

THE WHITE HOUSE
WASHINGTON

November 13, 1968

CONFIDENTIAL

TO: Mr. Jim Jones

FROM: Ruth McCawley (per Harry McPherson)

I called each person's secretary listed below to alert them that a meeting will be held in the Cabinet Room some time tomorrow afternoon, and that the attached would be forthcoming this evening.

- Honorable Ramsey Clark, Justice
- Honorable Wilbur Cohen, HEW
- Honorable Charles Zwick, BOB
- Honorable Arthur M. Okun, CEA
- Joe Califano
- Larry Levinson
- Bob Hardesty

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Attachment

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DOMESTIC SECTION

Quality of Life

When America celebrated her first hundred years, the fireworks that lit the skies revealed a nation confident it had been blessed by Providence. The great experiment of democracy had endured even the test of Civil War. The divisions were deep, but the scars were healing. On the Fourth of July in 1876, Americans knew in their hearts that we were going to make it.

Our second centennial is close upon us now. And it is not too early to ask: What will we observe on that Independence Day eight years from now? Will we witness the beginning of our third century as a real union of free men -- or will we go into it sensing in our hearts the death of a dream?

It will be one or the other, I believe. Time, which was our friend so long, is impatient now.

Never in all our history have the crossroads for America been so clearly marked. Never has so much depended on the turn we take.

One thing we have had going for us in our second century is abundance. Nothing in the world's experience has matched America's growth since the Civil War. Between Appomatox and 1900, we hewed out of the wilderness enough new farms to fill the combined areas of

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Britain and France, and we turned from a minor industrial power to a nation which could quadruple the world's previous record for steel production. Our development in those days was like a prairie fire.

In the Twentieth Century, it has taken on the aspects of a controlled explosion. Barbara Ward, the British social commentator and economist, noted that in the four years of the Second World War, "the Americans built on top of their old economy a new one of almost equivalent size."

And in the quarter-century that followed, we built on top of that old economy another twice as big again.

We have created a prosperity that no people before us have known.

But two facts mar it.

One is that our phenomenal progress brought its own problems, and we did not pay enough attention to them while they were developing.

Perhaps the clearest case of neglect and delay was in our response to the tremendous migration of rural Americans -- many of them Negroes -- to the cities, beginning in the 1940's. In the 1950's alone, nearly ten million people made that move. Many lacked the skills that city life requires. They thought they were moving from hopelessness and

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discrimination to prosperity and freedom. They sought a fair share in the growing affluence of American life.

But they were not ready for the pressures of the cities, and the cities were not ready for them. City budgets and services were simply unprepared for their new residents. The problem was of national dimensions. But the national government, like most city and state governments, did not respond in time. Failure compounded failure -- and the task of this generation, to provide the jobs and education these millions so desperately needed, was made all the harder. Urban unrest in the 1960's has one of its bitterest roots in our failure to deal with the migration of the 1940's and 1950's.

Another problem of prosperity, long neglected, is the threat it has posed to our environment. We have physical comforts and industrial might beyond the dreams of any previous generation. Yet the more we produce, the more we pour our wastes into the rivers and our poisons into the air, the more we deface great stretches of a beautiful country. Pollution has such a grip on the nation now that at least one of our Great Lakes may be beyond reclamation.

There is congestion on our magnificent road system, too. The automobile was invented to liberate man and speed his movement.

But in the cities, it has hobbled him -- and threatened to strangle the cities as well.

The second blot on our record of general prosperity is inequity. Even as our expanding affluence has enriched the lives of most of us, too many Americans are left behind in poverty -- with little chance of working their way out by their own, unassisted efforts.

Prosperity alone does not help the man who cannot fill out a job application because he is illiterate, or who is not trained to do anything more complicated than push a broom. It does not help the boy whose skin bars him from the opportunities open to others of his generation.

Twenty-six million poor Americans still live in the squalid shadows of our wealth. In some of them -- in those who see no stake for themselves in our society -- a desperate anger burns. It has already broken out in mass violence and destruction. If it continues to burn, we can see on the horizon the gathering threat of a divided America: two nations, confronting each other across the ruins of our democratic dream.

That must not be. No President -- no people -- can allow it to be.

* * * *

All too often in the past, we acquired a social conscience only after it was forced upon us -- after it was almost too late.

