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**THE PRESIDENT HAS SEEN....**

**ADDRESS TO THE NATIONAL PRESS CLUB**

**OCTOBER 29, 1975**

TODAY I WANT TO TALK TO YOU ABOUT A MATTER OF  
CONCERN TO ALL AMERICANS.

NEW YORK CITY, WHERE ONE OUT OF EVERY 25 AMERICANS  
LIVES, THROUGH WHOSE "GOLDEN DOOR" UNTOLD MILLIONS HAVE  
ENTERED THIS LAND OF LIBERTY, FACES A FINANCIAL SHOWDOWN.

THE TIME HAS COME FOR STRAIGHT TALK -- TO THESE  
EIGHT MILLION AMERICANS AND TO THE OTHER 206 MILLION  
AMERICANS TO WHOM I OWE THE DUTY OF STATING MY CONVICTIONS  
AND CONCLUSIONS, AND TO YOU, WHOSE JOB IT IS TO CARRY  
THEM THROUGHOUT THE NATION AND AROUND THE WORLD.

THE TIME HAS COME TO SORT FACTS AND FIGURES FROM  
FICTION AND FEAR-MONGERING IN THIS TERRIBLY COMPLEX  
SITUATION. THE TIME HAS COME TO SAY WHAT SOLUTIONS  
WILL WORK AND WHICH SHOULD BE CAST ASIDE.

AND THE TIME HAS COME FOR ALL AMERICANS TO  
CONSIDER HOW THE PROBLEMS OF NEW YORK AND THE HARD DECISIONS  
THEY DEMAND, FORESHADOW AND FOCUS UPON POTENTIAL PROBLEMS  
FOR ALL GOVERNMENTS -- FEDERAL, STATE AND LOCAL -- PROBLEMS  
WHICH DEMAND EQUALLY HARD DECISIONS FROM THEM.

ONE WEEK AGO NEW YORK CITY TOTTERED UPON THE BRINK  
OF FINANCIAL DEFAULT WHICH WAS DEFERRED ONLY AT THE  
ELEVENTH HOUR.

THE NEXT DAY MAYOR BEAME TESTIFIED HERE IN  
WASHINGTON THAT THE FINANCIAL RESOURCES OF THE CITY AND  
STATE OF NEW YORK WERE EXHAUSTED. GOVERNOR CAREY AGREED.

THEY SAID, IT'S NOW UP TO WASHINGTON, AND  
UNLESS THE FEDERAL GOVERNMENT INTERVENES, NEW YORK CITY  
WITHIN A SHORT TIME WILL NO LONGER BE ABLE TO PAY ITS BILLS.



THE MESSAGE WAS CLEAR: \ RESPONSIBILITY FOR

NEW YORK CITY'S FINANCIAL PROBLEMS IS BEING LEFT ON THE

FRONT DOORSTEP OF THE FEDERAL GOVERNMENT -- UNWANTED

AND ABANDONED BY ITS REAL PARENTS.

MANY EXPLANATIONS HAVE BEEN OFFERED ABOUT WHAT  
LED NEW YORK CITY DEEPER AND DEEPER INTO THIS QUAGMIRE.

SOME CONTEND IT WAS LONG-RANGE ECONOMIC FACTORS

SUCH AS THE FLIGHT TO THE SUBURBS OF THE CITY'S MORE

AFFLUENT CITIZENS, THE MIGRATION TO THE CITY OF POORER

PEOPLE, AND THE DEPARTURE OF INDUSTRY.

OTHERS ARGUE THAT THE BIG METROPOLITAN CITY HAS  
BECOME OBSOLESCENT, \ THAT DECAY AND POLLUTION HAVE  
BROUGHT A DETERIORATION IN THE QUALITY OF URBAN LIFE, \ AND  
THAT NEW YORK'S DOWNFALL COULD NOT BE PREVENTED.

LET'S FACE ONE SIMPLE FACT: MOST OTHER CITIES IN  
AMERICA HAVE FACED THESE SAME CHALLENGES, AND THEY ARE  
STILL FINANCIALLY HEALTHY TODAY. THEY HAVE NOT BEEN  
LUCKIER THAN NEW YORK; THEY SIMPLY HAVE BEEN BETTER  
MANAGED.

