

The original documents are located in Box 26, folder “February 27, 1974 - Hungry Club Forum, Butler Street YMCA, Atlanta, GA” of the Stanley Scott Papers at the Gerald R. Ford Presidential Library.

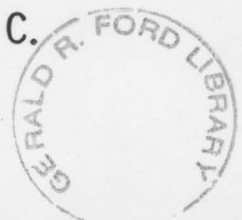
Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Bettye L. Scott donated to the United States of America her copyrights in all of her husband's unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

HOLD FOR RELEASE 10:00 A. M. , WEDNESDAY, FEBRUARY 27, 1974

HUNGRY CLUB FORUM
BUTLER STREET YMCA
ATLANTA, GEORGIA

BY:
STANLEY S. SCOTT
SPECIAL ASSISTANT
TO THE PRESIDENT
THE WHITE HOUSE
WASHINGTON, D. C.



IT IS A PLEASURE TO BE IN ATLANTA TODAY TO DISCUSS
THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1975.

WHILE MY REMARKS TODAY WILL BE ABOUT THE BUDGET,
PLEASE KEEP UPPERMOST IN YOUR MINDS THAT THE PURPOSE
OF THE BUDGET AND THE DECISIONS REFLECTED IN THE BUDGET
ARE CONCERNED PRIMARILY WITH PEOPLE -- THEIR JOBS, THEIR
INCOME, THE TAXES THEY PAY, THE QUALITY OF THE ENVIRONMENT
IN WHICH THEY LIVE, THEIR PROTECTION FROM CRIME AND FROM
DISCRIMINATION, THEIR HEALTH, THEIR HOUSING, AND THEIR
EDUCATION.

THE PROBLEMS OF BUILDING A STRUCTURE OF PEACE AND OF
MEETING THE ENERGY CRISIS ARE REAL AND MEETING THESE
CHALLENGES IS IMPORTANT. MEETING THE CHALLENGE OF
IMPROVING THE QUALITY OF THE LIVES OF ALL AMERICANS, IN
ESSENCE, THE CHALLENGE OF PROGRESS, IS NO LESS IMPORTANT.



BUDGET TOTAL

THE FEDERAL BUDGET PROPOSES EXPENDITURES OF \$304.4 BILLION IN '75. RECEIPTS ANTICIPATED TOTAL \$295 BILLION WITH A DEFICIT OF \$9.4 BILLION. THIS COMPARES WITH AN ESTIMATED DEFICIT OF \$4.7 BILLION IN '74 AND REPRESENTS AN INCREASE IN TOTAL OUTLAYS OF \$29.8 BILLION OVER '74 AND AN INCREASE IN RECEIPTS OF \$25 BILLION.

ABOUT 90 PERCENT OF THE INCREASED OUTLAYS IN THIS BUDGET REPRESENT MANDATORY SPENDING INCREASES REQUIRED BY LAW. MOST OF THIS IS IN THE FORM OF PAYMENTS TO INDIVIDUALS -- SOCIAL SECURITY, MEDICARE, MEDICAID, PUBLIC ASSISTANCE, VETERANS' BENEFITS, EMPLOYMENT BENEFITS, AND CIVIL SERVICE RETIREMENT PAYMENTS.

THESE EXPENDITURES WILL HAVE A STIMULATING AFFECT ON THE ECONOMY BECAUSE THEY REPRESENT FUNDS, FOR THE MOST PART, THAT WILL BE SPENT AS SOON AS THEY ARE RECEIVED AND WILL THUS ENTER THE ECONOMY QUICKLY AND DIRECTLY.



BUDGET DOLLAR

LET US LOOK FOR A MOMENT AT WHERE THE AVERAGE BUDGET DOLLAR COMES FROM AND WHERE IT IS GOING.

ABOUT 42 CENTS COMES FROM INDIVIDUAL INCOME TAXES WITH ANOTHER 16 CENTS COMES FROM CORPORATE INCOME TAXES. TWENTY-EIGHT CENTS COMES FROM SOCIAL INSURANCE TAXES, FROM PAYROLL TAXES DIVIDED EQUALLY BETWEEN EMPLOYERS AND EMPLOYEES. EXCISE AND OTHER TAXES ACCOUNT FOR 11 CENTS AND WE WILL BE BORROWING 3 CENTS.

