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LAKE COUNTY LINCOLN DAY DINNER

FEBRUARY 28, 1976

WHEN BILL STANTON ASKED ME IF I WOULD COME TO PAINESVILLE, I WAS DELIGHTED. AS YOU KNOW, BILL IS NOT ONLY A RANKING MEMBER OF THE HOUSE BANKING COMMITTEE BUT ONE OF THE REALLY SPLENDID, ABLE AND DEDICATED MEMBERS OF THE CONGRESSIONAL BODY.

HE IS ALSO ONE OF THE ARCHITECTS OF THE 1974 HOUSING AND COMMUNITY DEVELOPMENT ACT WHICH I AM NOW CHARGED WITH ADMINISTERING.

SO, BILL, MY PRESENCE HERE IS ONE SMALL WAY OF THANKING YOU FOR ALL THE CARE, DELIBERATION AND HARD WORK THAT WENT INTO THE BILL WHICH ESTABLISHED HUD'S NEW DIRECTION AND PURPOSE -- AND, I SUPPOSE, A SNEAKY WAY TO SHARE THE BLAME IN CASE OUR ROSEBUD SPROUTS A FEW DANDELIONS.

I AM DELIGHTED TO BE HERE AT LAKE COUNTY'S LINCOLN DAY 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.

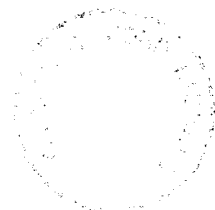


TODAY, WE MARVEL AT THE STRENGTH AND THE FORESIGHT THAT ENABLED LINCOLN TO STEER THE STEADY COURSE THAT PRESERVED OUR UNION. YET, IF WE LOOK TO THAT PERIOD A HUNDRED AND TWELVE YEARS AGO, WHICH PRECEDED HIS NOMINATION AND REELECTION, WE CAN ONLY WINCE AT THE VICIOUS ATTACKS THAT WERE MADE ON HIS GOVERNMENT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

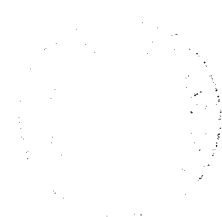
LOOK BACK 18 MONTHS AND RECALL THE NATIONAL MOOD -- THE DESPAIR, THE CYNICISM AND THE MUSHROOMING DOUBTS AS TO THE DESTINY OF OUR COUNTRY.

MANY WILL ACKNOWLEDGE THAT PRESIDENT FORD LED THIS NATION THROUGH ITS MOST SERIOUS CONSTITUTIONAL CRISIS AND PROCEEDED TO RESTORE OUR CONFIDENCE IN THE INSTITUTIONS WHICH DISTINGUISH OUR FORM OF GOVERNMENT FROM THOSE ENDURED BY A MAJORITY OF THE WORLD'S PEOPLE.

BUT, IT IS ALL TOO EASY 18 MONTHS LATER TO MINIMIZE THE STRENGTH OF THAT EARLY LEADERSHIP AND TO CRITICIZE HIM FOR FAILING TO SOLVE MORE RAPIDLY THE OTHER -- LARGELY ECONOMIC -- PROBLEMS NOW BEFORE US, MANY OF WHICH WERE SPAWNED A DECADE EARLIER.

IT IS THE DEVELOPMENT UNDER PRESIDENT FORD OF AN ECONOMIC POLICY WHICH BY ANY FAIR MEASURE IS WORKING AND WORKING WELL THAT I WISH TO TREAT WITH TONIGHT.

WE ALL KNOW THAT THE ERA OF THE 1960'S WAS ONE OF INCREASING POPULATION, AND ONE IN WHICH THE INCREASING COMPLEXITIES OF MODERN LIVING BECAME MORE APPARENT. ONE WOULD EXPECT, THEREFORE, A STEADILY INCREASING FEDERAL BUDGET.



BUT, WHO WOULD HAVE GUESSED IN 1962 THAT THE FEDERAL BUDGET WHICH HAD BEEN BELOW \$100 BILLION FROM THIS NATION'S BIRTH TO THAT YEAR WOULD DOUBLE TO \$200 BILLION BY 1971 AND THEN TRIPLE TO \$300 BILLION IN 1975?