THERE IS AN OLD SAYING: "THE HARDER YOU TRY,

THE LUCKIER YOU GET."

I LIKE THAT DEFINITION OF "LUCK".

DURING THE LAST DECADE, THE OFFICIALS OF NEW YORK  
CITY HAVE ALLOWED ITS BUDGET TO TRIPLE. NO CITY CAN  
EXPECT TO REMAIN SOLVENT IF IT ALLOWS ITS EXPENSES TO  
INCREASE BY AN AVERAGE OF 12 PERCENT EVERY YEAR, WHILE ITS  
TAX REVENUES ARE INCREASING BY ONLY 4 TO 5 PERCENT A YEAR.

AS AL SMITH, A GREAT GOVERNOR WHO CAME FROM THE  
SIDEWALKS OF NEW YORK, USED TO SAY: "LET'S LOOK AT THE  
RECORD."



THE RECORD SHOWS THAT NEW YORK CITY'S WAGES AND

SALARIES ARE THE HIGHEST IN THE UNITED STATES. A

SANITATION WORKER WITH THREE YEARS EXPERIENCE NOW RECEIVES

A BASE SALARY OF NEARLY 15,000 DOLLARS A YEAR.

FRINGE BENEFITS AND RETIREMENT COSTS AVERAGE MORE THAN

50 PERCENT OF BASE PAY. *There are* FOUR-WEEK PAID VACATIONS AND

UNLIMITED SICK LEAVE AFTER ONLY ONE YEAR ON THE JOB.

THE RECORD SHOWS THAT IN MOST CITIES, MUNICIPAL  
EMPLOYEES HAVE TO PAY 50 PERCENT OR MORE OF THE COST OF  
THEIR PENSIONS. NEW YORK CITY IS THE ONLY MAJOR CITY  
IN THE COUNTRY THAT PICKS UP THE ENTIRE BURDEN.

THE RECORD SHOWS THAT WHEN NEW YORK'S MUNICIPAL  
EMPLOYEES RETIRE THEY OFTEN RETIRE MUCH EARLIER THAN IN  
MOST CITIES AND AT PENSIONS CONSIDERABLY HIGHER THAN  
SOUND RETIREMENT PLANS PERMIT.

THE RECORD SHOWS NEW YORK CITY HAS 18 MUNICIPAL  
HOSPITALS; YET, ON AN AVERAGE DAY, 25 PERCENT OF THE  
HOSPITAL BEDS ARE EMPTY. MEANWHILE, THE CITY SPENDS  
MILLIONS MORE TO PAY THE HOSPITAL EXPENSES OF THOSE WHO  
USE PRIVATE HOSPITALS.

THE RECORD SHOWS NEW YORK CITY OPERATES ONE OF  
THE LARGEST UNIVERSITIES IN THE WORLD, FREE OF TUITION FOR  
ANY HIGH SCHOOL GRADUATE, RICH OR POOR, WHO WANTS TO  
ATTEND.

AS FOR NEW YORK'S MUCH-DISCUSSED WELFARE BURDEN,

THE RECORD SHOWS MORE THAN ONE CURRENT WELFARE RECIPIENT

IN TEN MAY BE LEGALLY INELIGIBLE FOR WELFARE ASSISTANCE.

CERTAINLY I DO NOT BLAME ALL THE GOOD PEOPLE OF  
NEW YORK CITY FOR THEIR GENEROUS INSTINCTS OR FOR THEIR  
PRESENT PLIGHT. I DO BLAME THOSE WHO HAVE MISLED  
THE PEOPLE OF NEW YORK CITY ABOUT THE INEVITABLE  
CONSEQUENCES OF WHAT THEY WERE DOING OVER THE LAST 10 YEARS.