THIRTY-SEVEN CENTS OF EACH DOLLAR SPENT BY THE FEDERAL GOVERNMENT WILL GO FOR BENEFIT PAYMENTS TO INDIVIDUALS WITH ANOTHER 17 CENTS GOING FOR GRANTS TO STATES AND LOCAL GOVERNMENTS. TWENTY-FIVE CENTS GOES FOR NATIONAL DEFENSE, 7 CENTS FOR INTEREST PAYMENTS AND ANOTHER 10 CENTS FOR OTHER FEDERAL OPERATIONS.

IN 1969, DEFENSE EXPENDITURES ALONE WERE ALMOST 20 PERCENT MORE THAN THE COMBINED FIGURES FOR AID TO INDIVIDUALS AND

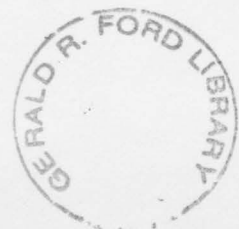


GRANTS TO STATE AND LOCAL GOVERNMENTS. BY CONTRAST, THE '75 BUDGET PROPOSES TWICE AS MUCH MONEY FOR AID TO INDIVIDUALS AND TO STATE AND LOCAL GOVERNMENT AS FOR DEFENSE.

ANOTHER WAY OF LOOKING AT IT IS THAT IN 1969, 44 CENTS OUT OF EACH FEDERAL DOLLAR SPENT WENT FOR DEFENSE -- TODAY THE FIGURE IS 29 CENTS. THE INITIATIVES TOWARD PEACE ARE VALUABLE IN THEIR OWN RIGHT YET IT IS GRATIFYING TO NOTE THAT DEFENSE ACCOUNTS FOR THE SMALLEST SHARE OF THE BUDGET OF ANY YEAR SINCE 1940.

PRIORITIES

WE HAVE ALSO HAD A DRAMATIC SHIFT IN PRIORITIES SINCE 1969. THE PERCENTAGE OF THE BUDGET GOING FOR HUMAN RESOURCES IS UP FROM 34 PERCENT TO 50 PERCENT AND THE PERCENTAGE GOING FOR DEFENSE IS DOWN FROM 44 PERCENT TO 29 PERCENT.



THIS ADMINISTRATION HAS ALWAYS INSISTED THAT PERFORMANCE RATHER THAN PROMISES MUST BE THE MEASURE BY WHICH GOVERNMENT IS JUDGED. THESE FIGURES MAKE CLEAR MORE THAN ANY RHETORIC THAT THIS ADMINISTRATION IS CONCERNED WITH PEOPLE. FEDERAL OUTLAYS FOR HEALTH, INCOME SECURITY, EDUCATION, MANPOWER, AND VETERANS BENEFITS HAVE GROWN STEADILY WHILE THE PORTION FOR DEFENSE CONTINUES TO DECLINE.

DEFENSE

THE DEFENSE OUTLAYS FOR '75 HAVE BEEN INCREASED BY \$6.3 BILLION. AT LEAST \$5 BILLION OF THIS CAN BE ACCOUNTED FOR IN INCREASED PAY AS A RESULT OF THE SHIFT TO A VOLUNTARY ARMED SERVICES AND BY THE INCREASE IN PRICES.

DEFENSE

AS A PERCENTAGE OF OUR GROSS NATIONAL PRODUCT, WE HAVE THE SMALLEST EXPENDITURE FOR DEFENSE THAN AT ANY TIME SINCE 1950. SINCE 1968, DEFENSE SPENDING AS A PERCENTAGE OF GNP HAS DECREASED FROM 9.4 PERCENT TO 5.9 PERCENT. THIS



COMPARES TO ABOUT 12 PERCENT OF GNP FOR THE SOVIET UNION, EVEN WITH THE MUCH LOWER EXPENDITURE FOR PERSONNEL IN SOVIET RUSSIA.

