

REMARKS BY SENATOR HUBERT H. HUMPHREY
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATION
RADISSON HOTEL
DULUTH, MINNESOTA
AUGUST 5, 1975

I want to talk to you about America- not the America of the rich and of big business, but the America of farm land and small towns and cities.

I want to talk to you about my hopes and goals for our America.

All of you here this evening are obviously interested and involved in shaping the future of America. All of you are concerned about the policies--or lack of policies--we have to encourage prosperity in our America.

Your organization is dedicated to improving the future of non-metropolitan America. I personally know how hard my good friends Rudie Esala and John Blatnik have worked to make life better for all Americans in non-metropolitan America.

I am disturbed today--not by what I see when I travel around the country, for this is a nation of creative and industrious people. I am disturbed by what I see happening in Washington, by the lack of sensitivity in the Administration to the needs of our people.

And, I think it's high time that these needs get some attention. It's high time that we develop an economic policy, not only to help the major corporations and not only to combat inflation, but also to help combat the economic problems that our American families face.

For the last six years, the Executive Branch has focused on helping our great financial institutions and major corporations. Programs concerned with our major metropolitan areas have received only secondary attention.

However, even less attention has been placed on problems facing our rural and non-metropolitan areas--even though millions of Americans live in these areas.

We have had an economic policy--if you could call it that--which largely ignores the people and their problems. This is a tragedy, for our national strength depends on the vitality of our farms, our small towns and our small cities as much if not more than on the vitality of our large metropolitan areas and big businesses.

We all know that from 1940 to 1970 our large urban areas were the centers of population growth. The tidal wave of rural people migrating to the cities caused serious social, economic, and fiscal problems for urban centers. But, at least until 1968, we had a national commitment to helping our cities cope with these problems.

Now there are signs that the population tide is going back out. Between 1970 and 1973, the non-metropolitan population grew by 4.3 percent, while metropolitan areas increased by only 2.8 percent.

The young men and women who were forced to leave their rural homes because of the lack of job opportunities are now coming back. So are the retired people, who have learned that their fixed incomes will stretch much farther in the rural setting.

The non-metropolitan counties of the United States have become net importers of people, and as a result, between 1970 and 1973, these counties grew at a much faster rate than metropolitan counties while the cities declined.

Counties that experienced an average annual loss of 300,000 people during the last decade are now growing in population.

In Minnesota, the metropolitan areas have lost 80,000 people in the last few years, while the rural areas have gained 92,000 people. This is a major turnabout, considering that 86 percent of the State's population growth from 1950 to 1970 was in the urban areas.

There is evidence that now the manufacturing sector of the economy is moving into rural America, and at an increasing rate.

Frankly, this shift in population migration and growth of industry in rural areas has been a mixed blessing. It used to be that when the nation was in economic decline, rural areas were not so badly affected, because of the importance of agriculture to the rural economy.

Today, we see that unemployment is as bad or worse in rural areas than in the urban areas because of industrial lay-offs.

The most recent figures released by the Census Bureau show a decrease of 2.4 million people in the poverty cycle between 1970 and 1973. However, while only 10 percent of the people of metropolitan America met the poverty standard, 14 percent of those in rural America were living below the poverty level.

Of course, these figures do not take into account the current economic recession which has shoved millions of middle class Americans back into poverty.

But the fact remains that much of rural America still remains outside the mainstream of American life.

Certainly, the main problem in today's economy is unemployment, but underemployment, poverty and a lack of education are chronic problems in rural areas.

But, it appears that these problems have escaped the current Administration. While the Congress has provided some vehicles for dealing

with the problems of non-metropolitan America--most notably through the Public Works and Economic Development Act of 1965 and the Rural Development Act of 1972--the Administration has resisted full implementation of these programs.

Annual outlays by the Federal government for regional economic development programs have never exceeded more than half a billion dollars a year. This stands in sharp contrast to our neighbor, Canada, which spends as much as we do in regional development, even though that nation has only ten percent of our population.

In 1972, the U.S. Commission on Population Growth and the American Future recommended a policy mix for balanced national growth similar to that being pursued by the Economic Development Administration and the Department of Labor during the 1960's.

