

Tom

001127

STATEMENT OF SENATOR HUBERT H. HUMPHREY  
JOINT ECONOMIC COMMITTEE  
FEBRUARY 22, 1971.

201-411

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MR. CHAIRMAN, I AM PARTICULARLY GRATIFIED TO APPEAR BEFORE THE JOINT ECONOMIC COMMITTEE THIS MORNING. I THANK YOU AND THE COMMITTEE FOR THIS OPPORTUNITY. IT IS PARTICULARLY APPROPRIATE THAT MY FIRST APPEARANCE BEFORE ANY CONGRESSIONAL COMMITTEE, SINCE RETURNING TO THE SENATE, IS BEFORE THE JOINT ECONOMIC COMMITTEE.

I AM A JUNIOR MEMBER OF THIS COMMITTEE AND TODAY WE ARE DISCUSSING THE ECONOMY AND HOW REVENUE-SHARING AND WELFARE REFORM AND FINANCING RELATE TO THE ECONOMY. THE ~~PRESENT~~ CONDITION OF THE ECONOMY IS CERTAINLY THE MATTER OF MOST DOMESTIC CONCERN-- AND FRANKLY, THE HEALTH OF THE ECONOMY AND THE STRENGTH IT AFFORDS TO BOTH PROTECT AND INFLUENCE ABROAD, MAKE MEANINGFUL SOLUTIONS OF ANY

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GOVERNMENTAL PROBLEM DEPENDENT ON A SOUND ECONOMY.

IT IS GRATIFYING THAT MY CO-WITNESS, CONGRESSMAN HENRY REUSS, IS A MEMBER OF THIS COMMITTEE. WE SHARE THE SAME VIEWS ON MATTERS CONTAINED IN OUR STATEMENT. AND I MUST SAY, I FEEL PARTICULARLY SECURE WITH CONGRESSMAN REUSS RIGHT HERE. I FEAR NO ECONOMIC DRAGON, HUMAN OR OTHERWISE, WITH SUCH A COLLEAGUE. CONGRESSMAN REUSS IS A VETERAN OF THE ECONOMIC WARS—IN AND OUT OF THE CONGRESS. I HAVE FOLLOWED HIS THINKING ON ECONOMIC MATTERS FOR YEARS AND TRUST ECONOMIC POLICY-MAKERS WILL CONTINUE TO HEED HIS ADVICE, WHICH, IF FOLLOWED MORE CLOSELY, CAN HELP THIS COUNTRY AVOID ECONOMIC PITFALLS.

~~MR. CHAIRMAN,~~ OUR CITIES ARE MORTALLY SICK. OUR STATES IN A CHRONIC FISCAL CRISIS. THEY ARE

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SUFFERING FROM SEVERE AND WORSENING FINANCIAL  
MALNUTRITION PLUS ORGANIC ADMINISTRATIVE IMPAIRMENT.

THEY JUST PLAIN LACK MONEY. IT IS NOT THE  
TIME TO CONSIDER WHERE THE BLAME LIES OR ARGUED  
ABOUT THE SOURCE OF THE ORIGINAL INFECTION. THE  
FEDERAL SYSTEM IN OUR CITIES AND STATES IS IN A  
CRITICAL CONDITION. THEY NEED A CRASH PROGRAM OF  
ECONOMIC TRANSFUSIONS. AFTER IMMEDIATE ADMINISTRATION  
OF THIS LIFE-BLOOD, THE CONGRESS CAN GET ABOUT THE  
BUSINESS OF DEVISING A PROGRAM OF REHABILITATION.

I SUPPORT <sup>*States & Localities*</sup> ~~REPUBLICAN~~ <sup>*Administration initiatives*</sup> ~~PROPOSALS~~ FOR REVENUE  
SHARING. I AM PLEASED THE PRESIDENT HAS OFFERED  
TO THE CONGRESS A PLAN FOR PROVIDING THE STATES  
AND LOCALITIES WITH THESE CRITICALLY NEEDED FUNDS.