THE CONSEQUENCES HAVE BEEN:

--A STEADY STREAM OF UNBALANCED BUDGETS;

--MASSIVE GROWTH IN THE CITY'S DEBT;

-- EXTRAORDINARY INCREASES IN PUBLIC EMPLOYEE

CONTRACTS;

-- AND TOTAL DISREGARD OF INDEPENDENT EXPERTS

WHO WARNED AGAIN AND AGAIN THAT THE CITY WAS COURTING

DISASTER.



WHY, THEY ASK, SHOULD THEY SUPPORT ADVANTAGES

IN NEW YORK THAT THEY HAVE NOT BEEN ABLE TO AFFORD FOR THEIR  
OWN COMMUNITIES?

WHY, THEY ASK, SHOULD ALL THE WORKING PEOPLE OF

THIS COUNTRY BE FORCED TO RESCUE THOSE WHO BANKROLLED

NEW YORK CITY'S POLICIES FOR SO LONG -- THE LARGE INVESTORS

AND BIG BANKS?

IN MY JUDGMENT, NO ONE HAS YET GIVEN THESE

QUESTIONS A SATISFACTORY ANSWER.

INSTEAD, AMERICANS ARE BEING TOLD THAT UNLESS

*City*  
THE REST OF THE COUNTRY BAILS OUT NEW YORK, THERE WILL BE

CATASTROPHE FOR THE UNITED STATES AND PERHAPS FOR THE WORLD.

IS THIS SCARE STORY TRUE?

OF COURSE THERE ARE RISKS THAT DEFAULT COULD  
CAUSE TEMPORARY FLUCTUATIONS IN THE FINANCIAL MARKETS.

BUT THESE MARKETS HAVE ALREADY MADE A SUBSTANTIAL ADJUSTMENT  
IN ANTICIPATION OF A POSSIBLE DEFAULT BY NEW YORK CITY.

CLAIMS ALSO ARE MADE THAT BECAUSE OF NEW YORK

CITY'S TROUBLES, OTHER MUNICIPALITIES WILL HAVE GRAVE

DIFFICULTY SELLING THEIR BONDS.

I KNOW THIS TROUBLES

MANY THOUGHTFUL CITIZENS.

BUT, THE NEW YORK CITY RECORD OF BAD FINANCIAL

MANAGEMENT IS UNIQUE AMONG MUNICIPALITIES. OTHER

COMMUNITIES HAVE A SOLID REPUTATION FOR LIVING WITHIN

THEIR MEANS. IN RECENT DAYS AND WEEKS, OTHER LOCAL

GOVERNMENTS HAVE GONE TO INVESTORS WITH CLEAN RECORDS OF

FISCAL RESPONSIBILITY AND HAVE HAD NO DIFFICULTY RAISING FUNDS.



THE GREATER RISK IS THAT ANY ATTEMPT TO PROVIDE  
A FEDERAL BLANK CHECK FOR THE LEADERS OF NEW YORK CITY  
WOULD ENSURE THAT NO LONG-RUN SOLUTION TO THE CITY'S  
PROBLEMS WILL EVER OCCUR.

I CAN UNDERSTAND THE CONCERN OF MANY CITIZENS

IN NEW YORK AND ELSEWHERE.

I UNDERSTAND BECAUSE I

AM ALSO CONCERNED.

WHAT I CANNOT UNDERSTAND -- AND WHAT NOBODY  
SHOULD CONDONE -- IS THE BLATANT ATTEMPT IN SOME QUARTERS  
TO FRIGHTEN THE AMERICAN PEOPLE AND THEIR REPRESENTATIVES  
IN CONGRESS INTO PANICKY SUPPORT OF PATENTLY BAD POLICY.

THE PEOPLE OF THIS COUNTRY WILL NOT BE STAMPEDED;

THEY WILL NOT PANIC WHEN A FEW DESPERATE NEW YORK OFFICIALS

AND BANKERS TRY TO SCARE NEW YORK'S MORTGAGE PAYMENTS

OUT OF THEM.

////  
/

WE HAVE HEARD ENOUGH SCARE TALK.

WHAT WE NEED NOW IS A CALM, RATIONAL DECISION

AS TO WHAT THE RIGHT SOLUTION IS - THE SOLUTION THAT IS BEST

FOR THE PEOPLE OF NEW YORK AND BEST FOR ALL AMERICANS.