I believe we began to meet our problems boldly and with increasing effect during the last eight years. We began to make the quality of American life better, not just for the few, but for the many.

Not everything we tried resulted in instant success -- or success of any kind. In many areas -- improving the quality of education; marshalling private and public resources to rebuild the cities; training the chronically unemployed for useful work -- we were experimenting on the very edge of understanding.

But the problems were so vast, and so urgent, that we could not wait until our understanding was complete and our procedures were perfected. We had to act. We had to begin. And we did -- aware of the immensity of our undertaking, but certain that inaction or timidity were worse than occasional failure.

So we committed ourselves to fighting poverty, to healing the sick, to training the unskilled, to improving the education of children and young people, to building enough houses for all, to ending the blight of racial discrimination, to cleaning the air, to preserving the land while there was still time.

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I remember each commitment -- from that almost paralyzing day in November, 1963, when the Presidency was thrust upon me, until the 90th Congress adjourned in 1968.

I remember how we struggled to shape each commitment into language that began, "Be it enacted." I remember the long weeks of inactivity as our program rested in committees on Capitol Hill, and then the sudden bursts of bargaining, amending, re-shaping, and rallying support -- in the Congress, and in the Nation at large.

I remember the young men who had swept into office in the election of 1964, voting bravely and conscientiously for change, breaking the log-jams of years, sending bill after bill back down Pennsylvania Avenue for the President's signature.

I remember those happy summer mornings in the Rose Garden, or in the East Room, when a commitment was turned into a law -- and in the presence of Senators, Congressmen, government officials, and other concerned men and women, launched into practical reality.

These were the people's triumphs. Wise men helped to devise them; courageous and far-sighted men voted for them; but they came into being because the people needed them and demanded them and finally won them.

* * * *

But if the commitments we made were the first steps toward improving the quality of American life, there is still far to go.

Laws that require equal justice must be enforced. Programs that express our commitment to progress must be funded.

None of what we have achieved is self-executing. An education act cannot teach a single child. A housing act cannot give shelter to a single family, nor a manpower act provide a single job, nor a civil rights act give one human being the dignity and respect he deserves. The real test of our commitment is whether we are willing to achieve, over a period of years, what those acts only promise -- to appropriate funds and enforce rights in a way that gives life to statutory laws.

I know very well that many Americans resist the idea of further Federal efforts in these fields.

On the one hand, some believe that "enough has already been done." But it ought to be clear that the making of commitments and the enactment of laws do not in themselves fulfill public needs. Only time and unwavering effort can do that. And we have not yet given either enough time or enough effort to the work we have begun.

Others are troubled by the fact that, while practical and obvious improvements do not always come quickly, emotions that have been

charged by change rise to the surface at once. Impatience, frustration and hostility are generated for different reasons in different minds.

The answer to this concern may not be comforting, but it is true. It is that from the beginning of time, men have begun to demand more from life -- democracy, or education, or a chance to live decently -- only when a better life has seemed possible. Only when the door to hope is set ajar, do men thrust to enter. Today, a progressive nation, a modern economy, and mass communications have joined to set that door ajar -- to ^{create} hope and instill determination in many millions who had never dared to hope before.

The certain fact is, that there is no turning back -- no closing of that door -- that does not promise far more turbulence than the future will hold if we do carry out our commitments. We can weather our troubles now -- because the kind of America we seek is right, and because the alternative -- denying just hopes and risking a divided and hostile nation -- is intolerable.

* * * * *

By the time we enter our third century, or very soon thereafter, we can, if we will, make the commitments of the 1960's a reality for all our people.

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We can virtually eradicate poverty as it is known today.

We can place a college degree within the reach of every young man and woman who has the ability and the desire to obtain one.

We can guarantee every expectant mother and infant child good medical care.

We can eliminate officially condoned discrimination of every kind.

We can provide a decent job for every worker and a decent home for every family.

Today, most Americans are not poor; most young people have an opportunity for college education; most mothers and babies have access to good medical care; most able bodied workers are employed, and most families are well housed.

For this more fortunate majority, the issues that determine the "quality of life" are not so elemental as food, jobs, and shelter -- the fundamental concerns of the poor and the disadvantaged. The majority is concerned -- and will be increasingly concerned -- with whether there are enough meaningful jobs;

- with the quality of the education their children receive;
- with the cost of public services and medical care;
- with safety on their streets and in their homes;

- with finding and securing privacy when they ^{need} desire it; and
~~a sense of community when they need it;~~
- with making the voice of the individual heard in the tumult of mass society.