CONGRESSMAN REUSS AND I HAVE ANOTHER PROPOSITION  
 FOR REVENUE-SHARING. <sup>But</sup> BOTH PLANS WILL PROVIDE THE  
 FINANCIAL TRANSFUSION TO SAVE THE PATIENTS' LIVES.  
 WE CANNOT PERMIT A STALEMATE BETWEEN THE CONGRESS  
 AND THE ADMINISTRATION ON THIS VITAL ISSUE. THE  
 TIME HAS COME FOR ACTION. WE MUST FACE HARD FACTS.  
 WE MUST DECIDE SWIFTLY ON A PROGRAM AND THEN PUT  
 IT INTO EFFECT IMMEDIATELY.

MY ~~APPEARANCE~~ <sup>appearance</sup> HERE TODAY, THEREFORE, ~~IS~~ <sup>are</sup> TO

FURTHER THE CAUSE OF REVENUE SHARING -- BOTH AS A  
 CONCEPT WHOSE TIME HAS COME AND AS CONGRESSMAN  
 REUSS AND I CONCEIVE IT MIGHT WORK. INDEED, I  
 FEAR THAT IF WE DO NOT PROCEED TO ACT SWIFTLY, ITS  
 TIME---ITS VALUE, AS A TEMPORARY PALLIATIVE, WILL  
 HAVE GONE. WHAT THEN MAY BE REQUIRED IS AN EXTENSION

OF FEDERAL INVOLVEMENT INTO LOCAL GOVERNMENT ON  
A SCALE THAT WOULD HAVE THE FOUNDING FATHERS  
LITERALLY SPINNING IN THEIR GRAVES.

WE HERE IN WASHINGTON DO NOT WANT THIS. LOCAL  
GOVERNMENTS DO NOT WANT THIS. THE PEOPLE DO NOT  
WANT THIS. I HOPE THAT THE CONGRESS, IN ITS  
WISDOM, WILL ACT TO PREVENT SUCH AN INVOLVEMENT,  
BEFORE THE COURTS POSSIBLY COMPOUND THE CONFUSION  
BY SAYING THE FEDERAL GOVERNMENT MAY NOT BECOME  
SO INVOLVED, WITHOUT CONSTITUTIONAL AMENDMENT.

*appear*  
MY ~~APPEARANCE~~ HERE IS NON-PARTISAN. ~~ALMOST,~~  
~~I MUST SAY, TO THE EXTREME.~~ BUT PROVIDING THIS  
HIATUS FROM FINANCIAL COLLAPSE TO OUR STATE AND  
LOCAL GOVERNMENTS, WILL AT LEAST BUY US ALL ENOUGH  
TIME TO GET ON WITH THE STREAMLINING, UP-DATING,

*our*  
AND HUMANIZING<sup>'</sup> FEDERAL AS WELL AS STATE AND LOCAL  
GOVERNMENTS.

QUITE CANDIDLY, WE ALL REALIZE WASHINGTON  
WOULD BE QUITE HELPLESS WITHOUT LOCAL GOVERNMENTS.  
WE NEED THEM PERHAPS MORE THAN THEY NEED US.  
WITHOUT THEM, AS MOST INTEGRAL FACTORS IN THE TOTAL  
GOVERNMENTAL EQUATION, WE WOULD HAVE CHAOS. THEIR  
HEALTH AND EFFECTIVENESS DIRECTLY AFFECT THE  
FEDERAL GOVERNMENT. AND, MORE IMPORTANTLY, THE  
PEOPLE THEY SERVE, OR FAIL TO SERVE, ARE OUR  
PEOPLE -- AND ULTIMATELY ALL GOVERNMENTS ARE THEIRS.

~~I AM SURE THE MEMBERSHIP OF THIS COMMITTEE~~  
~~IS AWARE OF THE BASICS OF THE HUMPHREY-REUSS BILL.~~  
~~IT~~ CALLS FOR A FOUR-YEAR AUTHORIZATION OF FROM  
3 BILLION DOLLARS THE FIRST YEAR TO 9 BILLION DOLLARS  
THE FOURTH. EACH FISCAL YEAR WILL REQUIRE A

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SEPARATE APPROPRIATION FROM GENERAL FUNDS AND EACH STATE IS REQUIRED TO FILE A MASTER RE-ORGANIZATION PLAN AND A TIMETABLE FOR ITS IMPLEMENTATION.