Yet we have been systematically abandoning those policies as if they are somehow not worthy of national priority.

Right now, E.D.A. clings tenaciously to life, a neglected and ignored agency within the Department of Commerce. In the Department of Labor, they are quietly abandoning the few manpower and training programs specifically designed for those "people left behind," described by the President's National Advisory Commission on Rural Poverty in 1967.

And the Congress has had to prod and push the Department of Agriculture to implement the rural development programs for which it is responsible, even though the Rural Development Act includes a number of important programs to stimulate growth and development in the non-metropolitan areas.

I am thinking particularly of programs to encourage industrial development, rural electrification and the construction of water and sewage facilities. And, we have provided programs to improve rural housing since there are over 1.4 million substandard rural housing units.

Again, the Administration has resisted a full implementation of these programs.

The burden, therefore, of helping non-metropolitan America and of prodding the Administration into action has fallen upon the Congress.

Just last week, we took some important steps in the Senate to focus on the problems faced by Americans.

We increased the funds available to the Economic Development Administration to assist business development programs. The \$125 million which we added to EDA's development program is intended to help firms which are too large to be eligible for SBA loans, but employ no more than 1500 people. Such businesses have had great difficulty in securing needed working capital, especially today during the recession. We believe that helping them stay in

business through capital loans and interest subsidies certainly makes more sense than adding to our unemployment roles.

For state and local governments confronting high unemployment, we authorized funds for public works projects and funds to increase the Job Opportunities Program to accelerate public project creation. Priority under the latter program will be given to projects that will be performed under private sector contract. This will stimulate our construction industry.

The Senate also voted to establish the counter-cyclical assistance program proposed by Senators Muskie, Brock, and myself. This is an extremely important and innovative program. It will encourage consistency in Federal, State and local government budget policies and help cushion the impact of recession in states, cities, and towns hardest hit by recession.

I am proud to say that the idea of counter-cyclical assistance was first offered to the Congress by the Committee I chair, the Joint Economic Committee. In its 1971 Mid-Year Review of the Economy, the JEC recommended that "The Federal Government should adopt a system of grant payments to State and local governments to compensate such governments for the shortfall in their own tax revenues caused by high unemployment."

This recommendation was reiterated in the Committee's December, 1974 report, entitled, "Achieving Price Stability Through Economic Growth," and later in the "1975 Joint Economic Report." The counter-cyclical aid proposal adopted by the Senate contains many of the same provisions that the JEC has consistently recommended since 1971.

Because this program--if finally enacted into law--would be so significant, let me briefly explain how it would work.

First, the program would be triggered as soon as the national unemployment rate reaches six percent. There would be no delays in initiating the stimulative spending.

Second, the program would phase out as soon as the unemployment rate falls below six percent, insuring that no spending occurs as the economy moves closer to full employment and no permanent drains on the Treasury are created.

Third, the program contains a requirement that all funds allocated under this amendment must be spent within six months of receipt by the state or local government, further insuring that stimulus is injected quickly into the economy and that inflationary spending will not occur after the recession.

Fourth, the program carefully targets assistance only to those communities that have significant needs. It avoids wasting scarce Federal resources.

Finally, the level of funding of the program varies with the national unemployment rate so that

the level of assistance is always commensurate with the level of need.

Communities in Minnesota would receive about \$19 million in the first year of this program.

The same advantages that make this program an effective anti-recession program eliminate any inflationary impact it might have. Since the program turns off as soon as the national unemployment rate reaches six percent, there is absolutely no danger of inflationary spending continuing after the recession has ended.

I am hopeful that the counter-cyclical program will become a reality. It is a logical complement to other stimulative programs that Congress has enacted, and will assist our non-metropolitan areas.

But, we need more. We need a national growth policy--not only to help us out of this recession, as the counter-cyclical program will do, but also to help us stay out of recessions.

First, we need economic planning for balanced economic growth, tailored to the peculiar and unique characteristics of the American economy and American political system. The harsh reality is that the economy will continue to perform poorly, unless we institute long-overdue reforms in the way we develop economic policy.

A number of my colleagues in the Senate share this belief with me, and have joined me in sponsoring the Balanced Growth and Economic Planning Act of 1975 to provide for these reforms.