TO BE EFFECTIVE, THE RIGHT SOLUTION MUST MEET

THREE BASIC TESTS:

-- IT MUST MAINTAIN ESSENTIAL PUBLIC SERVICES

FOR THE PEOPLE OF NEW YORK CITY. IT MUST PROTECT THE

INNOCENT VICTIMS OF THIS TRAGEDY. THERE MUST BE

POLICEMEN ON THE BEAT, FIREMEN IN THE STATION, NURSES IN

THE EMERGENCY WARDS.

-- SECOND, THE SOLUTION MUST ASSURE THAT

NEW YORK CITY CAN AND WILL ACHIEVE AND MAINTAIN A

BALANCED BUDGET IN THE YEARS AHEAD.

-- AND THIRD, \ THE RIGHT SOLUTION MUST GUARANTEE

THAT NEITHER NEW YORK CITY NOR ANY OTHER AMERICAN CITY

EVER BECOMES A WARD OF THE FEDERAL GOVERNMENT.



LET ME DISGRESS A MINUTE TO REMIND YOU THAT UNDER  
OUR CONSTITUTIONAL SYSTEM, BOTH THE CITIES AND THE  
FEDERAL GOVERNMENT WERE THE CREATURES OF THE STATES.

THE STATES DELEGATED CERTAIN OF THEIR SOVEREIGN POWERS --

THE POWER TO TAX, POLICE POWERS AND THE LIKE -- TO LOCAL

UNITS OF SELF-GOVERNMENT. AND THEY CAN TAKE THESE POWERS

BACK IF THEY ARE ABUSED.

THE STATES ALSO RELINQUISHED CERTAIN SOVEREIGN  
POWERS TO THE FEDERAL GOVERNMENT -- SOME ALTOGETHER AND  
SOME TO BE SHARED. IN RETURN THE FEDERAL GOVERNMENT  
HAS CERTAIN OBLIGATIONS TO THE STATES.

I SEE A SERIOUS THREAT TO THE LEGAL RELATIONSHIPS  
AMONG OUR FEDERAL, STATE AND LOCAL GOVERNMENTS IN ANY  
CONGRESSIONAL ACTION WHICH COULD LEAD TO DISRUPTION OF THIS  
TRADITIONAL BALANCE. OUR LARGEST CITY IS NO DIFFERENT IN  
THIS RESPECT THAN OUR SMALLEST TOWN.

IF MAYOR BEAME DOESN'T WANT GOVERNOR CAREY TO RUN HIS  
CITY, DOES HE WANT THE PRESIDENT OF THE UNITED STATES TO  
BE ACTING MAYOR OF NEW YORK?

~~NOW,~~ WHAT IS THE SOLUTION TO NEW YORK'S

DILEMMA?

THERE ARE AT LEAST EIGHT DIFFERENT PROPOSALS UNDER

CONSIDERATION BY THE CONGRESS INTENDED TO PREVENT DEFAULT.

THEY ARE ALL VARIATIONS OF ONE BASIC THEME: THAT THE FEDERAL

GOVERNMENT WOULD GUARANTEE THE AVAILABILITY OF FUNDS TO

NEW YORK CITY.

I CAN TELL YOU NOW THAT I AM PREPARED TO VETO

ANY BILL THAT HAS AS ITS PURPOSE A FEDERAL BAIL-OUT OF

NEW YORK CITY TO PREVENT A DEFAULT.

I AM FUNDAMENTALLY OPPOSED TO THIS SO-CALLED

SOLUTION, AND I WILL TELL YOU WHY.

BASICALLY, IT IS A MIRAGE. BY GIVING A

FEDERAL GUARANTEE WE WOULD BE REDUCING RATHER THAN INCREASING

THE PROSPECT THAT THE CITY'S BUDGET WILL EVER BE BALANCED.

NEW YORK CITY'S OFFICIALS HAVE PROVED IN THE PAST THAT THEY

WILL NOT FACE UP TO THE CITY'S MASSIVE NETWORK OF PRESSURE

GROUPS AS LONG AS ANY ALTERNATIVE IS AVAILABLE.