BY HINDSIGHT, WE CAN CLEARLY SEE WHAT HAPPENED TO AMERICA IN THE PAST TEN YEARS -- A DECADE WHICH THE KNOWLEDGEABLE SEERS OF THE SIXTIES HAD FORESEEN AS AN ERA OF GOOD WILL AND GOOD LIVING FOR ALL AMERICANS.

IN THAT DECADE WE SQUANDERED OUR RESOURCES, DECIMATED OUR CITIES, ROLLED UP A STAGGERING \$350 BILLION FEDERAL DEBT, FAILED TO BUY ANY REAL SOLUTIONS TO OUR COMPLEX ECONOMIC AND SOCIAL PROBLEMS, FIRED A RAGING INFLATION, AND GENERATED A PAINFUL RECESSION. AND IN SO DOING, WE SEVERELY SHOOK PUBLIC CONFIDENCE IN THE CREDIBILITY AND STABILITY OF BOTH BUSINESS AND GOVERNMENT.

INDEED THE LACK OF VOTER CONFIDENCE IN THE ABILITY OF EITHER THE PUBLIC OR PRIVATE SECTORS TO FIND ECONOMIC SOLUTIONS HAS PLACED OUR FREE ENTERPRISE SYSTEM IN ITS GREATEST JEOPARDY SINCE THE GREAT DEPRESSION.



IT IS STILL VERY "AMERICAN" TO SING THE PRAISES OF OUR FREE ECONOMY THAT HAS MADE AMERICA THE ENVY OF THE WORLD. AND, RECENT POLLS FINDING THAT MOST AMERICANS WOULD MAKE SACRIFICES TO PRESERVE THE SYSTEM, MAKE WARM READING.

BUT, WHAT WE SAY ABOUT FREEING OUR ECONOMIC SYSTEM FROM FEDERAL SHACKLES AND WHAT WE ACTUALLY DO DIFFER MEASURABLY.

TALK OF LIMITING "BIG GOVERNMENT" HAS INCREASED ON BOTH SIDES OF THE POLITICAL AISLE; BUT, SO HAS THE FLOW OF LAWS, REGULATION AND APPROPRIATIONS THAT INCREASE GOVERNMENT INTERVENTION AND INFLUENCE.

TALK OF CUTTING GOVERNMENT EXPENDITURES WHICH NOW COUNT FOR ABOUT 40 PERCENT OF OUR GROSS NATIONAL PRODUCT HAS INCREASED, BUT JUST A FORTNIGHT AGO, 321 CONGRESSMEN, REPRESENTING A MAJORITY OF THE AMERICAN PEOPLE VOTED A \$6 BILLION BILL TO EXPAND PUBLIC WORKS AND PUBLIC SERVICE JOBS -- A COSTLY ELECTION YEAR PORK BARREL BY ANY HISTORIC STANDARD.

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.

BUT, 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.

POLITICAL CAMPAIGNS HAVE BEEN WAGED AND WON ON THE PROMISE OF "MORE FOR EVERYBODY". RESTRAINT AND REASON HAVE NOT BEEN THE RHETORIC OF MOST CANDIDATES.

AND, IN FACT, MANY STILL SINCERELY BELIEVE IN THE POWER OF GOVERNMENT TO RIGHT EVERY WRONG IN SPITE OF THE EVIDENCE. YOU MAY RECALL THE CONTRAST BETWEEN SENATOR MUSKIE'S RESPONSE TO THE PRESIDENT'S STATE OF THE UNION MESSAGE WHEREIN HE SAID:

"WE CAN HAVE CONFIDENCE THAT GOVERNMENT
CAN . . . PUT PEOPLE BACK TO WORK."

WITH THE PRESIDENT'S THEME THAT MORE REAL AND LASTING JOBS
ARE CREATED THROUGH THE PRIVATE SECTOR.

THE AMERICAN PUBLIC CONFRONTED BY THIS CLASH IN IDEOLOGY
MUST MAKE A PROFOUND CHOICE GROUNDED IN ECONOMICS.