HEALTH

FEDERAL OUTLAYS FOR HEALTH PROGRAMS HAVE INCREASED FROM \$1.7 BILLION IN '65 TO \$26.3 BILLION IN '75. THIS IS LARGELY A RESULT OF THE EXPANSION OF MEDICARE AND MEDICAID. THE INCREASE FOR HEALTH FROM '74 TO '75 IS ESTIMATED AT 13 PERCENT. THIS INCLUDES INCREASES FOR BIO-MEDICAL RESEARCH, FOR HEALTH MANPOWER TRAINING PROGRAMS, AND FOR DISEASE PREVENTION AND CONTROL.

THE PRESIDENT HAS SENT TO CONGRESS HIS NEW COMPREHENSIVE HEALTH INSURANCE PLAN. GOVERNMENT COSTS FOR THE PROPOSAL WOULD BE ABOUT \$6.9 BILLION WITH STATE GOVERNMENTS PAYING APPROXIMATELY \$1 BILLION AND THE FEDERAL GOVERNMENT THE BALANCE.



THE PLAN PROVIDES EMPLOYEE HEALTH INSURANCE, WITH A MINIMAL LEVEL OF COVERAGE, WITH THE EMPLOYER PAYING 65% OF THE PREMIUM FOR THE FIRST THREE YEARS AND 75% THEREAFTER.

THE PROPOSAL IS A CONSTRUCTIVE RESPONSE TO THE CONCERN OF MILLIONS OF AMERICANS FOR THE HIGH COST OF HEALTH CARE.

THE PRESIDENT HAS BASED HIS HEALTH CARE PROGRAM ON SEVEN PRINCIPLES:

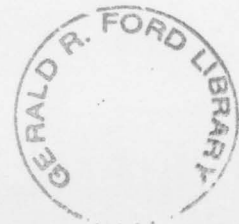
FIRST, IT WILL OFFER EVERY AMERICAN FINANCIAL ACCESS TO BALANCED COMPREHENSIVE HEALTH CARE PROTECTION.

SECOND, ITS COST WILL BE BASED ON EACH PERSON'S ABILITY TO PAY.

THIRD, IT WILL BUILD ON OUR EXISTING PUBLIC AND PRIVATE HEALTH FINANCING SYSTEMS AND NOT DESTROY THEM.

FOURTH, IT WILL USE PUBLIC FUNDS ONLY WHEN NEEDED.

FIFTH, IT WILL MAINTAIN THE FREEDOM OF BOTH PATIENTS AND DOCTORS TO CHOOSE.



SIXTH, IT WILL ENCOURAGE THE MOST EFFECTIVE USE OF OUR HEALTH CARE RESOURCES.

AND SEVENTH, IT WILL GIVE EVERY AMERICAN A DIRECT STAKE IN MAKING THE SYSTEM WORK.

THE THREE-TIERED PRESIDENTIAL PLAN WILL BE OPTIONAL FOR THOSE WHO DON'T WANT IT AND CAN AFFORD OTHER CARE. BUT FOR EVERY AMERICAN WHO WANTS IT, AND WHO WANTS TO KNOW THAT THE VERY BEST HEALTH CARE FOR HIMSELF AND FOR HIS FAMILY WILL BE READY AND WAITING WHENEVER THEY NEED IT, PRESIDENT NIXON'S PLAN WILL BE THERE.

KEY DIFFERENCES BETWEEN NIXON AND KENNEDY PLANS FOR HEALTH INSURANCE

1. THE KENNEDY PLAN WOULD BE A DANGEROUS STEP TOWARD FEDERALIZING ALL MEDICAL CARE IN AMERICA, DESTROYING ONE OF THE BEST HEALTH CARE SYSTEMS IN THE WORLD. THE NIXON PLAN WOULD BUILD UPON THE STRENGTHS OF THE PRESENT SYSTEM, KEEPING IT FREE OF FEDERAL REGULATION.



