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THE TELEVISED DEBATE LAST NIGHT CERTAINLY UNDERScoreD ONE FACT OF LIFE IN THIS CAMPAIGN YEAR, AND THAT IS THAT: PERSONALITIES REGIONAL ISSUES AND POLITICAL IDEOLOGIES ASIDE THERE IS ONE ISSUE IN THE NATION -- AS THERE IS ONE ISSUE HERE IN ILLINOIS -- AND THAT IS THE STATE OF OUR NATIONAL ECONOMY.

BECAUSE, IF THE UNITED STATES DOES NOT CONTINUE TO KEEP A FIRM HANDLE ON THE ECONOMIC FORCES THAT CONTROL ITS DESTINY -- ALL THE REST IS JUST DUST ALONG THE CAMPAIGN TRIAL.

AND THAT IS WHAT I WANT TO TALK WITH YOU ABOUT TONIGHT.

I'LL KEEP MY REMARKS SHORT TO ALLOW THE MAXIMUM TIME FOR THE DISCUSSION PERIOD. HOWEVER -- AS WE SAW LAST NIGHT -- WE SHOULD BE FOREWARNED THAT THIS POTENT SUBJECT IS CAPABLE OF BLOWING OUT THE SOUND SYSTEM.

THE BIGGEST QUESTION IN THIS PRESIDENTIAL CAMPAIGN -- AND IN PHILADELPHIA LAST NIGHT AND IN SPRINGFIELD TONIGHT AND IN ALL OUR GREAT CITIES IS: WHICH MAN -- PRESIDENT FORD OR MR. CARTER -- OFFERS THIS NATION THE BEST ECONOMIC POLICIES FOR THE YEARS IMMEDIATELY AHEAD.

IN THIS BI-CENTENNIAL ELECTION YEAR, WE HEAR OUR OPPOSITION -- WEEK AFTER WEEK -- CALLING FOR MORE OF THE SAME PROGRAMS OF THE 1960'S, THAT GOT THIS NATION IN THE SERVICIOUS ECONOMIC STRAIT THAT FINALLY CAUGHT UP WITH US IN THE 1970'S



IN TRUTH, MR. CARTER'S ECONOMIC "WIZARDRY" IS A RETUNED VERSION OF YESTERDAY'S ECONOMIC "SOLUTIONS".

IT IS OF MORE THAN PASSING INTEREST THAT THESE SAME OLD REMEDIES ARE THE ONES THAT HAVE BEEN SO HIGHLY TOUTED FOR THE PAST TWO YEARS IN STRIDENT OPPOSITION TO PRESIDENT FORD'S MEASURED ECONOMIC POLICIES. AND THAT COINCIDENCE IS WORTH THINKING ABOUT.

SO, LET US BEGIN BY TAKING STOCK.

WHERE WERE WE A YEAR AGO? WHAT HAVE WE DONE ABOUT IT? AND WHAT HAVE WE LEARNED THAT SHOULD CAUSE US TO PAY SPECIAL HEED TO THE ECONOMIC DEBATE IN TODAY'S PRESIDENTIAL CAMPAIGN?

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 12-14 PERCENT. THE UNEMPLOYMENT RATE WAS ABOUT 9 PERCENT.

URBAN REVENUES WERE WAY DOWN. NEW YORK AND OTHER CITIES WERE ON THE BRINK OF FINANCIAL FAILURE. INDUSTRY WAS DEPRESSED AND THE HOUSING SECTOR WAS SUFFERING ITS WORST YEAR IN 3 DECADES.

So, HERE WE ARE -- ONE YEAR LATER.

THE NATION AND ITS ECONOMY SURVIVED -- IN SPITE OF THE DOOMSAYERS -- 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 3 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.

AND IN HOUSING -- PERHAPS THE HARDEST HIT SECTOR OF OUR ENTIRE ECONOMY. -- NEW STARTS ARE UP 22 PERCENT OVER LAST AUGUST, AND 64 PERCENT OVER THE BEGINNING OF 1975.

WHAT HAVE WE LEARNED?

WE HAVE COME THIS FAR, NOT THROUGH SOME 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.

UNDER PRESIDENT FORD, BASED ON HIS RECORD OF UNDERSTATED PROMISES AND HIS PATTERN OF DELIVERING MORE THAN HE PROMISES, WE CAN COUNT ON THE FACT THAT INFLATION WILL DROP STEADILY DOWN TO 3 PERCENT IN 1980.

WE CAN COUNT ON THE FACT THAT PERSONAL INCOME WILL INCREASE BY MORE THAN 10 PERCENT EACH YEAR -- PRODUCING MORE REAL PURCHASING POWER NOT A MERE COST-OF-LIVING CATCH-UP.

AND WE CAN COUNT ON THE FACT THAT UNEMPLOYMENT WILL CONTINUE ITS STEADY DECLINE TO LESS THAN 5 PERCENT BY 1980.