Some of these concerns cannot be met by the adoption of a program by Congress, or even by the states and cities. They will be answered only by the choices that individuals and groups of private citizens make to shape their lives and institutions.

But national choices, public choices, will also affect the quality of their lives.

No matter how far a family moves from the heart of urban trouble, it cannot escape the consequences of our failure to help those who need help most. The riots of the past few years have made that clear, if reason had not made it clear before.

No matter how prosperous or poor urban Americans may be, they must breathe the same air -- air that is either clean and clear, or loaded with chemical danger to their lives.

We will all walk streets that are either safe or dangerous; attractive or eye-sores; welcoming or forbidding. We will all have a chance

to know natural things in forests and shores set aside for our careful use, or none of us will. Our schools, colleges, and hospitals will either be good for all, or for almost none.

We are, for all our mobility, one people -- fated to enjoy a prosperous, secure and enlightened life together, or to hurt each other in mutual mistrust and anger.

Therefore, the choices we make on the great public issues of our time will affect -- not only those living in poverty and blight, but those who have escaped it or never known it.

In what follows, I shall give my ideas about some of the continuing public concerns of our people -- that affect our private lives. I shall talk of the choices that we shall have to make in the years ahead -- if we are to achieve, by the beginning of our third century, the goals we have committed ourselves to seek.

This is such a marvelous country. Its strong institutions of government; its peoples' hunger for justice and respect for law, their essential fairness and cooperativeness; the rich resources of the American countryside; the growing excellence of American science and cultural achievements; the ability of ^{our} ~~the~~ economy to assure more

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and more people freedom from want and hunger, and a chance to enjoy more hours of leisure; -- these give me confidence to believe that we can and shall reach those goals, and as one people.

ECONOMIC GROWTH

The first condition for achieving these goals is a steady expansion of our national wealth. Prosperity alone may never be a cure-all for our problems, but it is the sine qua non for overcoming them. It enriches the lives of about 85 percent of our people directly-- through higher pay and higher profits -- and gives government the needed funds to carry out programs to help the other 15 percent living in poverty.

This may seem obvious to most Americans in 1969. But it was only recently that the policies that express this understanding began to play a role in our national policy.

In the seven years prior to the Kennedy-Johnson Administrations, the United States suffered three recessions. A large proportion of our industrial plant went unused, and our national production grew at a rate of only two percent a year.

As a result, by 1961, unemployment had risen to seven percent of our workforce. There were 35 million people living in poverty. And government revenues were woefully inadequate to meet our mounting problems at home.

When Premier Kruschchev threatened in the late Fifties to "bury" us economically, few Americans laughed. Our economy --

beset by recession, spotty growth, and unemployment -- was too sluggish for easy confidence.

The "New Economics" which we began to practice in the 1960s has been described as prosperity with a social conscience.

Whatever it was called, it worked.

Basically, we performed a marriage between the fiscal and monetary functions of the government. For the first time, the Council of Economic Advisers, the Secretary of the Treasury, and the Budget Director worked as an integrated team.

Their job was help for our free market economy protect itself from either sharp decline, or dangerous over-heating -- to give us an early warning system for trouble, and to steer us away from problems before they occurred.

Compiling mountains of statistical data from every sector of our national life, they left as little as possible to chance. In 1964, when it became apparent that the economy needed an extra stimulus, we ~~requested~~ ^{obtained} and got a tax reduction totalling about \$ 24 billion a year. In 1968, with the economy moving too fast and prices rising at a rate of four percent a year, we raised taxes and took about ~~half of that~~ ^{--about} \$ 11 billion out of the economy.

One way to give greater strength to this fiscal-monetary team -- and thus to give us greater control over fluctuating rates --

is to make the ^{term of} Chairmanship of the Federal Reserve Board ~~to coincide~~ ^{coincide} ~~terminates~~ with the President's term of office. The Board would still have its independence, but a Chairman appointed by an incoming President is likely to be more sensitive to the overall policies of his Administration.

One of the most troublesome aspects of our economy grew out of the costs of the Vietnam war.