2. THE KENNEDY PLAN WOULD MAKE DOCTORS WORK FOR THE FEDERAL GOVERNMENT; THE NIXON PLAN WOULD ALLOW THEM TO CONTINUE WORKING FOR THEIR PATIENTS.

3. THE KENNEDY PLAN WOULD CONTAIN NO INCENTIVES FOR HOLDING DOWN COSTS AND WASTE IN THE MEDICAL CARE SYTEM; THE NIXON PLAN WOULD DEPEND ON THE FREE ENTERPRISE SYSTEM AND THE FORCES OF COMPETITION TO HOLD DOWN WASTE.

4. THE KENNEDY PLAN WOULD REQUIRE AN ESTIMATED \$80 TO \$100 BILLION IN FEDERAL TAXES -- MOST OF THESE WOULD BE NEW TAXES. THE NIXON PLAN WOULD REQUIRE APPROXIMATELY \$6 BILLION IN NEW FEDERAL SPENDING.

EDUCATION

FEDERAL EXPENDITURES FOR EDUCATION ARE ALSO INCREASED FROM \$6 BILLION IN '73 TO ESTIMATED \$7.6 BILLION IN '75. THIS INCLUDES THE NEWLY PROPOSED CONSOLIDATED GRANTS WHICH WILL CONSOLIDATE 22 CATEGORICAL GRANTS INTO SIX PROGRAMS. IT IS ESTIMATED THAT 1.6 MILLION STUDENTS IN HIGHER EDUCATION WILL BE ASSISTED IN THE '75 - '76 SCHOOL YEAR.



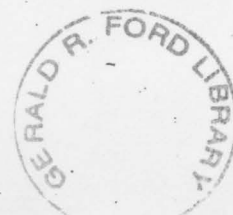
CRIME REDUCTION

THE CONCERN OF THE AMERICAN PEOPLE FOR A REDUCTION IN CRIME IS ALSO REFLECTED IN THE BUDGET. FEDERAL OUTLAYS HAVE MORE THAN QUADRUPLED SINCE 1969 WITH AID TO STATE AND LOCAL GOVERNMENTS FOR CRIME REDUCTION INCREASING MORE THAN SIX FOLD IN THE SAME PERIOD.

CIVIL RIGHTS

WE SEE A STEADY INCREASE IN FEDERAL EXPENDITURES TO ENSURE THE CIVIL RIGHTS OF ALL AMERICANS. THIS IS REFLECTED BOTH IN PROGRAMS DESIGNED TO ENFORCE CIVIL RIGHTS LAWS, AS WELL AS SUCH PROGRAMS AS THE OFFICE OF MINORITY BUSINESS ENTERPRISE IN THE COMMERCE DEPARTMENT, WHICH ARE DESIGNED TO PROVIDE ASSISTANCE TO MINORITIES.

THE OFFICE OF MINORITY BUSINESS ENTERPRISE (OMBE) WAS CREATED IN THE DEPARTMENT OF COMMERCE ON MARCH 6, 1969 (EXECUTIVE ORDER 11458), TO COORDINATE ALL FEDERAL PROGRAMS WHICH COULD BE OF ASSISTANCE TO MINORITIES WHO SEEK TO ESTABLISH OR EXPAND BUSINESSES.



OVERALL EXPENDITURES TO SUPPORT OMBE EFFORTS WILL TOTAL \$77.6 MILLION IN THE COMING YEAR, WHICH INCLUDES OMBE OPERATION OF THE COMMUNITY DEVELOPMENT CORPORATION PROGRAM FORMERLY FUNDED BY THE OFFICE OF ECONOMIC OPPORTUNITY, AND SHOULD RESULT IN THE FOLLOWING:

- 1,200 NEW MINORITY FIRMS BEING ESTABLISHED;
- 4,300 EXISTING MINORITY FIRMS BEING EXPANDED;
- 5,000 MINORITY BUSINESS FINANCING PACKAGES BEING OBTAINED; AND
- 25,000 CLIENTS RECEIVING MANAGEMENT ASSISTANCE.