IF THEY CAN SCARE THE WHOLE COUNTRY INTO PROVIDING THAT  
ALTERNATIVE NOW, WHY SHOULDN'T THEY BE CONFIDENT THEY CAN  
SCARE US AGAIN INTO PROVIDING IT THREE YEARS FROM NOW?

IN SHORT, IT ENCOURAGES THE CONTINUATION OF "POLITICS AS

USUAL" IN NEW YORK -- WHICH IS PRECISELY NOT THE WAY TO

SOLVE THE PROBLEM.

SUCH A STEP WOULD SET A TERRIBLE PRECEDENT FOR

THE REST OF THE NATION. IT WOULD PROMISE IMMEDIATE

REWARDS AND EVENTUAL RESCUE TO EVERY OTHER CITY THAT FOLLOWS

THE TRAGIC EXAMPLE OF OUR LARGEST CITY.

WHAT RESTRAINT WOULD BE LEFT ON THE SPENDING OF OTHER LOCAL  
AND STATE GOVERNMENTS ONCE IT BECOMES CLEAR THAT THERE IS  
A FEDERAL RESCUE SQUAD THAT WILL ALWAYS ARRIVE IN THE NICK  
OF TIME?

FINALLY, WE MUST ALL RECOGNIZE WHO THE PRIMARY BENEFICIARIES OF A FEDERAL GUARANTEE PROGRAM WOULD BE. THE BENEFICIARIES WOULD NOT BE THOSE WHO LIVE AND WORK IN NEW YORK CITY, BECAUSE THE REALLY ESSENTIAL PUBLIC SERVICES MUST AND WILL CONTINUE.

THE PRIMARY BENEFICIARIES WOULD BE THE NEW YORK  
OFFICIALS WHO WOULD THUS ESCAPE RESPONSIBILITY FOR THEIR  
PAST FOLLIES AND BE FURTHER EXCUSED FROM MAKING THE HARD  
DECISIONS REQUIRED NOW TO RESTORE THE CITY'S FISCAL  
INTEGRITY.

THE SECONDARY BENEFICIARIES WOULD BE THE LARGE  
INVESTORS AND FINANCIAL INSTITUTIONS WHO PURCHASED THESE  
SECURITIES ANTICIPATING A HIGH RATE OF TAX-FREE RETURN.

DOES THIS MEAN THERE IS NO SOLUTION?

NOT AT ALL.      THERE IS A FAIR AND SENSIBLE WAY TO RESOLVE

THIS ISSUE, AND THIS IS THE WAY TO DO IT:

IF THE CITY IS UNABLE TO ACT TO PROVIDE A MEANS OF  
MEETING ITS OBLIGATIONS, A NEW LAW IS REQUIRED TO ASSURE AN  
ORDERLY AND FAIR MEANS OF HANDLING THE SITUATION.



AS YOU KNOW, THE CONSTITUTION EMPOWERS THE

CONGRESS TO ENACT UNIFORM BANKRUPTCY LAWS. THEREFORE,

I WILL SUBMIT TO THE CONGRESS SPECIAL LEGISLATION PROVIDING

THE FEDERAL COURTS WITH SUFFICIENT AUTHORITY TO PRESIDE OVER

AN ORDERLY REORGANIZATION OF NEW YORK CITY'S FINANCIAL

AFFAIRS -- SHOULD THAT BECOME NECESSARY.

HOW WOULD THIS WORK?

THE CITY, WITH STATE

APPROVAL, WOULD FILE A PETITION WITH THE FEDERAL DISTRICT  
COURT IN NEW YORK UNDER A PROPOSED NEW CHAPTER XVI OF THE  
BANKRUPTCY ACT.

THE PETITION WOULD STATE THAT NEW YORK CITY IS UNABLE  
TO PAY ITS DEBTS AS THEY MATURE AND WOULD BE ACCOMPANIED  
BY A PROPOSED WAY TO WORK OUT AN ADJUSTMENT OF ITS DEBTS  
WITH ITS CREDITORS.