NOW, LET US LOOK AT THE CONFUSING AND OFTEN CONTRADICTORY PROMISES OFFERED BY MR. CARTER.

IN AN EFFORT TO HEDGE THE "SPENDER" IMAGE HE HAS ACQUIRED FROM SOME SPEECHES TO SOME AUDIENCES HE HAS SAID IN AT LEAST ONE INTERVIEW THERE WOULD BE NO ADDITIONAL SOCIAL PROGRAMS IN A CARTER ADMINISTRATION UNTIL THE BUDGET WAS BALANCED.

THAT CAN ONLY MEAN THAT HE ENDORSES -- AS I DO -- THE COURSE THE PRESIDENT HAS BEEN FOLLOWING, INCLUDING EACH AND EVERY ONE OF THOSE VETOES WHOSE PRINCIPAL OBJECTIVE HAS BEEN TO KEEP OUR NATIONAL DEFICITS DOWN.

IF OUR OPPOSITION APPROVES OF PRESIDENT FORD'S STRATEGY WHICH HAS ACCOMPLISHED SO MUCH, THERE IS NO LOGICAL REASON TO CHANGE LEADERS -- AND THERE IS VERY GOOD REASON TO AVOID UNNECESSARY DISRUPTION AT THIS CRUCIAL STAGE OF NATIONAL ECONOMIC RECOVERY.

BUT THE OPPOSITION CANDIDATE'S REPEATED CALL FOR MORE GOVERNMENT PROGRAMS, LEAVES SCANT LIKELIHOOD THAT HE WOULD FOLLOW THE PRESIDENT'S WISE PRECEDENT.

IF WE LISTEN TO HIS ENDORSEMENT OF PROPOSALS THAT WOULD ADD \$100 TO \$200 BILLION TO A BUDGET THAT IS ALREADY PRODUCING A DEFICIT OF OVER \$50 BILLION THEN WE MUST CONCLUDE THAT HE IS PURSUING THE PRESIDENCY WITH THE SAME "SOMETHING FOR EVERYBODY" PROMISES THAT HAVE BEEN HIS PARTY'S STOCK-IN TRADE FOR FOUR DECADES.

FOR EXAMPLE, THE FAMILIAR ADHERENCE TO THE DISCREDITED NOTION THAT AMERICA CAN "BUY ITS WAY" OUT OF ANY PROBLEM IS FOUND IN HIS SUPPORT OF THE NATIONAL HEALTH INSURANCE PROGRAM THAT WOULD ADD \$70 BILLION AND OF THE HUMPHREY-HAWKINS EMPLOYMENT BILL WHICH WOULD ADD ANOTHER \$50 BILLION TO THE BUDGET IN ITS FIRST YEAR.

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

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

THE HUMPHREY-HAWKINS BILL WOULD "CREATE" MAKE-WORK FEDERAL EMPLOYMENT ON ONE END WHILE THE MEANINGFULLY-EMPLOYED IN THE PRIVATE SECTOR WOULD BE SQUEEZED OUT AT THE OTHER. IN FACT, A CARTER ECONOMIC ADVISOR HAS ESTIMATED THAT THE HUMPHREY-HAWKINS APPROACH WILL DRIVE-UP INFLATION ANOTHER 15 PERCENT.

SURELY, A CONCERN FOR CATASTROPHIC ILLNESS AND UNEMPLOYMENT IS NOT THE SOLE PROVINCE OF THE DEMOCRATIC CANDIDATE. 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, 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.

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, UNDER THE SYSTEM OF FREE ENTERPRISE, CREATES REAL AND LASTING JOBS AND A GROWING DEMAND FOR BLUE AND WHITE COLLAR WORKERS AT EVERY INCOME LEVEL.

SIMILARLY IN THE HOUSING AREA, WHICH IS OF PARTICULAR CONCERN TO ME, MR. CARTER SAYS THAT WITH HIM AT THE HELM, THE GOVERNMENT WOULD SUBSIDIZE HOUSING STARTS TO A LEVEL OF 2.5 MILLION A YEAR.

SUCH A SUBSIDY PROGRAM WOULD GENERATE WASTE OF OUR EXISTING HOUSING STOCK; TRIGGER ANOTHER WAVE OF OUT-MIGRATION FROM OUR URBAN CENTERS AND LEAD, INEVITABLY, TO A SMALLER PRODUCTION CYCLE IN THE NEXT PERIOD -- AND THUS REINCARNATE THE ECONOMY-SHATTERING SPECTOR OF BOOM-AND-BUST.

AND ALL OF THIS WITHOUT EVEN CONSIDERING THE INFLATIONARY EFFECT OF THAT GOVERNMENT SPENDING ON THE AMERICAN POCKETBOOK.

THIS ISN'T A "SCARE" STATEMENT. IT IS BASED ON THE HARD LESSON OF OUR IMMEDIATE PAST -- FOR, PURSUANT TO THE HOUSING ACT OF 1968, OUR NATION SUBSIDIZED ANNUALLY OVER 2 MILLION STARTS FOR A THREE YEAR PERIOD AND GENERATED A BURST OF HOUSING OVERPRODUCTION THAT WE ARE STILL TRYING TO WORK OFF.

