALLY-FUNDED PROGRAMS WHICH PRIMARILY AFFECT LOCAL COMMUNITIES AND WHICH CARRY A PRICE TAG OF ROUGHLY \$50 BILLION A YEAR. SIXTY-THREE OF THESE ARE GRANT PROGRAMS -- OF WHICH ONLY 4 ARE BLOCK GRANTS AND 59 ARE CATEGORICALS. THE REMAINING 40 ARE MISCELLANEOUS LOAN PROGRAMS.

SIGNIFICANTLY, LOCAL GOVERNMENTS ARE ELIGIBLE, DIRECT APPLICANTS IN BARELY ONE-FOURTH OF ALL THESE PROGRAMS.

ALL OTHER PROGRAM FUNDS ARE DISTRIBUTED TO THE STATES OR TO SPECIAL-PURPOSE LOCAL AGENCIES.

VIRTUALLY ALL THE 59 CATEGORICAL PROGRAMS HAVE EXTENSIVE -- OFTEN OVERLAPPING -- MANDATORY APPLICATION REQUIREMENTS, WITH FEW LIMITS ON REVIEW TIME AND NO ASSURANCE OF APPROVAL AT THE LONG END OF THE FINAL LINE.

I DO NOT WISH TO FLATTER A LOCAL AUDIENCE BY POINTING TO THE SUPERIORITY OF LOCAL LEADERSHIP OVER WASHINGTON PLANNERS -- BUT I BELIEVE A BRIEF RECAP OF THE HUD EXPERIENCE ILLUSTRATES THE ADVANTAGE TO THE CITY, TO THE STATE, TO THE FEDERAL GOVERNMENT, AND, NOT LEAST OF ALL, TO THE TAXPAYERS, OF GIVING BROAD DISCRETION WITH FEDERAL FUNDING.

BEFORE PRESIDENT FORD SIGNED THE NEW HOUSING AND COMMUNITY DEVELOPMENT ACT INTO LAW ON AUGUST 22, 1974, HUD HAD 7 CATEGORICAL GRANT PROGRAMS THAT ARE NOW CONSOLIDATED UNDER OUR BLOCK GRANT PROGRAM -- EACH HAD ITS OWN SET OF REQUIREMENTS, REGULATIONS, AND TIMETABLES. WATER AND SEWERS; URBAN RENEWAL; OPEN SPACE FOR PARK DEVELOPMENT -- ALL OF THEM WELL-MEANING BUT WITHOUT ANY ALLOWANCE FOR GREATER COMMUNITY NEEDS THAT MIGHT LIE OUTSIDE OF THE STRICT SPECIFICATIONS OF THE PARTICULAR CATEGORIES.

TO MAKE SENSE OUT OF THIS ABSURDITY, THIS ADMINISTRATION DEVELOPED THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM. UNDER THE PROGRAM, LARGE CITIES AND URBAN COUNTIES RECEIVE UNFETTERED FUNDS WHICH THEY SPEND, FOR THEIR LOCALITIES' MOST URGENT COMMUNITY DEVELOPMENT NEEDS.

REGULATIONS HAVE BEEN CUT FROM 2600 PAGES TO ABOUT 100 PAGES; APPLICATIONS FROM 1400 PAGES TO ABOUT 50 PAGES; AND REVIEW TIME FROM AN AVERAGE OF 26 MONTHS TO AN AVERAGE OF 45 DAYS. AS COMPARED TO 1967, WE ARE NOW PROVIDING TWICE AS MUCH FUNDING TO TWICE AS MANY UNITS OF GOVERNMENT -- AND WE ARE DOING IT WITH FEWER HUD EMPLOYEES.

BUT, MORE IMPORTANT, WE ARE PROVIDING LOCAL COMMUNITIES WITH VITALLY NEEDED FUNDS -- ON TIME AND IN TIME.

IT IS MY STRONG BELIEF THAT OUR CITIES CAN, AND WILL, MOVE FORWARD IF CONGRESS WILL PERMIT THE SHIFT IN EMPHASIS FROM CATEGORICAL THINKING TO BLOCK GRANT PLANNING.

THEN FUNDING IS PUT BEYOND THE NARROW PERSPECTIVE OF SOME "EXPERT" IN WASHINGTON, WHO CANNOT POSSIBLY GRASP THE INDIVIDUAL DIFFERENCES OF THE THOUSANDS OF LOCALITIES ACROSS OUR 3-1/2 MILLION SQUARE MILES OF COUNTRY.

THE EVIDENCE, IN FACT, IS SO STRONG -- THAT I HAVE SUGGESTED THAT A FORWARD-LOOKING APPROACH TO FEDERAL GRANT PROGRAMS SHOULD BUILD ON FOUR PRINCIPLES:

FIRST, WE SHOULD PREFER BLOCK GRANTS TO CATEGORICALS FOR ALL OF THE REASONS I HAVE STATED HERE, TODAY -- PARTICULARLY IN GIVING LOCAL PEOPLE MORE CONTROL OVER THE RESOURCES THAT AFFECT THEIR LIVES.