THE FEDERAL COURT WOULD THEN BE AUTHORIZED TO  
ACCEPT JURISDICTION OF THE CASE. THEN THERE WOULD BE AN  
AUTOMATIC STAY OF SUITS BY CREDITORS SO THAT THE ESSENTIAL  
FUNCTIONS OF NEW YORK CITY WOULD NOT BE DISRUPTED.

THIS WOULD ENABLE AN ORDERLY PLAN TO BE DEVELOPED  
SO THAT THE CITY COULD WORK OUT ARRANGEMENTS WITH ITS  
CREDITORS.

WHILE NEW YORK CITY WORKS OUT A COMPROMISE  
WITH ITS CREDITORS THE ESSENTIAL GOVERNMENTAL FUNCTIONS  
OF THE CITY WOULD CONTINUE.

IN THE EVENT OF DEFAULT, THE FEDERAL GOVERNMENT  
WILL WORK WITH THE COURT TO ASSURE THAT POLICE, FIRE  
AND OTHER ESSENTIAL SERVICES FOR THE PROTECTION OF LIFE  
AND PROPERTY IN NEW YORK ARE MAINTAINED.



THE PROPOSED LEGISLATION WILL INCLUDE PROVISION  
THAT AS A CONDITION OF NEW YORK CITY PETITIONING THE COURT,  
THE CITY MUST NOT ONLY FILE A GOOD FAITH PLAN FOR PAYMENTS  
TO ITS CREDITORS BUT  MUST ALSO PRESENT A PROGRAM FOR  
PLACING THE FISCAL AFFAIRS OF THE CITY ON A SOUND BASIS.



IN ORDER TO MEET THE SHORT TERM NEEDS OF NEW YORK  
CITY THE COURT WOULD BE EMPOWERED TO AUTHORIZE DEBT  
CERTIFICATES COVERING NEW LOANS TO THE CITY WHICH WOULD  
BE PAID OUT OF FUTURE REVENUES AHEAD OF OTHER CREDITORS.

THUS, THE LEGISLATION I AM PROPOSING WILL DO

THREE ESSENTIAL THINGS.

FIRST, IT WILL PREVENT, IN THE EVENT OF A DEFAULT,

ALL NEW YORK CITY FUNDS FROM BEING TIED UP BY LAWSUITS.

SECOND, IT WILL PROVIDE THE CONDITIONS FOR AN  
ORDERLY PLAN TO BE DEVELOPED FOR PAYMENTS TO NEW YORK'S  
CREDITORS OVER THE LONG TERM.

THIRD, IT WILL PROVIDE A WAY FOR NEW BORROWING  
TO BE SECURED BY PLEDGING FUTURE REVENUES.

I DON'T WANT ANYBODY MISLED. THIS PROPOSED

LEGISLATION WILL NOT, BY ITSELF, PUT THE AFFAIRS OF

NEW YORK CITY IN ORDER. SOME HARD MEASURES MUST BE

TAKEN BY THE OFFICIALS OF NEW YORK CITY AND NEW YORK STATE.

THEY MUST EITHER INCREASE REVENUES OR CUT EXPENDITURES  
OR DEVISE SOME COMBINATION THAT WILL BRING THEM TO A  
SOUND FINANCIAL POSITION. CAREFUL EXAMINATION HAS  
CONVINCED ME THAT THOSE MEASURES ARE NEITHER BEYOND THE  
REALM OF POSSIBILITY NOR BEYOND THE DEMANDS OF REASON.

IF THEY ARE TAKEN, NEW YORK CITY WILL, WITH THE ASSISTANCE  
OF THE LEGISLATION I AM PROPOSING, BE ABLE TO RESTORE  
ITSELF AS A FULLY SOLVENT OPERATION.

TO SUMMARIZE, THE APPROACH I AM RECOMMENDING  
IS THIS: IF NEW YORK FAILS TO ACT IN ITS OWN BEHALF,  
ORDERLY PROCEEDINGS WOULD THEN BE SUPERVISED BY A  
FEDERAL COURT.