Second, we need reforms in our credit system. We need to provide alternative sources of credit to state and local governments so that they can finance public and quasi-public facilities. We need to channel additional capital into rural areas so that they can initiate non-farm development projects.

As Chairman of the Foreign Assistance Subcommittee, I know we provide such help to developing nations.

Why, I ask you, can't we assist our own communities in meeting their critical needs for schools, sewerage collection and treatment facilities, health care facilities and transportation?

Why not help our own rural areas meet their economic development goals?

We can--if we have the will.

I have recommended that we establish a National Domestic Development Bank to help our communities meet their public facility requirements by providing an alternative source of funding for such projects. Currently, the principal source for municipal borrowing is the municipal bond market.

I also have recommended that we establish a National Rural Development Bank to spur the economic revival of rural America. All too often, rural communities are prevented from taking steps to spur

economic development because they lack sufficient capital to attract investors. All too often, capital flows out of rural communities and into the large capital markets, rather than in the opposite direction.

The 1971 Presidential Task Force on Rural Development recognized the special problems that rural communities face in attracting and keeping capital for economic development. It stated in its final Report: "The Task Force recommends a new credit institution to provide rural areas with greater access to private capital."

But, the Administration did not recommend such a program to the Congress. So, I have done that.

America is a strong and vital nation. Our people have the commitment and dedication to make it better. With the help of your organization and other dedicated citizens, we can help America fulfill its potential.

#

Bob Babish -
Cong Blatnik (Leesdale)
Mayor Bob Beaudin ✓
St. Joe Rudy Perfect
Warren Spangus

→ Rudy Esda + Jerry Jubie
Esda
REMARKS BY SENATOR HUBERT H. HUMPHREY
of Arrowhead Regional Planning Board

PRESIDENT'S BANQUET

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

✓ John Ladd - President of NADO
RADISSON HOTEL
Donald Rainey - Pres. Elect
DULUTH, MINNESOTA
Blew Reineman
AUGUST 5, 1975

↳ I WANT TO TALK TO YOU ABOUT AMERICA--NOT THE
AMERICA OF THE RICH AND OF BIG BUSINESS, BUT THE
AMERICA OF FARM LAND AND SMALL TOWNS AND CITIES,

↳ I WANT TO TALK TO YOU ABOUT MY HOPES AND
GOALS FOR OUR AMERICA,

↳ ALL OF YOU HERE THIS EVENING ARE OBVIOUSLY
INTERESTED AND INVOLVED IN SHAPING THE FUTURE OF

AMERICA. ↳ ALL OF YOU ARE CONCERNED ABOUT THE
POLICIES--OR LACK OF POLICIES--WE HAVE TO ENCOURAGE
development
PROSPERITY IN OUR AMERICA.

YOUR ORGANIZATION IS DEDICATED TO IMPROVING
THE FUTURE OF NON-METROPOLITAN AMERICA. I PERSONALLY

IT'S HIGH TIME THAT WE DEVELOP AN ECONOMIC POLICY,
NOT ONLY TO HELP THE MAJOR CORPORATIONS AND NOT ONLY TO
COMBAT INFLATION, BUT ALSO TO HELP COMBAT THE ECONOMIC
PROBLEMS THAT OUR AMERICAN FAMILIES FACE.

FOR THE LAST SIX YEARS, THE EXECUTIVE BRANCH
HAS FOCUSED ON HELPING OUR GREAT FINANCIAL
INSTITUTIONS AND MAJOR CORPORATIONS. PROGRAMS
CONCERNED WITH OUR MAJOR METROPOLITAN AREAS HAVE
RECEIVED ONLY SECONDARY ATTENTION.

HOWEVER, EVEN LESS ATTENTION HAS BEEN PLACED
ON PROBLEMS FACING OUR RURAL AND NON-METROPOLITAN
AREAS--EVEN THOUGH MILLIONS OF AMERICANS LIVE IN
THESE AREAS.