SECOND, FUNDING SHOULD BE PROVIDED THROUGH THE ELECTED CHIEF EXECUTIVE OFFICERS OF STATES AND LOCALITIES BOTH TO ASSURE COORDINATION IN THE USE OF AVAILABLE FUNDS AND ACCOUNTABILITY TO THE PEOPLE AFFECTED.

THIRD, CITIZEN PARTICIPATION SHOULD BE A RULE RATHER THAN AN EXCEPTION IN FEDERAL GRANT PROGRAMS, WHICH WILL INCREASE GOVERNMENTAL ACCOUNTABILITY, THE CORNERSTONE OF OUR DEMOCRACY.

AND, FINALLY, THE FEASIBILITY OF MULTI-YEAR FUNDING ALSO SHOULD BE CONSIDERED WHEREVER POSSIBLE SO THAT OUR COMMUNITIES CAN INTELLIGENTLY PLAN INTO THE FUTURE AND, AT THE SAME TIME, TAKE ADVANTAGE OF TIMELY OPPORTUNITIES TO GET THE MOST EFFECTIVE RETURN ON THEIR AVAILABLE FUNDS.

I BELIEVE THAT IF THESE FOUR PRINCIPLES BECAME THE GUIDING PRINCIPLES OF FUTURE FEDERAL PROGRAM PLANNING THE SPECIAL CAPABILITIES OF EACH LEVEL OF GOVERNMENT WOULD BE ENHANCED.

THAT THE WIND OF CHANGE HAS BEGUN TO BLOW SINCE THE BLOCK GRANT APPROACH WAS EMPHASIZED IN 1974 WAS CLEARLY APPARENT AS OUR PRESIDENT'S COMMITTEE TRAVELLED TO AND STUDIED CITIES IN ALL REGIONS OF THE COUNTRY:

WE HAVE SEEN ENERGIZED DOWNTOWN AREAS SUPPORTED BY NEW CIVIC CENTERS AND RENOVATED LANDMARKS; CONVENTION CENTER COMPLEXES; RECLAMATION OF HARBORS AND RIVER BANKS; THE REBIRTH OF OLD FINANCIAL DISTRICTS; FLOURISHING, REHABILITATED NEIGHBORHOODS -- LOW AND MODERATE INCOME, MIDDLE-CLASS, ETHNIC, WEALTHY -- EACH CONTRIBUTING TO THE ECONOMIC HEALTH AND CULTURAL DIVERSITY OF ITS CITY.

THESE TRIUMPHS OF NEIGHBORHOOD REVITALIZATION IN ALL PARTS OF THE COUNTRY -- COUPLED WITH DOWNTOWN REDEVELOPMENT MASTERPIECES -- HAVE IN COMMON ONE ESSENTIAL INGREDIENT OF SUCCESS:

ALL OF THEM HAVE COME ABOUT THROUGH LOCAL INITIATIVE, LOCAL PLANNING AND LOCAL INVESTMENT. IN EACH CASE, THE PRINCIPAL ROLE OF THE STATE AND THE FEDERAL GOVERNMENT HAS BEEN SUPPORTIVE, NOT PRE-EMPTIVE.

BUT THIS SORT OF INNOVATION WILL NOT CONTINUE IF WE HAVE A REOCCURRENCE OF DOUBLE DIGIT INFLATION.

THE ONLY SURE PRESCRIPTION FOR CONTINUED CREATIVE INTERGOVERNMENTAL WORKINGS IS THE CONTINUATION OF THE STEADY GAINS WE HAVE MADE OVER THE PAST 18 MONTHS IN REDUCING INFLATION AND INCREASING EMPLOYMENT THROUGH THE ARTFUL STIMULATION OF THE PRIVATE SECTOR.

WE SIMPLY CANNOT IGNORE THE LESSON FOR WHICH WE PAID SO DEARLY IN THE 1960'S -- THAT NO MATTER HOW MUCH WE MAY WILL IT -- A "SOCIETY" IS NOT SUDDENLY MADE "GREAT" THROUGH WELL-MEANING PROGRAMS WHOSE SOLE SOURCE OF SUSTENANCE IS THE FEDERAL EXCHEQUER.

WE KNOW THAT OUR PRIVATE ECONOMY CANNOT SUSTAIN THE AWESOME FEDERAL DEFICIT OF TODAY'S MAGNITUDE WITHOUT THE EROSION OF THE VERY FINANCIAL RESOURCES THAT ARE VITAL TO THE GROWTH AND PRODUCTIVITY OF OUR FREE ENTERPRISES, WHICH ARE THE SOURCE OF FIVE OUT OF SIX JOBS WHICH IN TURN ARE THE CITIES' SOURCE OF SUSTENANCE.

PRESIDENT FORD HAS HELD THE LINE IN EXPENDITURES, AND IN SO DOING HAS CREATED THE LARGEST NUMBER OF JOBS IN OUR NATION'S HISTORY.



ONE OF THE GREAT REASONS FOR HIS SUCCESS IS THAT HE REALLY KNOWS WASHINGTON AND HE KNOWS HOW TO MAKE IT WORK FOR THE NATION.

AND THIS IS WHY I HOPE AND TRUST THAT HISTORY WILL RECORD A SMASHING VICTORY FOR PRESIDENT FORD IN THE GOLDEN STATE.

THANK YOU.