EXPENDITURES FOR MINORITY BUSINESS DEVELOPMENT OCCUR THROUGHOUT THE FEDERAL GOVERNMENT AND INCLUDE:

- OUTLAYS OF \$4.3 MILLION IN 1975 BY THE SMALL BUSINESS ADMINISTRATION TO ADMINISTER SECTION 8(a) OF THE SMALL BUSINESS ACT. THIS UNIQUE PROCUREMENT TOOL PERMITS SBA TO OBTAIN PROCUREMENT CONTRACTS FROM OTHER FEDERAL AGENCIES AND TO AWARD SUBCONTRACTS TO THE MINORITY OR

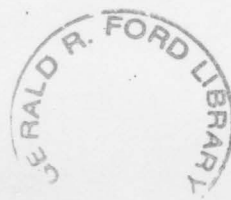


DISADVANTAGED TO HELP THEM BECOME OWNERS OF SELF-SUSTAINING MANUFACTURING, CONSTRUCTION, AND OTHER RELATED SERVICE ENTERPRISES. SBA EXPECTS TO EXPAND THE CONTRACTS NEGOTIATED FROM 1,992 WORTH \$208 MILLION IN 1973 TO 2,500 WORTH \$250 MILLION IN 1975. COMPANIES ASSISTED WILL RISE FROM 1,084 TO 1,500.

TOTAL FUNDING FOR MINORITY BUSINESS ENTERPRISE PROGRAMS WILL INCREASE TO AN ESTIMATED \$1.2 BILLION IN 1975. EFFORTS TO ASSIST MINORITY BUSINESS DEVELOPMENT WILL EXPAND 265% BETWEEN 1970 AND 1975.

DEPOSITS IN MINORITY-OWNED BANKS

BETWEEN SEPTEMBER 30, 1970, WHEN THE ADMINISTRATION BEGAN A COMBINED GOVERNMENT/PRIVATE SECTOR PROGRAM TO INCREASE DEPOSIT BALANCES IN MINORITY-OWNED BANKS BY \$100 MILLION, AND JUNE 30, 1973, DEPOSITS IN THE NATION'S 50 MINORITY-OWNED BANKS INCREASED BY \$537.7 MILLION, AN EXPANSION OF 110%. THE PRIMARY VALUE OF THESE PROGRAMS,



UNDER THE DIRECTION OF THE TREASURY DEPARTMENT AND THE COMMERCE DEPARTMENT RESPECTIVELY, HAS BEEN TO INCREASE THE EARNINGS OF THE MINORITY BANKS AND THEREBY ENHANCE THEIR ABILITY TO ATTRACT CAPITAL.

THE CIVIL RIGHTS PROGRAMS OF THE FEDERAL GOVERNMENT ARE MANY FACETED. THEY RANGE FROM THE LEGAL ASSURANCES OF NONDISCRIMINATION TO THE PROVISION OF EMPLOYMENT AND BUSINESS OPPORTUNITIES. THE STEADY EXPANSION IN THE RESOURCES DEDICATED TO THESE EFFORTS IS EVIDENCE OF THE INTENT TO CONTINUE PROGRESS TOWARD MAKING EQUAL OPPORTUNITY A REALITY FOR ALL AMERICANS.

ENERGY

WHILE OUR GOAL TO MEET THE ENERGY CRISIS IN THE SHORT-RUN FOCUSES HEAVILY ON ENERGY CONSERVATION, PRESIDENT NIXON'S LONG-RANGE GOAL OF PROJECT INDEPENDENCE IS REFLECTED IN THE EXPENDITURES FOR ENERGY RESEARCH AND DEVELOPMENT. THIS IS PART OF AN ANTICIPATED \$10 BILLION EXPENDITURE OVER THE NEXT FIVE YEARS.