WHILE THIS DOES AMOUNT TO A NEARLY MEANINGLESS

*Handwritten mark*

STRING IN THE AUTHORIZATION ITSELF, I AM SURE THAT NATIONAL ORGANIZATIONS REPRESENTING STATES, COUNTIES, AND CITIES ARE AWARE OF WHAT GOES ON DURING THE APPROPRIATIONS PROCESS. APPROPRIATIONS COMMITTEES IN THE HOUSE AND SENATE WILL BE LOOKING AT THE PROGRESS OR LACK THEREOF IN THE REFORM TO WHICH

THE STATES HAVE COMMITTEED THEMSELVES. I BELIEVE THAT THE CONGRESS, WHICH PROVIDES THE MEDICINE, DOES HAVE THE RIGHT TO EXAMINE THE PATIENT REGULARLY DURING TREATMENT.

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THIS IS WHY I BELIEVE THE HUMPHREY-REUSS  
BILL IS SUPERIOR IN CONCEPTION TO THE VARIOUS OTHER  
PROPOSALS THAT HAVE BEEN FORTHCOMING. THE BILL  
PROVIDES DIRECT FUNDING TO THE STATES AND LOCALITIES.  
IT HINTS STRONGLY IN THE AUTHORIZING LEGISLATION  
THAT STATE AND LOCAL GOVERNMENTAL REFORM WOULD  
BE A FINE PROCESS TO PLAN, INSTITUTE AND IMPLEMENT.

HOWEVER, THIS HINT IS FOLLOWED UP WITH A  
YEARLY CONGRESSIONAL REVIEW OF ACTUAL FUNDING. IT  
IS UNPLEASANT TO THINK OF THE STATES AND LOCALITIES  
BEING PENALIZED FOR THE FAILURE OF A FEW. HOWEVER,  
I TRUST THAT PRESSURES FROM THEIR PEERS WOULD BE  
A STRONG CONVINCING AND MOTIVATING FORCE.

*welfare*  
~~IN OUR PREPARED STATEMENT, WE DISCUSS~~ *I have also* *are*

ALTERNATIVE OF PROVIDING FOR A COMPLETE FEDERAL  
ASSUMPTION OF THE WELFARE COSTS THROUGHOUT THE NATION.

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I BELIEVE THE FEDERAL GOVERNMENT SHOULD ASSUME THESE COSTS, AND THE SOONER THE BETTER. IN PROGRAMS THAT ARE CONTROLLED THROUGH FEDERAL STANDARDS, THERE SHOULD BE FEDERAL FINANCING. THIS WILL BE EVEN MORE IMPERATIVE WHEN CONGRESS ESTABLISHES A GUARANTEED MINIMUM INCOME FOR ALL AMERICANS.

↳ WELFARE COSTS SHOULD BE ASSUMED BY THE FEDERAL GOVERNMENT AND THUS SAVE THE STATES AND LOCALITIES OVER 7 BILLION DOLLARS. NATURALLY, THE GREATEST SAVINGS WILL BE TO THOSE STATES THAT HAVE THE HIGHEST WELFARE BURDENS. THIS IS AS IT SHOULD BE. THE NUMBER OF THOSE IN NEED OF FINANCIAL ASSISTANCE THROUGH WELFARE ARE ALSO IN NEED OF A HOST OF OTHER STATE AND LOCAL SERVICES. THIS DEMAND ON PRESENT TAX REVENUES

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IS ONE SIDE OF THE COIN. THE OTHER IS A COMPLETELY INADEQUATE TAX BASE. IN OTHER WORDS, WHERE NEED IS THE GREATEST, THE TAX BASE DESIGNATED FOR SOCIAL-NEEDS REVENUES IS THE WEAKEST.