WE HAVE HAD AN ECONOMIC POLICY--IF YOU COULD
CALL IT THAT--WHICH LARGELY IGNORES THE PEOPLE AND
THEIR PROBLEMS. THIS IS A TRAGEDY, FOR OUR NATIONAL
STRENGTH DEPENDS ON THE VITALITY OF OUR FARMS,
OUR SMALL TOWNS AND OUR SMALL ^{er} CITIES AS MUCH IF
NOT MORE THAN ON THE VITALITY OF OUR LARGE
METROPOLITAN AREAS AND BIG BUSINESSES.

✓
✓
WE ALL KNOW THAT FROM 1940 TO 1970 OUR LARGE
URBAN AREAS WERE THE CENTERS OF POPULATION GROWTH.
THE TIDAL WAVE OF RURAL PEOPLE MIGRATING TO THE
CITIES CAUSED SERIOUS SOCIAL, ECONOMIC, AND FISCAL
PROBLEMS FOR URBAN CENTERS. BUT, AT LEAST UNTIL
1968, WE HAD A NATIONAL COMMITMENT TO HELPING OUR

CITIES COPE WITH THESE PROBLEMS.

↳ NOW THERE ARE SIGNS THAT THE POPULATION TIDE IS GOING BACK OUT. BETWEEN 1970 AND 1973, THE NON-METROPOLITAN POPULATION GREW BY 4.3 PERCENT, WHILE METROPOLITAN AREAS INCREASED BY ONLY 2.8 PERCENT.

↳ THE YOUNG MEN AND WOMEN WHO WERE FORCED TO LEAVE THEIR RURAL HOMES BECAUSE OF THE LACK OF JOB OPPORTUNITIES ARE NOW COMING BACK. / SO ARE THE RETIRED PEOPLE, WHO HAVE LEARNED THAT THEIR FIXED INCOMES WILL STRETCH MUCH FARTHER IN THE RURAL SETTING.

THE NON-METROPOLITAN COUNTIES OF THE UNITED STATES HAVE BECOME NET IMPORTERS OF PEOPLE, AND AS A RESULT, BETWEEN 1970 AND 1973, THESE COUNTIES GREW AT A MUCH FASTER RATE THAN METROPOLITAN COUNTIES WHILE THE CITIES DECLINED,

COUNTIES THAT EXPERIENCED AN AVERAGE ANNUAL LOSS OF 300,000 PEOPLE DURING THE ^{1960's} ~~LAST DECADE~~ ARE NOW GROWING IN POPULATION.

IN MINNESOTA, THE METROPOLITAN AREAS HAVE LOST 80,000 PEOPLE IN THE LAST FEW YEARS, WHILE THE RURAL AREAS HAVE GAINED 92,000 PEOPLE.

THIS IS A MAJOR TURNABOUT, CONSIDERING THAT 86 PERCENT OF THE STATE'S POPULATION GROWTH FROM 1950 TO 1970 WAS IN THE URBAN AREAS.

✓ THERE IS EVIDENCE THAT NOW THE MANUFACTURING SECTOR OF THE ECONOMY IS MOVING INTO RURAL AMERICA, AND AT AN INCREASING RATE.

✓ FRANKLY, THIS SHIFT IN POPULATION MIGRATION AND GROWTH OF INDUSTRY IN RURAL AREAS HAS BEEN A MIXED

BLESSING. ✓ IT USED TO BE THAT WHEN THE NATION WAS IN ECONOMIC DECLINE, RURAL AREAS WERE NOT SO BADLY AFFECTED, BECAUSE OF THE IMPORTANCE OF AGRICULTURE TO THE RURAL ECONOMY.

TODAY, WE SEE THAT UNEMPLOYMENT IS AS BAD OR
WORSE IN RURAL AREAS THAN IN THE URBAN AREAS BECAUSE
OF INDUSTRIAL LAY-OFFS.

THE MOST RECENT FIGURES RELEASED BY THE CENSUS
BUREAU SHOW A DECREASE OF 2.4 MILLION PEOPLE IN THE
POVERTY CYCLE BETWEEN 1970 AND 1973. HOWEVER,
WHILE ONLY 10 PERCENT OF THE PEOPLE OF METROPOLITAN
AMERICA MET THE POVERTY STANDARD, 14 PERCENT OF
THOSE IN RURAL AMERICA WERE LIVING BELOW THE POVERTY
LEVEL.

