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LINCOLN DAY DINNER

FEBRUARY 10, 1976

I WAS SO PLEASED TO RESPOND TO THE REQUEST OF YOUR VERY ABLE CONGRESSMAN, LARRY COUGHLIN, TO PARTICIPATE IN THIS LINCOLN DAY DINNER. AS YOU KNOW, HE SERVES ON THE HOUSE APPROPRIATIONS COMMITTEE, AND SO THIS GIVES ME AN EXTRA OPPORTUNITY TO DESCRIBE WHAT GREAT THINGS HUD PROPOSES TO DO WITH THE PRESIDENT'S BUDGET THAT WILL SOON BE BEFORE HIM FOR CONSIDERATION. ALSO, LARRY WENT TO YALE, WHERE I OBTAINED MY LAW DEGREE, AND I SELDOM MISS AN OPPORTUNITY FOR A SCHOOL REUNION, PARTICULARLY WHEN IT INCLUDES DINNER. AND, THIS IS A VERY SPECIAL DINNER.

EACH YEAR IN FEBRUARY, WE REPUBLICANS ALONG WITH ALL AMERICANS REVISIT THE TIME OF LINCOLN TO PAY HIM AND OUR COUNTRY HONOR -- TO EXPRESS OUR THANKSGIVING THAT OUR NATION SURVIVED THAT MOST CONTENTIOUS TIME.

TODAY, WE MARVEL AT THE STRENGTH AND THE FORESIGHT THAT ENABLED LINCOLN TO STEER THE STEADY COURSE THAT PRESERVED OUR UNION. YET, IF WE LOOK TO THAT PERIOD A HUNDRED AND TWELVE YEARS AGO, WHICH PRECEDED HIS NOMINATION AND REELECTION, WE CAN ONLY WINCE AT THE VICIOUS ATTACKS THAT WERE MADE ON HIS GOVERNMENT AND HIS CAPACITY.



THE NEW YORK HERALD CALLED HIS REELECTION "IMPOSSIBLE". HIS FISCAL POLICIES WERE CALLED "CAPRICIOUS AND SUPERFICIAL". HIS SUPPORT FOR "HARD MONEY" ADVISORS WAS ATTACKED. HIS APPOINTMENTS WERE CALLED THE WORK OF "A BACKWARD LAWYER WITHOUT SUFFICIENT MENTAL ENLARGEMENT".

ONE OF HIS VETOES CAUSED HIS CONGRESSIONAL CRITICS TO CHARGE:

"A MORE STUDIED OUTRAGE ON THE LEGISLATIVE AUTHORITY OF THE PEOPLE HAS NEVER BEEN PERPETRATED -- THE AUTHORITY OF THE CONGRESS IS PARAMOUNT AND MUST BE RESPECTED."

THE NEW YORK WORLD SAID:

"HE WRITES WORSE ENGLISH THAN ANY PRESIDENT WE EVER HAD."

THE NEW YORK HERALD'S THEME WAS THAT:

"A CLOWN RAN THE GOVERNMENT."



IT IS FITTING THEREFORE, THAT WE HONOR TONIGHT THE COURAGE OF PRESIDENT LINCOLN WHICH TEMPERED THE COUNTRY AS WELL AS THE PARTY ENABLING THEM BOTH TO SURVIVE A PERIOD OF INCOMPARABLE POLITICAL SAVAGERY.

IT IS EQUALLY FITTING THAT WE REFLECT ON THE PERSPECTIVE OF THAT HISTORY AS WE DECIDE UPON THOSE POLICIES AND THOSE PERSONS WHOM WE SHALL CHOOSE TO LEAD THIS COUNTRY IN THE YEARS AHEAD.

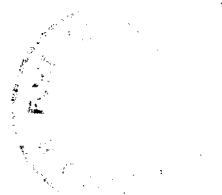
LOOK BACK 18 MONTHS AND RECALL THE NATIONAL MOOD -- THE DESPAIR, THE CYNICISM AND THE MUSHROOMING DOUBTS AS TO THE DESTINY OF OUR NATION.

THE OUTRAGE OVER WATERGATE;

THE DESPAIR OVER A DESECRATED ENVIRONMENT;

THE EROSION OF ONCE MAJESTIC CITIES; AND,

THE ABRUPT SHOCK AT OUR ENERGY CRISIS.

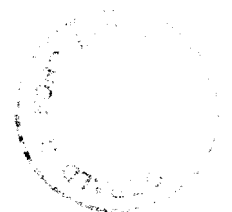


THAT GLUTTONY BOUGHT US NO REAL SOLUTIONS TO THE COMPLEX SOCIAL AND ECONOMIC ISSUES BEFORE US. INSTEAD, IT FUELED A RAGING INFLATION AS WE BEGAN TO FOOT THE BILLS FOR OUR WELL-MEANING MISTAKES, WHICH CREATED THE EVEN TOUGHER PROBLEMS THAT WE FACE TODAY.