AND, IF IT IS VAGUE ABOUT THE FINE POINTS OF THE BUSINESS
PROFITS STRUCTURE -- AS POINTED OUT IN GALLOP'S OPINION
RESEARCH POLL QUOTED IN THE FEBRUARY 16TH ISSUE OF NEWSWEEK --
THERE ARE NEW SIGNS OF AN INTENSE INTEREST IN CURRENT ECONOMICS
ON THE PART OF THE PEOPLE.

THOSE SIGNS CAN BE SEEN IN MOST LIVING ROOMS OF THE
COUNTRY ON THE NIGHTLY NEWS SHOWS, AS ON-SCENE REPORTERS
AND ANCHOR MEN COVER THE BUSINESS AND FINANCIAL SCENE WITH
AS MUCH CARE AND DETAIL AS THEY GIVE TO THE TOP-BREAKING
NEWS EVENTS.



THE GNP; THE DOW JONES; HOUSING STARTS; STEEL OUTPUT; DETROIT PRODUCTION; THE UNEMPLOYMENT RATE; THE PRESIDENT'S BUDGET; MORTGAGE RATES -- ARE NOT JUST "ECONOMIC" NEWS STORIES, BUT COMPETING NATIONAL NEWS.

THE PUBLIC INTEREST IS THERE, BUT, IT IS DISHEARTENING TO CONCLUDE, AS WE MUST, THAT A GOOD MEASURE OF IT STEMS FROM CYNICISM ROOTED IN A GROWING DISTRUST OF ALL INSTITUTIONS -- AND -- THAT MORE AND MORE AMERICANS SEEM TO SEE THEIR OPTIONS NARROWED TO A CHOICE BETWEEN EVILS: EXPANSIVE GOVERNMENT WITH UNPRODUCTIVE INDUSTRY OR LIMITED GOVERNMENT WITH IRRESPONSIBLE INDUSTRY.

UNLESS WE CAN TAKE STEPS TO MAKE THE ALTERNATIVES MORE ATTRACTIVE, SOONER OR LATER THE GROWING WEIGHT OF THESE CHOICES WILL BREAK DOWN THE FREE SYSTEM, WHICH WE ALL ENDORSE, AND CREATE A CLIMATE IN WHICH EXTREME CALLS FOR ECONOMIC RESTRUCTURING WILL SEEM LESS STRIDENT AND MORE SENSIBLE.

IN HIS STATE OF THE UNION ADDRESS, PRESIDENT FORD CALLED FOR "COMMON SENSE" GOVERNMENT. AND, HE PROPOSED A FEDERAL BUDGET FOR FISCAL 1977 THAT "PROMISES NO MORE THAN WE CAN DELIVER", YET, PROVIDES THE MEANS TO "DELIVER ON ALL THAT WE PROMISE".

IT SOUNDS IN HORSE-AND-BUGGY ABSOLUTES TO ASK: HOW MUCH OR HOW LITTLE GOVERNMENT DO WE NEED? THE ANALYSIS SIMPLY MUST BE MORE QUALITATIVE: WHAT KIND OF GOVERNMENT WILL WE HAVE IN THIS NATION'S THIRD CENTURY? WHERE, HOW QUICKLY, AND HOW FAR DO WE MOVE THE BALANCE OF POWER FROM PUBLIC TO THE PRIVATE SECTOR?

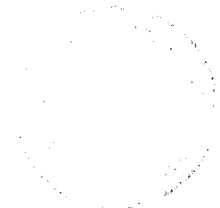
TO SAY THAT THE GOVERNMENT SHOULD STOP THE WORLD AND GET OFF -- AT THIS POINT IN OUR COMBINED HISTORY -- IS A TURN-OF-THE-CENTURY ABSURDITY. FEDERAL STIMULANTS CAN BE USED TO BOOST SAGGING SECTORS OF THE ECONOMY WHEN AND WHERE NECESSARY WITHOUT FEDERALIZING THE ENTIRE ECONOMY.

BUT, AS WE MAKE OUR CHOICE OF LEADERS FOR THE FUTURE, WE 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 AN 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 ENTERPRISE SYSTEM.