~~OF COURSE, THESE FIGURES DO NOT TAKE INTO
ACCOUNT THE CURRENT ECONOMIC RECESSION WHICH HAS
SHOVED MILLIONS OF MIDDLE CLASS AMERICANS BACK INTO
POVERTY.~~

BUT THE FACT REMAINS THAT MUCH OF RURAL AMERICA
STILL REMAINS OUTSIDE THE MAINSTREAM OF AMERICAN
LIFE.

L CERTAINLY, THE MAIN PROBLEM IN TODAY'S ECONOMY
IS UNEMPLOYMENT, BUT UNDEREMPLOYMENT, POVERTY AND
A LACK OF EDUCATION ARE CHRONIC PROBLEMS IN RURAL ^{many}
AREAS.

200th Centennial Time - Pioneer, confidence optimism
Urban - Rural Balance. accomodation
(Not Acquainted)
Localist Regions
-10-

~~BUT IT APPEARS THAT THESE PROBLEMS HAVE~~
~~ESCAPED THE CURRENT ADMINISTRATION.~~ WHILE THE
CONGRESS HAS PROVIDED SOME VEHICLES FOR DEALING
WITH THE PROBLEMS OF NON-METROPOLITAN AMERICA--MOST
NOTABLY THROUGH THE PUBLIC WORKS AND ECONOMIC
DEVELOPMENT ACT OF 1965 AND THE RURAL DEVELOPMENT
ACT OF 1972--THE ADMINISTRATION HAS RESISTED FULL
IMPLEMENTATION OF THESE PROGRAMS.

ANNUAL OUTLAYS BY THE FEDERAL GOVERNMENT FOR
REGIONAL ECONOMIC DEVELOPMENT PROGRAMS HAVE NEVER
EXCEEDED MORE THAN HALF A BILLION DOLLARS A YEAR.

(uphill battle)

Urban Develop
Public WORK
EDDA
RURAL
DEVELOP

Impound

Regional
Commission

THIS STANDS IN SHARP CONTRAST TO OUR NEIGHBOR, CANADA,
WHICH SPENDS AS MUCH AS WE DO IN REGIONAL DEVELOPMENT,
EVEN THOUGH THAT NATION HAS ONLY TEN PERCENT OF OUR
POPULATION.

IN 1972, THE U.S. COMMISSION ON POPULATION
GROWTH AND THE AMERICAN FUTURE RECOMMENDED A POLICY
MIX FOR BALANCED NATIONAL GROWTH SIMILAR TO THAT
BEING PURSUED BY THE ECONOMIC DEVELOPMENT
ADMINISTRATION AND THE DEPARTMENT OF LABOR DURING
THE 1960's.

YET WE HAVE BEEN SYSTEMATICALLY ABANDONING
THOSE POLICES AS IF THEY ARE SOMEHOW NOT WORTHY
OF NATIONAL PRIORITY.

h RIGHT NOW, E.D.A. CLINGS TENACIOUSLY TO LIFE,

h A NEGLECTED AND IGNORED AGENCY WITHIN THE DEPARTMENT

OF COMMERCE. h IN THE DEPARTMENT OF LABOR, THEY

ARE QUIETLY ABANDONING THE FEW MANPOWER AND TRAINING

PROGRAMS SPECIFICALLY DESIGNED FOR THOSE "PEOPLE

LEFT BEHIND," ^{as} DESCRIBED BY THE PRESIDENT'S NATIONAL

ADVISORY COMMISSION ON RURAL POVERTY IN 1967.

h AND THE CONGRESS HAS HAD TO PROD AND PUSH THE

DEPARTMENT OF AGRICULTURE TO IMPLEMENT THE RURAL

DEVELOPMENT PROGRAMS FOR WHICH IT IS RESPONSIBLE,

EVEN THOUGH THE RURAL DEVELOPMENT ACT INCLUDES A

NUMBER OF IMPORTANT PROGRAMS TO STIMULATE GROWTH

AND DEVELOPMENT IN THE NON-METROPOLITAN AREAS.