COMMUNITY DEVELOPMENT

THIS ADMINISTRATION IS AND HAS BEEN COMMITTED TO COMMUNITY DEVELOPMENT. BETWEEN 1969 AND 1975, FEDERAL EXPENDITURES FOR COMMUNITY DEVELOPMENT HAVE BEEN MORE THAN TWICE AS MUCH AS WAS SPENT BY ALL PREVIOUS ADMINISTRATIONS COMBINED.

THE ADMINISTRATION IS SEEKING TO EXPAND AND IMPROVE FEDERAL SUPPORT FOR LOCAL COMMUNITY DEVELOPMENT ACTIVITIES THROUGH THE BETTER COMMUNITIES ACT, A \$2.3 BILLION PROGRAM GIVING LOCAL OFFICIALS NEW FLEXIBILITY AND GREATER EFFECTIVENESS IN THE USE OF FEDERAL COMMUNITY DEVELOPMENT FUNDS. THE ACT ALSO CONSOLIDATES 7 CATEGORICAL GRANTS INTO A SINGLE PROGRAM. WE ARE ALSO PROPOSING A NEW ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM UNDER AREA AND REGIONAL DEVELOPMENT TO PROVIDE FLEXIBLE STATE AND COMMUNITY RESPONSE TO PROBLEMS OF ECONOMIC CHANGE AND UNEMPLOYMENT. THE FEDERAL EXPENDITURES FOR COMMUNITY AND REGIONAL DEVELOPMENT ARE SLATED TO BE THE SAME AS '74 PENDING ENACTMENT OF THESE PROPOSALS.



TRANSPORTATION

THE ENERGY CRISIS HAS FOCUSED NEW ATTENTION ON OUR TRANSPORTATION PROBLEMS AS WE SEE A STEADY INCREASE IN FEDERAL FUNDS IN THIS AREA. THE ADMINISTRATION IS PROPOSING AN IMPRESSIVE NEW PROGRAM -- THE UNIFIED TRANSPORTATION ASSISTANCE PROGRAM -- TO PROVIDE FUNDING ASSISTANCE FOR THE MAINTENANCE OF EXISTING TRANSIT SYTEMS, AS WELL AS MORE FLEXIBILITY FOR STATE AND LOCAL OFFICIALS IN DETERMINING THEIR PARTICULAR TRANSPORTATION NEEDS.

THIS \$2.3 BILLION PROPOSAL IS PART OF A \$16 BILLION SIX-YEAR PROGRAM -- THE LARGEST COMMITMENT EVER MADE TO PUBLIC TRANSPORTATION.

THIS HAS BEEN A BRIEF OVERVIEW OF THE FEDERAL BUDGET FOR FISCAL YEAR 1975. IT IS MUCH MORE THAN THAT, HOWEVER. IT IS A BLUEPRINT FOR ACTION, A BLUEPRINT FOR PROGRESS. THE BUDGET FIGURES, THE PERCENTAGES ARE MERE SYMBOLS FOR ACTIONS DESIGNED TO MEET THE NEEDS OF THE AMERICAN



PEOPLE -- THEIR NEED FOR PEACE IN THE WORLD, FOR OUR NATION'S SECURITY IN THE WORLD.

THEIR NEEDS HERE AT HOME FOR ECONOMIC IMPROVEMENT, FOR CLEANER AIR AND WATER, FOR THEIR PERSONAL SAFETY IN THEIR HOMES AND ON THE STREETS, FOR THEIR CHILDREN'S EDUCATION -- IN SHORT, FOR IMPROVEMENT IN THE QUALITY OF OUR LIVES AS AMERICANS.

THIS BUDGET PROVIDES NEW AND EFFECTIVE PROPOSALS FOR BOTH THE SHORT RUN AND THE LONG RUN TO COPE WITH THE ENERGY CRISIS.

CHANGES IN THE STRUCTURE OF THE DEFENSE BUDGET AS WE HAVE MOVED INTO PEACE AND PREPARE TO PRESERVE THAT PEACE.

THIS BUDGET BOTH SHAPES AND RESPONDS TO THE CHANGES IN OUR SOCIETY, REFLECTING BOTH OUR NEEDS AND OUR ASPIRATIONS.

THANK YOU.

####

