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FINAL

NORTH CAROLINA ASSOCIATION OF REALTORS

OCTOBER 1, 1976

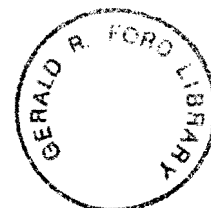
I AM SO PLEASED TO HAVE THE OPPORTUNITY TO ADDRESS THE NORTH CAROLINA ASSOCIATION OF REALTORS.

I HAVE COME TO KNOW THAT OUR REALTORS, ALL ACROSS THIS COUNTRY, ARE POSITIVE PEOPLE -- THE MOVERS AND DOERS -- WHO GET ON WITH THE WORK OF THE NATION REGARDLESS OF ODDS, AND IN SPITE OF THE DOOMSAYERS.

IN YOUR HANDS THIS NATION'S UNPARALLELED SYSTEM OF FREE ENTERPRISE -- ABETTED BY HARD WORK -- HAS TRANSFORMED THE AMERICAN DREAM OF HOMEOWNERSHIP INTO A REALITY FOR MILLIONS OF AMERICAN FAMILIES.

IT WAS THE REALTORS' UNDAUNTED OPTIMISM, IN THE DEPTH OF THE AMERICAN HOUSING INDUSTRY'S RECENT CRISIS THAT HELPED PROVIDE THE SPARK OF INDUSTRY SPIRIT LEADING TO THE SOUND RECOVERY OF THE PAST YEAR.

I NEED HARDLY TELL YOU WHAT THAT KIND OF UNQUENCHABLE EXURBERANCE DOES FOR THE MORALE OF AN EMBATTLED SECRETARY OF HOUSING AND URBAN DEVELOPMENT.

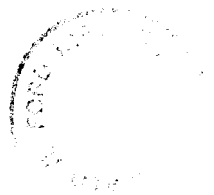


BUT, THERE IS ANOTHER QUALITY ABOUT REALTORS, WHICH IS IMPORTANT TO ME, AND, THAT IS, YOUR INSTINCTIVE ABILITY TO LOOK AHEAD AT THE NEEDS OF THE FUTURE.

YOU HAVE ASKED ME TO TALK TO YOU TODAY ABOUT HOUSING AND THE ECONOMY, AND THAT SUBJECT INEVITABLY DRAWS INTO QUESTION THE FUTURE ROLE OF THE FEDERAL GOVERNMENT IN THE HOUSING INDUSTRY.

THAT ROLE IS, HAS BEEN -- AND WILL CONTINUE TO BE -- QUESTIONED AND CHALLENGED BY AMERICAN PEOPLE OF ALL POLITICAL PURSUASIONS: THOSE WHO HOLD THAT THE GOVERNMENT SHOULD DROP THE WHOLE HOUSING PROBLEM; THOSE WHO CONTEND THAT THE HOUSING INDUSTRY SHOULD BE FEDERALIZED; AND THOSE, IN BETWEEN, WHO AGREE THAT THE GOVERNMENT CAN HAVE AN AFFIRMATIVE ROLE IN HOUSING, BUT ARE AT SIXES-AND-SEVENS OVER JUST WHAT THAT ROLE SHOULD BE.

IT IS MY OPINION -- SUPPORTED BY A HARD, BUT DEFINITIVE 18 MONTHS AT HUD -- THAT THE PROPER ROLE OF THE FEDERAL GOVERNMENT IN HOUSING IS IN LARGE MEASURE DETERMINED BY THE STATE OF THE NATIONAL ECONOMY AT ANY GIVEN TIME IN HISTORY.



THE THINKER-POET, EDWIN MARKHAM, ONCE WROTE:

"FOR ALL YOUR DAYS, PREPARE.  
BUT, TREAT THEM NOT ALIKE.  
WHEN YOU'RE THE ANVIL -- BEAR,  
WHEN YOU'RE THE HAMMER -- STRIKE!"

MR. MARKHAM, OF COURSE, WAS TALKING ABOUT ONE'S LIFE PHILOSOPHY -- BUT HE COULD HAVE BEEN PRESCRIBING FEDERAL MEDICINE TO TREAT HOUSING ILLS ACCORDING TO THE NATION'S CHANGING ECONOMY.

IT SEEMS TO ME, THAT MOST OFTEN WHERE THE GOVERNMENT HAS GONE OFF THE DEEP END, IT IS NOT FROM THE LAWMAKERS' LACK OF COMPASSION, BUT FROM THEIR ESPOUSAL OF PROGRAMS THAT WORK IN OPPOSITION TO THE MARKET.

FOR EXAMPLE, IT HAS BEEN PROPOSED THAT THE FEDERAL GOVERNMENT SUBSIDIZE THE BUILDING OF 2.5 MILLION HOUSING UNITS A YEAR, ON THE THEORY THAT "WE HAVE TO GET THE HOUSING INDUSTRY WORKING AGAIN".



ON THE SURFACE, IT SOUNDS GREAT. MORE JOBS, MORE HOMES, MORE OF ALL THOSE THINGS THAT HAVE MADE AMERICA THE GREATEST COUNTRY ON THE FACE OF THE EARTH!

BUT TO EVERY GOVERNMENT ACTION THERE IS A SOBERING REACTION -- AND THE NATION'S HOUSING PICTURE SUFFERED AN ENORMOUS SET-BACK FROM THAT VERY PHILOSOPHY -- WHICH WAS MANDATED BY THE HOUSING ACT OF 1968.