RURAL DEVELOP

*Transportation
Health Facilities
Educ. + Culture
Recreation*

I AM THINKING PARTICULARLY OF PROGRAMS TO

ENCOURAGE INDUSTRIAL DEVELOPMENT, ~~RURAL~~ *upgrading Rural*
Telephone Service

ELECTRIFICATION, AND THE CONSTRUCTION OF WATER AND

SEWAGE FACILITIES. AND, WE HAVE PROVIDED PROGRAMS

TO IMPROVE RURAL HOUSING SINCE THERE ARE OVER 1.4

MILLION SUBSTANDARD RURAL HOUSING UNITS.

Housing

AGAIN, THE ADMINISTRATION HAS RESISTED A FULL

IMPLEMENTATION OF THESE PROGRAMS.

THE BURDEN, THEREFORE, OF HELPING NON-

METROPOLITAN AMERICAN AND OF PRODDING THE

ADMINISTRATION INTO ACTION HAS FALLEN UPON THE

CONGRESS.

JUST LAST WEEK, WE TOOK SOME IMPORTANT STEPS
IN THE SENATE TO FOCUS ON THE PROBLEMS FACED BY
AMERICANS.

↳ WE INCREASED THE FUNDS AVAILABLE TO THE ECONOMIC
DEVELOPMENT ADMINISTRATION TO ASSIST BUSINESS
DEVELOPMENT PROGRAMS. ↳ THE \$125 MILLION WHICH WE
ADDED TO EDA'S DEVELOPMENT PROGRAM IS INTENDED TO
HELP FIRMS WHICH ARE TOO LARGE TO BE ELIGIBLE FOR SBA
LOANS, BUT EMPLOY NO MORE THAN 1500 PEOPLE. ↳ SUCH
BUSINESSES HAVE HAD GREAT DIFFICULTY IN SECURING
NEEDED WORKING CAPITAL, ESPECIALLY TODAY DURING THE
RECESSION.

WE BELIEVE THAT HELPING THEM STAY IN
BUSINESS THROUGH CAPITAL LOANS AND INTEREST SUBSIDIES
CCERTAINLY MAKES MORE SENSE THAN ADDING TO OUR
UNEMPLOYMENT ROLES.

L FOR STATE AND LOCAL GOVERNMENTS CONFRONTING
HIGH UNEMPLOYMENT, WE AUTHORIZED FUNDS FOR PUBLIC
WORKS PROJECTS AND FUNDS TO INCREASE THE JOBS
OPPORTUNITIES PROGRAM ^{by} ~~to~~ ACCELERATE ^{of} PUBLIC PROJECT ^{works}
CREATION. PRIORITY UNDER THE LATTER PROGRAM WILL
BBE GIVEN TO PROJECTS THAT WILL BE PERFORMED UNDER
PRIVATE SECTOR CONTRACT. THIS WILL STIMULATE OUR
CONSTRUCTION INDUSTRY.

THE SENATE ALSO VOTED TO ESTABLISH THE COUNTER-
CYCLICAL ASSISTANCE PROGRAM PROPOSED BY SENATORS
MUSKIE, BROCK, AND MYSELF. THIS IS AN EXTREMELY
IMPORTANT AND INNOVATIVE PROGRAM. IT WILL ENCOURAGE
CONSISTENCY IN FEDERAL, STATE AND LOCAL GOVERNMENT
BUDGET POLICIES AND HELP CUSHION THE IMPACT OF
RECESSION IN STATES, CITIES, AND TOWNS HARDEST HIT BY
RECESSION.

I AM PROUD TO SAY THAT THE IDEA OF COUNTER-
CYCLICAL ASSISTANCE WAS FIRST OFFERED TO THE CONGRESS
BY THE COMMITTEE I CHAIR, THE JOINT ECONOMIC COMMITTEE.

IN ITS 1971 MID-YEAR REVIEW OF THE ECONOMY, THE JEC
RECOMMENDED THAT "THE FEDERAL GOVERNMENT SHOULD
ADOPT A SYSTEM OF GRANT PAYMENTS TO STATE AND LOCAL
GOVERNMENTS TO COMPENSATE SUCH GOVERNMENTS FOR THE
SHORTFALL IN THEIR OWN TAX REVENUES CAUSED BY HIGH
UNEMPLOYMENT."