AND IN THE COURSE OF THIS EXPLOSION OF OVERPRODUCTION OUR NATION ABANDONED HUNDREDS OF THOUSANDS OF SOUND, WELL-DESIGNED HOMES IN OUR CITIES AND UNDERUTILIZED ROADS, UTILITIES, AND SEWAGE SYSTEMS ALREADY IN PLACE THERE, AS BUYERS HEEDED THE PIED PIPER CALL OF "NEW IS BETTER," AND RUSHED TO THE SUBURBS.

AND BECAUSE ALL FACTORS IN AN ECONOMIC EQUATION ARE RELATED, THE ARTIFICIALLY PRODUCED "BOOM" LED TO THE SHARP CUTBACKS IN HOUSING PRODUCTION AND MASSIVE LAYOFFS IN THE CONSTRUCTION INDUSTRY WHICH HIT US HARD ABOUT TWO YEARS AGO.

CERTAINLY PRESIDENT FORD HAS SHOWN HIS BELIEF IN MAINTAINING REASONABLE LEVELS OF HOUSING PRODUCTION -- AND PROOF IS FOUND IN THE GOVERNMENT'S PURCHASE OF MORTGAGES BEARING BELOW MARKET INTEREST RATES WHICH HAS BEEN JUDICIOUSLY AND EFFECTIVELY USED TO NURTURE RECOVERY OF THE HOUSING INDUSTRY.

HIS 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.

IT IS A CREDIT TO PRESIDENT FORD'S POLICY OF WORKING WITH -- AND NOT AGAINST -- THE MARKET, THAT HUD HAS ACHIEVED A 42 YEAR SALES RECORD IN RETURNING HOMES TO USEFUL OCCUPANCY, AND HAS PREVENTED THE ABANDONMENT OF OTHERS THROUGH OUR RENTAL SUBSIDY PROGRAM.

RATHER THAN RE-CREATE MASSIVE SUBSIDY PROGRAMS TO EXPAND HOMEOWNERSHIP OPPORTUNITIES WHICH TOO OFTEN FORCE TAXPAYERS TO SUBSIDIZE THEIR ECONOMIC PEERS, THE PRESIDENT ANNOUNCED IN ANN ARBOR 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 GRADUATED 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. UNDER THE PRESIDENT'S PROGRAM, WE CAN DO THE SAME, ON A SMALLER SCALE, 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 ONLY SURE PRESCRIPTION FOR THAT IS THE CONTINUATION OF THE STEADY PROGRESS WHICH PRESIDENT FORD HAS MADE IN REDUCING INFLATION AND INCREASING EMPLOYMENT THROUGH ARTFUL STIMULATION OF THE PRIVATE SECTOR.

THE OPPOSITION CANDIDATE MAY FIND IT EXPEDIENT TO USE OLD SOLUTIONS: TO PROMISE "SOMETHING FOR EVERYBODY." BUT I AM PROUD OF PRESIDENT FORD BECAUSE HE IS SPARING IN HIS PROMISES -- AND PRODUCING RESULTS FOR ALL AMERICANS.

YES, THERE IS A VAST DIFFERENCE IN THE APPROACH OF THESE TWO NOMINEES TO THE VITAL QUESTIONS THAT MUST BE ANSWERED FOR AMERICA BETWEEN NOW AND 1980.

MR. CARTER, WHO CAME TO PROMINENCE BY CAMPAIGNING AGAINST "WASHINGTON", PROPOSES TO ANSWER THEM BY GIVING AMERICANS MORE "WASHINGTON" THAN THEY ALREADY HAVE. AND HE WOULD HAVE THEM PAY FOR IT WITH AN, AS YET, "UNDETERMINED" TAX REFORM THAT WOULD RAISE THE TAXES OF MORE THAN HALF THE WORKING PEOPLE IN THIS COUNTRY.

PRESIDENT FORD, WHO KNOWS "WASHINGTON" LIKE THE BACK OF HIS HAND -- AS HIS SUCCESSFUL VETOES, WITH AN OVERWHELMING OPPOSITION CONGRESS, DEMONSTRATES -- WOULD ANSWER IT BY GIVING AMERICA BACK TO THE AMERICAN PEOPLE:

- MORE REAL INCOME FROM THEIR EARNINGS;
- MORE REAL JOBS SUPPORTED BY HEALTHY PRIVATE ENTERPRISE;
- MORE HOMES THEY CAN AFFORD TO BUY AND MAINTAIN; AND
- A NATIONAL ECONOMY FREE FROM THE BOMBARDMENTS OF ARTIFICIAL PROGRAMS THAT SAP THE VITALITY OF AMERICA.

AND NOW, I'LL BE PLEASED TO TAKE YOUR QUESTIONS.