FOR PURSUANT TO THAT ACT, THIS NATION SUBSIDIZED, ANNUALLY, MORE THAN 2 MILLION HOUSING STARTS FOR THREE YEARS RUNNING -- AND GENERATED A BURST OF HOUSING OVER-PRODUCTION THAT WE ARE STILL TRYING TO WORK OFF.

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

AND BECAUSE ALL FACTORS IN AN ECONOMIC EQUATION ARE RELATED, THE ARTIFICIALLY PRODUCED "BOOM" LED TO THE INEVITABLE SHARP CUT-BACKS IN HOUSING PRODUCTION AND RESULTING LAY-OFFS IN THE CONSTRUCTION INDUSTRY.

IN DISCUSSING HOUSING AND THE ECONOMY, WE MIGHT WELL BEGIN BY TAKING STOCK.

WHERE WERE WE A YEAR AGO? WHAT HAVE WE DONE ABOUT IT? WHAT HAVE WE LEARNED?

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 WAS ON THE BRINK OF FINANCIAL FAILURE. INDUSTRY WAS DEPRESSED AND THE HOUSING SECTOR WAS SUFFERING ITS WORST YEAR IN 3 DECADES.

ON CAPITOL HILL, THE ECONOMISTS AND OTHER EXPERTS WERE PROPHEZING A NATIONAL COLLAPSE UNLESS WE ENGAGED IN MASSIVE FEDERAL SPENDING -- IN THE FORM OF SUBSIDIES -- PARTICULARLY IN THE HOUSING INDUSTRY.

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 IN-FLUX OF WOMEN AND YOUNG PEOPLE INTO THE LABOR MARKET. AND INFLATION HAS BEEN MORE THAN CUT IN HALF.

;

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 THE 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.

WHAT WORRIES ME ARE THE REPEATED CALLS FOR MORE GOVERNMENT SPENDING PROGRAMS.



IF WE LISTEN TO THE ENDORSEMENT OF PROPOSALS THAT WOULD ADD \$100 TO \$200 BILLION TO A BUDGET THAT IS ALREADY PRODUCING A DEFICIT OF OVER \$50 BILLION, WE MUST CONCLUDE THAT THE "MAGIC" OF THE FEDERAL PURSE HAS MORE PULLING POWER THAN OUR GREAT FREE ENTERPRISE SYSTEM.

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

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

CERTAINLY, THAT DOES NOT MEAN WE CAN EVER IGNORE THE GREAT HUMAN PROBLEMS -- SUCH AS CATASTROPHIC ILLNESS AND UNEMPLOYMENT. 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, FOR EXAMPLE, 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.

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

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, A PROGRAM 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 GRADUATED PAYMENT 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.

CERTAINLY, GOVERNMENT MUST BE HUMANE, AND RESPONSIVE. BUT, UNLESS IT IS PROPERLY COMPATIBLE WITH THE FREE ECONOMY OF THIS NATION, THOSE ARE NOTHING BUT EMPTY PROMISES.

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

IT IS REALLY THE JOINT CHALLENGE OF BUSINESS AND GOVERNMENT TO DEVISE COMMON SENSE PROGRAMS AND INITIATIVES THAT ALLOW US BOTH TO DELIVER ON OUR PROMISES.

FOR EXAMPLE, COMMON SENSE DEMANDS A GENUINELY COOPERATIVE ACTION PROGRAM TO KEEP GOVERNMENT GROWTH TO AN ABSOLUTE MINIMUM. WE NEED TO REFRAIN FROM ISSUING NEW REGULATIONS AND TO DO AWAY WITH REGULATIONS NOW ON THE BOOKS THAT SERVE NO DEMONSTRABLE PURPOSE.

THIS TAKES A CONSTANT DIALOGUE. WHERE WE HAVE HAD STRONG AND OPEN LINES OF COMMUNICATION WITH THE PRIVATE SECTOR, WE HAVE SUCCEEDED. WHERE WE HAVE NOT, WE HAVE COMPOUNDED THE PROBLEMS.

THE SAME, CERTAINLY, IS TRUE OF HOUSING AND THE ECONOMY. THE SUCCESS OF PRESIDENT FORD'S JUDICIOUS USE OF FEDERAL STIMULANTS TO GET THE HOUSING INDUSTRY ON THE ROAD TO RECOVERY WITHOUT STIMULATING A MATCHING, SELF-DEFEATING INFLATION DEPENDED ON A JOINT AWARENESS OF ALL THE STAKES INVOLVED.

TOGETHER, WE CAN CONTINUE TO DEVELOP A STABLE HOUSING ECONOMY, FREE FROM THE WILD CYCLICAL SWINGS THAT HAVE REPEATEDLY PLAGUED THIS ESSENTIAL AMERICAN INDUSTRY.

I AM CERTAIN THAT MOST CITIZENS WOULD AGREE THAT WE DO NOT NEED TO GIVE MORE "WASHINGTON" TO THE AMERICAN PEOPLE THAN THEY ALREADY HAVE.

BUT, I AM EQUALLY CERTAIN THAT ALL OF US ARE INTERESTED IN GIVING MORE AMERICA TO THE AMERICAN PEOPLE. AND THAT MEANS CONTINUING TO GIVE THEM:

- 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 THIS WE CAN DO IF WE KEEP OUR ECONOMY ON COURSE AND PUT OUR FAITH SQUARELY BEHIND OUR SYSTEM OF FREE ENTERPRISE WHICH HAS MADE OURS THE GREATEST NATION IN HISTORY.