SO THERE IS A BASIC EQUITY TO GRANTING FEDERAL WELFARE ASSISTANCE TO THOSE IN THE GREATEST NEED. HOWEVER, THERE ARE STATE AND LOCAL GOVERNMENTS THAT, WHILE THEY DO NOT HAVE AS CRUSHING A WELFARE BURDEN AS NEW YORK, CALIFORNIA, OR NEW JERSEY, THEY TOO NEED IMMEDIATE FINANCIAL AID. RURAL AREAS, WITH NO INDUSTRIAL TAX BASE ARE ONE EXAMPLE.

THE HUMPHREY-REUSS BILL, PAIRED WITH A WELFARE REFORM AND FEDERAL REFINANCING BILL, WOULD PROVIDE ASSISTANCE TO BOTH TYPES OF JURISDICTIONS.

I URGE THE ADMINISTRATION AND THE CONGRESS

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TO BE FLEXIBLE AND TO WORK TOGETHER IN A SPIRIT  
OF BI-PARTISANSHIP. I HAVE PLEDGED MY HELP IN  
BRINGING TOGETHER THOSE URGING ONE PLAN TO  
THE EXCLUSION OF THE OTHER. WE CAN <sup>and must</sup> HAVE BOTH  
REVENUE-SHARING AND FEDERAL FUNDING OF WELFARE.

I EXPECT MY PLEDGE OF COOPERATION AND CON-  
CILIATION TO BE TAKEN ON ITS FACE VALUE. WE  
CANNOT PLAY POLITICS WITH THIS ISSUE. THERE  
EXISTS A PRESSING NATIONAL NEED THAT KNOWS NO  
POLITICS. WE ARE HERE TO FIND A SOLUTION TO THE  
FINANCIAL PLIGHT OF ■ STATE AND LOCAL GOVERNMENTS--  
AND WE WILL.

THIS COUNTRY, WHEN THE NEED IS GREAT AND  
THE DANGER CLEAR AND PRESENT, HAS ALWAYS CLOSED  
RANKS -- PRESENTED A UNITED FRONT TO THOSE FROM

WITHOUT WHO WOULD DESTROY OR UNDERMINE OUR SECURITY. TO NO SMALL DEGREE WILL THE MAINTENANCE OF THE CIVIL PEACE HERE WITHIN THE NATION DEPEND ON GOVERNMENT BECOMING INCREASINGLY RESPONSIVE TO THE NEEDS OF THE PEOPLE -- AND REMAINING RESPONSIVE TO THE PEOPLE.

I BELIEVE THAT IMPLEMENTATION OF THE HUMPHREY-REUSS CONCEPT OF REVENUE-SHARING, AND GOVERNMENTAL REFORM, IN CONCERT WITH FEDERAL ASSUMPTION OF WELFARE COSTS, CAN HELP HEAL OUR SOCIAL WOUNDS AND HELP CURE AMERICANS OF THIS PANDEMIC MONONUCLEOSIS OF THE SOUL.

~~MR. CHAIRMAN, I WISH TO THANK YOU AGAIN~~  
  
~~FOR THE CHANCE TO PRESENT OUR VIEWS ON THESE MATTERS. THE PROFESSIONAL CALIBER OF BOTH~~

MEMBERS AND STAFF OF THE JOINT ECONOMIC COMMITTEE,  
HAS MADE THIS COMMITTEE THE MOST RESPECTED  
ECONOMIC FORUM IN THE NATION. THE PROFESSIONAL  
ECONOMISTS AND POLICYMAKERS KNOW AND RESPECT  
THIS COMMITTEE. IT CERTAINLY IS NO LOVE FEAST  
TO APPEAR HERE AS A WITNESS, BUT THE CLASH OF  
IDEAS--DEBATE OF CONFLICTING POSITIONS AND THE  
MEETING OF ECONOMIC MINDS CANNOT HELP BUT CONTINUE  
TO BE OF IMMENSE VALUE TO THE CONGRESS AND  
THE NATION.

THANK YOU.



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