THIS RECOMMENDATION WAS REITERATED IN THE
COMMITTEE'S DECEMBER, 1974 REPORT, ENTITLED,
"ACHIEVING PRICE STABILITY THROUGH ECONOMIC GROWTH,"
AND LATER IN THE "1975 JOINT ECONOMIC REPORT."

~~THE COUNTER-CYCLICAL AID PROPOSAL ADOPTED BY THE
SENATE CONTAINS MANY OF THE SAME PROVISIONS THAT THE JEC
HAS CONSISTENTLY RECOMMENDED SINCE 1971.~~

BECAUSE THIS PROGRAM--IF FINALLY ENACTED INTO
LAW--WOULD BE SO SIGNIFICANT, LET ME BRIEFLY EXPLAIN
HOW IT WOULD WORK.

FIRST, THE PROGRAM WOULD BE TRIGGERED AS SOON
AS THE NATIONAL UNEMPLOYMENT RATE REACHES SIX
PERCENT. THERE WOULD BE NO DELAYS IN INITIATING THE
STIMULATIVE SPENDING.

SECOND, THE PROGRAM WOULD PHASE OUT AS SOON AS

THE UNEMPLOYMENT RATE FALLS BELOW SIX PERCENT,

INSURING THAT NO SPENDING OCCURS AS THE ECONOMY

MOVES CLOSER TO FULL EMPLOYMENT AND NO PERMANENT

DRAINS ON THE TREASURY ARE CREATED.

THIRD, THE PROGRAM CONTAINS A REQUIREMENT THAT

ALL FUNDS ALLOCATED ~~UNDER THIS AMENDMENT~~ MUST BE

SPENT WITHIN SIX MONTHS OF RECEIPT BY THE STATE OR

LOCAL GOVERNMENT, FURTHER INSURING THAT STIMULUS IS

INJECTED QUICKLY INTO THE ECONOMY AND THAT INFLATIONARY

SPENDING WILL NOT OCCUR AFTER THE RECESSION.

↳ FOURTH, THE PROGRAM CAREFULLY TARGETS ASSISTANCE
ONLY TO THOSE COMMUNITIES THAT HAVE SIGNIFICANT NEEDS.

IT AVOIDS WASTING SCARCE FEDERAL RESOURCES.

↳ FINALLY, THE LEVEL OF FUNDING OF THE PROGRAM
VARIES WITH THE NATIONAL UNEMPLOYMENT RATE SO THAT
THE LEVEL OF ASSISTANCE IS ALWAYS COMMENSURATE WITH
THE LEVEL OF NEED.

↳ COMMUNITIES IN MINNESOTA WOULD RECEIVE ABOUT
\$19 MILLION IN THE FIRST YEAR OF THIS PROGRAM.

↳ THE SAME ADVANTAGES THAT MAKE THIS PROGRAM
AN EFFECTIVE ANTI-RECESSION PROGRAM ELIMINATE
ANY INFLATIONARY IMPACT IT MIGHT HAVE.

L SINCE THE PROGRAM TURNS OFF AS SOON AS THE NATIONAL
UNEMPLOYMENT RATE REACHES SIX PERCENT, THERE IS ABSOLUTELY
NO DANGER OF INFLATIONARY SPENDING CONTINUING AFTER THE
RECESSION HAS ENDED.

I AM HOPEFUL THAT THE COUNTER-CYCLICAL PROGRAM
WILL BECOME A REALITY. IT IS A LOGICAL COMPLEMENT
TO OTHER STIMULATIVE PROGRAMS THAT CONGRESS HAS
ENACTED, AND WILL ASSIST OUR NON-METROPOLITAN AREAS.

L BUT, WE NEED MORE. ~~WE~~ WE NEED A NATIONAL GROWTH
POLICY--NOT ONLY TO HELP US OUT OF THIS RECESSION,
AS THE COUNTER-CYCLICAL PROGRAM WILL DO, BUT ALSO
TO HELP US STAY OUT OF RECESSIONS.

FIRST, WE NEED ECONOMIC PLANNING FOR BALANCED
ECONOMIC GROWTH, TAILORED TO THE PECULIAR AND UNIQUE
CHARACTERISTICS OF THE AMERICAN ECONOMY AND AMERICAN
POLITICAL SYSTEM. THE HARSH REALITY IS THAT THE
ECONOMY WILL CONTINUE TO PERFORM POORLY, UNLESS WE
INSTITUTE LONG-OVERDUE REFORMS IN THE WAY WE DEVELOP
ECONOMIC POLICY.