THE ONES WHO WOULD BE MOST AFFECTED BY THIS  
COURSE WOULD BE THOSE WHO ARE NOW FIGHTING TOOTH AND  
NAIL TO PROTECT THEIR AUTHORITY AND THEIR INVESTMENTS:  
NEW YORK OFFICIALS AND THE CITY'S CREDITORS.



THE CREDITORS WILL NOT BE WIPED OUT; HOW MUCH THEY WILL  
BE HURT WILL DEPEND UPON THE FUTURE CONDUCT OF THE CITY'S  
LEADERS.

FOR THE PEOPLE OF NEW YORK, THIS PLAN WILL MEAN  
THAT ESSENTIAL SERVICES WILL CONTINUE. THERE MAY BE  
SOME TEMPORARY INCONVENIENCES, BUT THAT WILL BE TRUE  
OF ANY SOLUTION THAT IS ADOPTED.

FOR THE FINANCIAL COMMUNITY, THE DEFAULT MAY BRING  
SOME TEMPORARY DIFFICULTIES BUT THE REPERCUSSIONS SHOULD NOT  
BE LARGE OR LONG-LASTING.

FINALLY, FOR THE PEOPLE OF THE UNITED STATES,  
THIS MEANS THAT THEY WILL NOT BE ASKED TO ASSUME A BURDEN  
THAT IS NOT OF THEIR OWN MAKING AND SHOULD NOT BECOME THEIR  
RESPONSIBILITY. THIS IS A FAIR AND SENSIBLE WAY TO PROCEED.

THERE IS A PROFOUND LESSON FOR ALL AMERICANS IN  
THE FINANCIAL EXPERIENCE OF OUR BIGGEST AND RICHEST CITY.

THOUGH WE ARE THE RICHEST NATION IN THE WORLD,  
THERE IS A PRACTICAL LIMIT TO OUR PUBLIC BOUNTY, JUST AS  
THERE IS TO NEW YORK'S.

OTHER CITIES, OTHER STATES AS WELL AS THE  
FEDERAL GOVERNMENT ARE NOT IMMUNE TO THE INSIDIOUS DISEASE  
FROM WHICH NEW YORK IS SUFFERING.

THIS SICKNESS IS BROUGHT ON BY YEARS AND YEARS OF HIGHER  
SPENDING, HIGHER DEFICITS, MORE INFLATION AND MORE  
BORROWING TO PAY FOR HIGHER SPENDING, HIGHER DEFICITS  
AND ON AND ON.

IT IS A PROGRESSIVE DISEASE AND THERE IS NO  
PAINLESS CURE.

THOSE WHO HAVE BEEN TREATING NEW YORK'S FINANCIAL  
SICKNESS HAVE BEEN PRESCRIBING LARGER AND LARGER DOSES  
OF THE SAME POLITICAL STIMULANT THAT HAS PROVED SO  
POPULAR AND SUCCESSFUL IN WASHINGTON FOR SO MANY YEARS.



NONE OF US CAN POINT A COMPLETELY GUILTLESS

FINGER AT NEW YORK. NONE OF US SHOULD NOW DERIVE

COMFORT OR PLEASURE FROM NEW YORK'S ANGUISH.

BUT NEITHER CAN WE LET THE CONTAGION SPREAD.

AS WE WORK WITH THE WONDERFUL PEOPLE OF NEW YORK  
TO OVERCOME THEIR DIFFICULTIES -- AND THEY WILL -- WE MUST  
NEVER FORGET WHAT BROUGHT THIS GREAT CENTER OF HUMAN  
CIVILIZATION TO THE BRINK.

IF WE GO ON SPENDING MORE THAN WE HAVE,  
PROVIDING MORE BENEFITS AND SERVICES THAN WE CAN PAY FOR,  
THEN A DAY OF RECKONING WILL COME TO WASHINGTON AND THE  
WHOLE COUNTRY JUST AS IT HAS TO NEW YORK.

*And so /*

LET ME CONCLUDE WITH ONE QUESTION OF MY OWN: *//*

WHEN THAT DAY OF RECKONING COMES, WHO WILL

BAIL OUT THE UNITED STATES OF AMERICA?

THANK YOU.

END OF TEXT