AS WE MAKE OUR CHOICE OF LEADERS FOR THE FUTURE, WE CANNOT IGNORE THE LESSON SO VIVIDLY TAUGHT IN THE 1960'S: THAT A NATION CANNOT PURCHASE SOLUTIONS TO THE DIFFICULT PROBLEMS THAT IT FACES WITH MASSIVE SPENDING ALONE; THAT EASY SOLUTIONS BASED SIMPLY UPON MORE SPENDING FAIL TO DEAL WITH THE ROOT ECONOMIC AND SOCIAL PROBLEMS.

YET, TOO FEW RECALL THE PRESIDENT'S PERSONAL OPPOSITION AND VETO OF SPENDING PROPOSALS DURING 1975, AND TOO FEW GIVE HIM CREDIT FOR THE POLITICAL SHREWDNESS THAT CAUSED MOST OF THOSE VETOES TO BE SUSTAINED IN THE FACE OF THE SO-CALLED "VETO-PROOF" CONGRESS.

THE PRESIDENT HAS BY HIS CONSISTENT STRENGTH HELPED US TO LEARN IN THE FEDERAL GOVERNMENT, THE STATE GOVERNMENT AND THE CITY GOVERNMENT THAT AMERICA'S RESOURCES ARE NOT BOUNDLESS; THEY ARE DEMONSTRATIVELY FINITE.




AS WE FACE ELECTION OF A GOVERNMENT WHICH WE WILL CHARGE WITH A CONTINUING JOB OF NURTURING OUR RECUPERATING ECONOMY BACK TO HEALTH, WE CANNOT AFFORD TO IGNORE THESE HARD CHOICES MADE IN 1975 BY OUR PRESIDENT, WHICH HAVE BROUGHT US THE RECOVERY NOW UNDERWAY.

I SPEAK OF WHAT HAS TOO OFTEN BEEN A DEVISIVE ISSUE, ONE THAT WILL UNDOUBTEDLY BE PLAYED TO THE HILT IN THE FORTHCOMING POLITICAL MONTHS.

IN SPITE OF RECENT HISTORY, LADEN WITH PROOF THAT THE NATIONAL GOVERNMENT IS SIMPLY INCAPABLE OF "BUYING" AMERICA OUT OF EVERY PROBLEM -- FOREIGN OR DOMESTIC -- THERE WILL BE HEATED CALLS ON ALL SIDES FOR UNCLE SAM TO RUSH IN WITH MONEY TO CURE AN ENDLESS PHALANX OF NATIONAL ILLS.

ALREADY WE READ THAT ONE PRESIDENTIAL CANDIDATE IS CALLING FOR A LARGE INCOME TAX CUT ALONG WITH INCREASED FEDERAL SPENDING "TO PROVIDE ADDITIONAL ECONOMIC STIMULUS". ANOTHER TALKS OF "STIMULATIVE FEDERAL SPENDING TO CREATE JOBS AND SOLVE THE HOUSING AND ENERGY SHORTAGES". AND, A THIRD WOULD TAX THE DICKENS OUT OF "THE SUPER-RICH AND GIANT CORPORATIONS . . . SO WE CAN LIGHTEN THE BURDEN ON THE REST OF US."



THERE WILL ALWAYS BE PIED PIPERS FOR PROSPERITY WHOSE TUNE WILL FOREVER BE SPEND. THEIR TUNE FALLS PLEASANTLY ON THE EAR BECAUSE IT FAILS TO REMIND THE LISTENERS THAT THEY ARE THE GOVERNMENT -- AND THE SOURCE -- IN THE LAST ANALYSIS OF GOVERNMENT MONEY.

THESE PIED PIPERS CAN LEAD US INTO A SEALED MOUNTAIN UNLESS WE SAY TO OURSELVES A THOUSANDFOLD TIMES -- "BEWARE" -- THE MORE THE GOVERNMENT SPENDS, THE HIGHER THE COST FROM INFLATION FOR INDIVIDUALS.

THE PIPER'S TUNE HAS NO VERSE ABOUT WHAT HAPPENS TO INTEREST RATES AND THE AVAILABILITY OF MORTGAGE MONEY, AND NO REFRAIN THAT CAUTIONS ABOUT THE \$100 MILLION WE PAY EACH AND EVERY DAY JUST TO COVER THE INTEREST ON OUR EXISTING FEDERAL DEBT -- WHICH NOW EXCEEDS \$350 BILLION.