A NUMBER OF MY COLLEAGUES IN THE SENATE SHARE
THIS BELIEF WITH ME, AND HAVE JOINED ME IN SPONSORING
THE BALANCED GROWTH AND ECONOMIC PLANNING ACT OF
1975 TO PROVIDE FOR THESE REFORMS.

L SECOND, WE NEED REFORMS IN OUR CREDIT SYSTEM.

L WE NEED TO PROVIDE ALTERNATIVE SOURCES OF CREDIT TO
STATE AND LOCAL GOVERNMENTS SO THAT THEY CAN FINANCE
PUBLIC AND QUASI-PUBLIC FACILITIES. WE NEED TO
CHANNEL ADDITIONAL CAPITAL INTO RURAL AREAS SO THAT
THEY CAN INITIATE NON-FARM DEVELOPMENT PROJECTS.

~~L AS CHAIRMAN OF THE FOREIGN ASSISTANCE SUBCOMMITTEE,~~

~~I KNOW~~ WE PROVIDE SUCH HELP TO DEVELOPING NATIONS.

WHY, I ASK YOU, CAN'T WE ASSIST OUR OWN
COMMUNITIES IN MEETING THEIR CRITICAL NEEDS FOR
SCHOOLS, SEWERAGE COLLECTION AND TREATMENT FACILITIES,
HEALTH CARE FACILITIES AND TRANSPORTATION?

WHY NOT HELP OUR OWN RURAL AREAS MEET THEIR
ECONOMIC DEVELOPMENT GOALS?

WE CAN--IF WE HAVE THE WILL.

↳ I HAVE RECOMMENDED THAT WE ESTABLISH A NATIONAL
DOMESTIC DEVELOPMENT BANK TO HELP OUR COMMUNITIES
MEET THEIR PUBLIC FACILITY REQUIREMENTS BY PROVIDING
AN ALTERNATIVE SOURCE OF FUNDING FOR SUCH PROJECTS.

CURRENTLY, THE PRINCIPAL SOURCE FOR MUNICIPAL BORROWING
IS THE MUNICIPAL BOND MARKET.

↳ I ALSO HAVE RECOMMENDED THAT WE ESTABLISH A
NATIONAL RURAL DEVELOPMENT BANK TO SPUR THE ECONOMIC
REVIVAL OF RURAL AMERICA.

ALL TOO OFTEN, RURAL COMMUNITIES ARE PREVENTED
FROM TAKING STEPS TO SPUR ECONOMIC DEVELOPMENT BECAUSE
THEY LACK SUFFICIENT CAPITAL TO ATTRACT INVESTORS. ALL
TOO OFTEN, CAPITAL FLOWS OUT OF RURAL COMMUNITIES AND
INTO THE LARGE CAPITAL MARKETS, RATHER THAN IN THE
OPPOSITE DIRECTION.

THE 1971 PRESIDENTIAL TASK FORCE ON RURAL
DEVELOPMENT RECOGNIZED THE SPECIAL PROBLEMS THAT
RURAL COMMUNITIES FACE IN ATTRACTING AND KEEPING
CAPITAL FOR ECONOMIC DEVELOPMENT.

IT STATED IN ITS FINAL REPORT: "THE TASK FORCE
RECOMMENDS A NEW CREDIT INSTITUTION TO PROVIDE RURAL
AREAS WITH GREATER ACCESS TO PRIVATE CAPITAL."

BUT, THE ADMINISTRATION DID NOT RECOMMEND SUCH
A PROGRAM TO THE CONGRESS. SO, I HAVE DONE THAT.

AMERICA IS A STRONG AND VITAL NATION. OUR PEOPLE
HAVE THE COMMITMENT AND DEDICATION TO MAKE IT BETTER.
WITH THE HELP OF YOUR ORGANIZATION AND OTHER DEDICATED
CITIZENS, WE CAN HELP AMERICA FULFILL ITS POTENTIAL.

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