This was the most difficult part of our budget to predict, because we had no experience in fighting this kind of war. The extra military expenditures that we found we needed placed tremendous pressures on our economy -- and on wage-price stability.

But again, our early warning system worked. We experienced an inflationary spiral, but it was manageable.

In fact prices rose an average of only 3.1 percent per year during the 1961-1968 period -- an identical increase to that of the eight years of the Eisenhower Administration.

During the Korean War, when the government actually controlled wages and prices, the consumer index rose _____ percent. During the Vietnam buildup, the index rose _____ percent -- without government controls of any sort.

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Just as important as price stability, we proved that, properly managed, the American economy can be the most powerful

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engine of social progress ever devised.

When I left office, the nation was in the 95th month of the longest period of uninterrupted economic growth in its history.

For America, those years of prosperity meant that for the first time, median family income reached \$8,000 a year.

But just as important, our prosperity has given us the funds to launch an attack on the root causes of poverty and the other serious problems that confront us.

If we ever return to the out-dated economic notions of the past -- and I pray we shall not -- we shall find ourselves without the jobs or the private and public investments we need for social progress. We will almost certainly see a rise of social tensions beyond anything we have ever known.

* * * * *

But even as our economy expands, we must be on constant guard against inflation.

When the economy is growing, Labor tends to demand wage increases that are too high, and Business tends to raise the prices of its goods too much. Dollars are poured into the economy faster than the economy turns out goods. Prices are pulled and pushed upwards, and people get less for their money. Inflation amounts to an unseen tax which in fact takes part of the benefits of prosperity away from the people.

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I know of no effective way to force Business and Labor to show restraint in their demands. Our experience during World War II and Korea proved that government controls were less than satisfactory. They placed an artificial burden on the economy and resulted in shortages of goods that could have been avoided.

I have always believed in the free operation of the market. The government can exhort. It can provide detailed information to persuade all sides that restraint is in their best interest. But I do not believe it is healthy for the government to enforce its judgments through rigid instruments of restraint.

Theodore Roosevelt once called the White House a "bully pulpit," and I had plenty of opportunities to find out what he meant. It seemed to me sometimes that I spent half of my time pleading and cajoling and reasoning with labor leaders and corporate presidents, trying to get them to hold the wage and price line.

The question of inflation aside, the real problem is, how do we maintain and increase production and growth? Later I will describe some positive things that can be done. They add up to getting money into the people's pockets in reward for work, so that in spending it they stimulate industry to produce more and better goods.

But there are several direct methods of regulating the economy that ought to be available to an Executive.

Our experience in the 1960's proved that lowering taxes when the economy is sluggish, and raising them when the economy starts to "over-heat", is a successful method of influencing economic growth.

However, in the case of both the tax reduction of 1964 and the tax increase of 1968, debate and controversy over my proposals lasted far too long in Congress. On both occasions, we carried the economy into dangerous waters before action was finally taken.

This was especially true of the tax increase, which I wanted to recommend to Congress as early as 1966.

My records show that the Council of Economic Advisors recommended to me on March 12, 1966, that Congress be asked to pass a modest tax increase in order to combat inflationary trends in the economy. Their reasoning was compelling. The facts were there -- hard and uncompromising.

Two meetings followed -- both of them disheartening.

First I called our leaders of Congress together in the White House. I told them of the Council's recommendation and my own judgment that a tax increase was needed. Would Congress support it?

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The answer was that it would be "folly" to recommend it. It would get, at most, four votes out of 25 on the House Ways and Means Committee. This was an election year. You couldn't expect support for increasing taxes -- even if it was only a fraction of the tax reductions of the past two years -- in that political climate.

Hoping to appeal to the country over the heads of Congress, I asked a substantial number of business leaders to come to the White House on March 30.

The entire Cabinet, the CEA, and the Chairman of the Federal Reserve were there. After briefings on foreign development and our economic situation, I put this question to them:

"How many of you, if you were President, would recommend a tax bill to Congress tomorrow? Raise your hand if you would."

Not a hand went up. Not one hand.

So the outlook for a tax increase was not just bleak. It was impossible.

When the surtax was finally passed, two years later -- after a delay that further jeopardized the economy -- we had to accept a cut of \$6 billion in an already tight budget before Congress would approve our bill. Fortunately, in carrying out our responsibilities under the

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act, we were able to allocate the cut in such a way that it did not imperil most of our urgently needed social programs.