LET ME BE MORE SPECIFIC AND TREAT WITH THE DISTRESSED STATE OF HOUSING AND OF THE CITIES, HUD'S MAIN CONCERN.




THERE ARE SOPHISTICATED WAYS AND WORDS, CHARTS AND THEORIES, TO EXPLAIN THE EFFECTS OF PAST NATIONAL FISCAL POLICIES ON THE HOUSING MARKET. BUT, NO MATTER HOW IT IS DEFINED IN THE LEXICON OF THE ECONOMIST, IT IS THE BLUNT LANGUAGE OF THE FAMILY BANK ACCOUNT -- MULTIPLIED BY ALL THE FAMILIES WHO HAVE BEEN DRIVEN OUT OF THE HOUSING MARKET BY INFLATION -- THAT TELLS US WHAT HAS GONE ON IN THE HOME BUILDING BUSINESS OVER THE PAST TWO YEARS.

TODAY, AS ALWAYS, PUBLIC CONFIDENCE IN GOVERNMENT, INSTITUTIONS AND INDUSTRIES -- IS IN DIRECT PROPORTION TO OUR CONFIDENCE TO OVERCOME -- WHATEVER THE DIFFICULTIES.

SO, OUR POLITICAL SPEECHES AND PUBLIC RHETORIC CAN SOUND THE CLARION FOR NATIONAL CONFIDENCE. BUT, IF WE DON'T POOL OUR ENERGIES AND RESOURCES TO MAINTAIN A STABLE NATIONAL ECONOMY, ALL OF THE "CAN DO" CONFIDENCE WE GENERATE, WILL ONLY COLLIDE WITH THE HOMEBUYER'S "NO CAN DO" POCKETBOOK.

BROAD GENERALITIES AND PLATITUDES ARE TOO OFTEN THE PREMISE OF POLITICAL SPEECHES. ALLOW ME ON THIS OCCASION, THEREFORE, TO TRACE WITH SOME PRECISION THE DEVELOPMENT UNDER PRESIDENT FORD OF AN ECONOMIC POLICY THAT IS BY ANY FAIR MEASURE WORKING AND WORKING WELL.

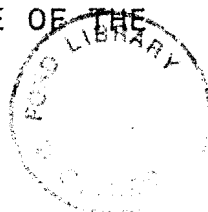


YOU AND I KNOW THAT IT IS FAR MORE EXPEDIENT IN THE POLITICS OF AN ELECTION CYCLE TO SAY "YES" TO MORE FEDERAL EXPENDITURES. SO, I AM VERY PROUD OF PRESIDENT FORD'S COURAGE IN SAYING "NO" TO A SUCCESSION OF MEASURES THAT WOULD HAVE FUELED THE INFLATION HE HAS CUT IN HALF.

I LOOK BACK WITH EQUAL PRIDE AT THE PRESIDENT'S WILLINGNESS TO SAY "YES" TO CAREFULLY THOUGHT-OUT MEASURES TO INDUCE ECONOMIC RECOVERY. THESE HAVE BEEN THE VERY TOUGH POLICY CALLS THAT HAVE LED US TO THE TURN-ABOUT NOW FIRMLY IN PROGRESS.

HE SAID "YES" TO THE USE OF MORTGAGE PURCHASE ASSISTANCE, ENABLING HUD -- OVER THE PAST TWO YEARS -- TO OFFER TO BUY OVER 500,000 MORTGAGES ON NEWLY CONSTRUCTED SINGLE-FAMILY HOMES, THUS PERMITTING HOMEBUYERS TO PURCHASE HOMES AT INTEREST RATES BELOW THOSE AVAILABLE IN THE MARKET.

HE SAID "YES" AGAIN IN OCTOBER, ENABLING HUD TO REACTIVATE ITS HOMEOWNERSHIP SUBSIDY PROGRAM UNDER WHICH IT SUBSIDIZES DOWN TO 5 PERCENT THE INTEREST ON A MORTGAGE IN THE RANGE OF \$20,000 TO \$25,000, THUS ASSISTING LOW AND MODERATE INCOME FAMILIES WHO TRADITIONALLY HAVE BEEN SUCCESSFUL BUYERS OF NEW SINGLE-FAMILY HOMES BUT WHO, BECAUSE OF THE INFLATION, HAVE BEEN PRICED OUT OF THE MARKET.



THIS PROGRAM WILL PROVIDE AN INTEREST SUBSIDY FOR OVER 250,000 MORTGAGES, GENERATE \$6.5 BILLION IN CONSTRUCTION ACTIVITY AND PUT 500,000 PEOPLE BACK TO WORK.