HOW, FOR EXAMPLE, WILL AMERICA BUILD AND BUY HOMES IN WHICH TO LIVE IF GOVERNMENT IS THE BIGGEST COMPETITIVE BORROWER OF AVAILABLE MORTGAGE MONEY?

HOW WILL WE ACHIEVE REAL ECONOMIC GROWTH IF THE GOVERNMENT CONTINUES TO COMPETE WITH THE PRIVATE SECTOR FOR DOLLARS TO BUY PUBLIC SERVICE JOBS WHEN WE KNOW THAT JOBS CREATED IN THE PRIVATE SECTOR HAVE A FAR GREATER AND MOST LASTING IMPACT?



YET, 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.

FOR EXAMPLE, IN THE FIELD OF HOUSING, HE SAID "YES" TO THE USE OF MORTGAGE PURCHASE ASSISTANCE, ENABLING HUD -- OVER THE PAST TWO YEARS -- TO OFFER TO BUY FOR RESALE OVER 500,000 MORTGAGES BEARING BELOW-MARKET INTEREST RATES -- ENOUGH TO CRANK UP THE SINGLE-FAMILY HOUSING INDUSTRY, WITHOUT CRANKING UP MORE INFLATION.

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.



THIS PROGRAM TRANSLATES INTO HELP FOR 250,000 LOW AND MODERATE HOMEBUYERS, GENERATES \$6.5 BILLION IN CONSTRUCTION ACTIVITY AND PUTS 500,000 PEOPLE BACK TO WORK.

THESE PROGRAMS SOUGHT NOT TO FEDERALIZE A SICK INDUSTRY BUT RATHER TO ENCOURAGE RECOVERY THROUGH PRIVATE ENTERPRISE.

AND, THEY WORKED. TODAY, THE SINGLE-FAMILY HOUSING MARKET IS BACK ON THE ROAD TO ROBUST HEALTH, WITH INDUSTRY ECONOMISTS REVISING THEIR FORECASTS FOR 1976 WELL UPWARD FROM THEIR END-OF-THE-YEAR ESTIMATES.

AND, LAST MONTH, TO REMEDY THE LAG IN THE RECOVERY IN THE MULTI-FAMILY MARKET, PRESIDENT FORD APPROVED HUD'S RELEASE OF \$3 BILLION OF FEDERAL FUNDS TO PURCHASE MULTI-FAMILY MORTGAGES, -- WHICH COVERS ABOUT 120,000 HOUSING UNITS.

AGAIN, THE OBJECTIVE IS TO SPARK RECOVERY WITHOUT RE-FIRING THE INFLATION.

BUT IN ALL INSTANCES, IT IS PRIVATE INDUSTRY HELPED BY GOVERNMENT THAT IS RESTORING OUR HOUSING ECONOMY -- NOT THE OTHER WAY AROUND.

REMEMBER, HOWEVER, THAT LAST SPRING 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.

WHAT WE HAVE NOW IS A GRADUAL 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.

AND, SO IT IS WITH THE ECONOMY ACROSS THE BOARD.

YET, TOO FEW RECALL THE PRESIDENT'S PERSONAL OPPOSITION AND VETO OF A SERIES 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.



WITHSTANDING TREMENDOUS PRESSURES FROM ALL QUARTERS THROUGHOUT 1975, PRESIDENT FORD HAS STUCK TO HIS GUNS, LIMITING THE FEDERAL PRESENCE TO PROVIDING JUDICIOUS STIMULANTS WHERE ABSOLUTELY INDICATED AND STAVING OFF FURTHER INFLATION SO THE PRIVATE SECTOR CAN GET ON WITH ITS RIGHTFUL JOB.

THE PRESIDENT BELIEVES GOVERNMENT DECISIONS TO SPEND CANNOT REPLACE PRIVATE DECISIONS TO INVEST.

AS WE FACE ELECTION OF A GOVERNMENT TO CONTINUE THE JOB OF NURTURING OUR RECUPERATING ECONOMY BACK TO HEALTH, WE CANNOT IGNORE THE HARD CHOICES HE MADE LAST YEAR.

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.