USE OF THE TAXPAYERS MONEY IN THIS WAY HAS SPURRED SINGLE-FAMILY HOME CONSTRUCTION AND HAS EXPANDED HOMEOWNERSHIP OPPORTUNITIES DURING A PERIOD WHEN INFLATION DROVE BUYERS FROM THE MARKET AND SLOWED THE HOUSING INDUSTRY ALMOST TO A POINT OF STOPPING.

THESE SPECIFIC PROGRAMS HAVE HELPED TO OFFSET THE ESCALATING COSTS OF HOME FINANCING AND HAVE CUSHIONED THE SEVERITY OF THE DEPRESSION IN THE SINGLE-FAMILY MARKET.

REMEMBER, HOWEVER, THAT THE PRESIDENT ISSUED A RESOUNDING "NO" TO CONGRESSIONAL EFFORTS TO PASS A MULTI-BILLION DOLLAR HOUSING BILL THAT WOULD BY EVERY REASONABLE STANDARD HAVE BEEN COUNTER-PRODUCTIVE.

THE HOUSING RECOVERY IS CLOSELY TIED, PERHAPS MORE SO THAN ANY OTHER INDUSTRY, TO THIS COUNTRY'S OVERALL ECONOMIC RECOVERY. UNLESS THIS NATION CAN KEEP ITS EXPENDITURES UNDER CONTROL, INFLATION WILL NOT BE CURBED, INTEREST RATES WILL NOT FALL AND HOMEBUYERS WILL BE UNABLE TO ENTER THE MARKET.

WHAT WE HAVE NOW IS A SLOW BUT STEADY HOUSING RECOVERY. WHAT WE COULD HAVE HAD WAS A DISASTROUS SPENDING BILL HAD IT NOT BEEN FOR THE PRESIDENT'S STRENGTH IN ISSUING A VETO UNPOPULAR AT THE TIME AND THE POLITICAL CAPACITY TO MAKE THAT VETO HOLD.

THE MEDIAN FAMILY INCOME DID RISE IN THE PAST DECADE -- BUT SO DID EVERYTHING THE FAMILY HAD TO BUY. THE KEY TO HOUSING INDUSTRY HEALTH IS TIED, NOT TO THE AMOUNT THE FAMILY MAKES, BUT HOW MUCH IT HAS TO SPEND FOR HOUSING AFTER IT PAYS FOR ALL ITS OTHER NEEDS.

IN 1974, THE RATE OF INCREASED HOUSING COSTS OUTRAN THE NATION'S DISPOSABLE FAMILY INCOME -- AND, PREDICTABLY, HOUSING STARTS DECLINED.

IN 1975, THAT TREND WAS REVERSED. BETWEEN THE FIRST AND THIRD QUARTERS INCOME ROSE THREE TIMES AS FAST AS NEW HOME PRICES

THUS, THE SINGLE-FAMILY HOUSING MARKET REGAINED ITS HISTORICALLY NEEDED ECONOMIC EQUATION -- AND THE IMMEDIATE AFTER EFFECT WAS FELT IN INCREASED HOUSING STARTS AND SALES.



IN SHORT, WE USED DISCRETE PROGRAMS, TO ZERO IN ON THE SINGLE-FAMILY MARKET -- WHERE ASSISTANCE WAS NEEDED BUT WE DID NOT FEDERALIZE THE HOUSING MARKET. WHAT WE DID WAS TO PROVIDE LIMITED AND FOCUSED ASSISTANCE TO ENCOURAGE RECOVERY THROUGH THE PRIVATE INDUSTRY.

AND, PRIVATE INDUSTRY HAS RESPONDED -- CUTTING COSTS AND BUILDING MORE MODEST HOMES TO BRING HOMEOWNERSHIP WITHIN THE REACH OF A LARGER PROPORTION OF AMERICAN FAMILIES.

FOR IT IS NOT ONLY THE INCREASED COSTS BUT ALSO THE INCREASED SIZE OF THE MEDIAN HOME WHICH HAS PRICED IT OUT OF REACH OF A MAJORITY OF AMERICANS.

IN FACT THE MEDIAN PRICED HOUSE OF THE 1970'S IS ALMOST 50 PERCENT LARGER THAN IT WAS IN THE 1950'S AND HAS BECOME LADENED WITH AMENITIES, EXTRA BEDROOMS, RECREATION ROOMS, LAUNDRY ROOMS, POWDER ROOMS, FAMILY ROOMS AND TWO ROOMS TO HOUSE THE CARS PLUS EVERY CONCEIVABLE ELECTRICAL APPLIANCE HAVE BECOME ALMOST STANDARD.

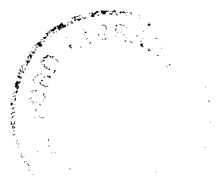
BUT, AMERICA IS RETHINKING THE KIND OF HOME IN WHICH IT LIVES JUST AS IT HAS RECONSIDERED THE KIND OF CAR IT WILL DRIVE. THE SMALLER HOUSE IS HAVING AN IMPACT. THE AVERAGE PRICE OF A NEW HOME SOLD IN THE THIRD QUARTER OF 1975 DROPPED BY \$400.

SO WITH FOCUSED FEDERAL ASSISTANCE TO GET THE CONSTRUCTION MACHINERY MOVING AGAIN AND WITH INDUSTRY HOLDING THE LINE ON COSTS, THE SINGLE-FAMILY MARKET HAS MADE A REAL COME-BACK AND IS NOW JUST BELOW ITS PEAK YEARS.

BUT, THE MULTI-FAMILY MARKET CONTINUES TO LAG.

TO ASSIST THIS MARKET, WE ANNOUNCED, FOUR WEEKS AGO, THAT \$3 BILLION OF MORTGAGE PURCHASE ASSISTANCE WOULD BE DIRECTED THROUGH FHA TO MULTI-FAMILY CONSTRUCTION. THOSE DOLLARS TRANSLATE INTO ROUGHLY 120,000 UNITS.

BUT, THERE IS A POINT TO BE MADE AND REMADE -- WE ARE NOW IN A STAGE OF RECOVERY, AND WE ARE NOT IN A NEW WAVE OF INFLATION, PRECISELY BECAUSE MONIES HAVE BEEN SPENT TO AID SPECIFIC PROGRAMS -- AND BECAUSE THE PLANS TO EXPEND HUGE SUMS OF POORLY FOCUSED FUNDS PROPOSED BY SO MANY LAST WINTER AND SPRING WERE REJECTED.



THE PRESIDENT BELIEVES THAT GOVERNMENT SHOULD DO WHAT IT DOES BEST -- TO USE ITS POWERS AND THE TAXPAYERS DOLLARS JUDICIOUSLY TO "PRIME THE PUMP" AND TO PERMIT PRIVATE INDUSTRY TO TAKE IT FROM THERE.

THE PRESIDENT BELIEVES THAT GOVERNMENT DECISIONS TO SPEND SIMPLY CANNOT REPLACE PRIVATE DECISIONS TO INVEST MADE IN THE OPEN MARKET BY THOSE WHO LIVE BY AND ENJOY THE BENEFITS OF AMERICAN FREE ENTERPRISE.

I OFFER THIS ANALYSIS OF THE PRESIDENT'S LEADERSHIP IN ECONOMIC MATTERS AS A TESTAMENT TO MY OWN CONVICTION THAT WE ARE ON A SOUND COURSE. PATIENCE NOW, SUPPORT NOW, AND RESTRAINT NOW WILL RESTORE OUR FAITH IN OURSELVES AS A NATION AND IN OUR LEADERSHIP IN A WORLD BADLY IN NEED OF A REBIRTH OF FAITH IN FREE DEMOCRATIC GOVERNMENT.

WE MIGHT RECALL TONIGHT THAT IN THE CENTER OF THE STORM OF PERSONAL ATTACKS ON PRESIDENT LINCOLN, HARRIET BEECHER STOWE WROTE:



"LINCOLN'S STRENGTH IS OF A PECULIAR KIND, IT IS NOT AGGRESSIVE SO MUCH AS PASSIVE AND AMONG PASSIVE THINGS IT IS LIKE THE STRENGTH NOT SO MUCH OF A STONE BUTTRESS, AS OF A WIRE CABLE. . . .

* * *

"SURROUNDED BY ALL SORTS OF CONFLICTING CLAIMS . . . HE HAS LISTENED TO ALL, WEIGHED THE WORDS OF ALL, WAITED, OBSERVED, YIELDED NOW HERE AND THERE, BUT IN THE MAIN KEPT ONE INFLEXIBLE, HONEST PURPOSE, AND DRAWN THE NATIONAL SHIP THROUGH."

WITHOUT FORCING ANY BROAD COMPARISONS TO PRESIDENT LINCOLN'S TIME AND NOW, I DO FIND A SUFFICIENT THREAD OF COMPARABLE STRENGTH AND PURPOSE IN OUR PRESENT GOVERNMENT FOR ME TO SEEK SUPPORT FOR ITS POSITIONS AND TO BE PROUD TO BE A PART OF IT.