The budget cut did ~~not~~ have one salutary result: *It* forced the Congress, which normally deals with government expenditures on a bill-by-bill, program-by-program basis, to concentrate more on the overall budget -- weighing the relative merits of various programs. Though I differed with Congressional judgments on a number of programs, I welcomed this effect of the bill.

The surtax experience convinced me that Presidents should be allowed a limited discretion to adjust taxes by executive order -- something on the order of five percent up or down. This authority might be conditioned by giving Congress a period of time to acquiesce in the adjustment, or to veto it. Alternatively, the Congress might amend its rules to provide that a Presidential bill, calling for a tax increase or decrease, be given priority over other pending legislation and acted on within a specified time.

The reason why some change is needed in current practice is clear. A good fiscal policy requires that the government respond quickly to major shifts in the economy. It is not enough to be able to reduce taxes swiftly, to spur investment and growth; it must also be possible to increase taxes, to resist inflationary pressures. The result of the kind of delay we experienced in 1966-68 is higher prices, and a forced reliance on monetary measures to control inflation -- measures that raised interest

rates to undesirable heights.

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In the next few years, we shall have to deal with a number of other troublesome economic issues that will affect the lives of most Americans. Among them are:

- the rising cost of medical care.
- the increasing cost of public services, without equivalent gains in productivity.
- spiralling land values, which make it difficult to build the housing units we need at acceptable costs.
- building costs, particularly when they are inflated by obsolete or unnecessary building codes.

Neither Federal fiscal or monetary action can be as effective in dealing with most of these issues, as can ~~the~~ local governments and institutions. If our people want relief from increased costs in these areas, they will have to begin making their voices heard in their home towns.

POVERTY

When we talk about the modern American economy, we are talking -- thank God -- about a general affluence and prosperity that is only a little diminished by rising prices. It is time now to talk of the proverty that persists even in the midst of affluence.

I came out of the hardscrabble country of central Texas, where everybody was poor. If there was a rich man in town when I was growing up, I didn't know who he was. Johnson City's leading banker made \$300 a month. A school teacher was lucky to get \$100. I never went hungry, and I grew up in a clean and decent home. But I knew what poverty was.

I was a young man, heading up the National Youth Administration in Texas, when Franklin Delano Roosevelt saved the nation from disaster by using its power and resources to help poor and hungry citizens. I saw what a unique opportunity -- and responsibility -- the government had to help poor people help themselves.

But there were still 35 million Americans living beneath the poverty line when I became President -- in an era of growing prosperity. The poor were, and are, a continual ache in the nation's heart.

And there are hard economic, as well as humane, reasons why widespread poverty is intolerable. American businesses spend fortunes on campaigns to break into foreign markets. Our exports account for

about 4% of our Gross National Product. How much vaster that percentage would be if our businesses were also able to develop another promising potential market right here at home: among those millions of Americans who can buy very little because they are poor. If they were converted into prosperous consumers, the national economy would get a lift that no gain in foreign markets could supply.

I was determined that in my Administration we would begin to do something about poverty in America.

The final decision to wage what came to be known as the War on Poverty was made over the Christmas season of 1963 -- just a month after I took office -- at my Ranch in Texas. I called down from Washington my Budget Director, the Chairman of the Council of Economic Advisors, and two of my Special Assistants.

I laid out three broad objectives: to prevent people on the margin from slipping into poverty; to help those trapped in poverty lift themselves out; and to make life easier for the poor who could not hope to escape poverty because of the handicap of age or disability.

I told my advisers I wanted the major effort to be directed toward children and youth -- and that I did not want a program of make-work. I wanted to take poor young people, with most of their lives ahead of them, and to train them and teach them so they might move into the

mainstream of American life.

I also called in the man who had served as my Deputy National Youth Administration Director for his views. We didn't want another National Youth Administration, but we did want a program that represented an investment in human resources, rather than a dole.

I knew that we would have to break new ground. No society had ever really launched a large scale attack on poverty before. Even the New Deal did not touch ^{the basic roots of} poverty. It was confronted with vast unemployment and a direct national emergency. The New Deal had to concentrate on supplying temporary jobs and funds to laborers and white collar workers who were facing hard times.

The hard core poor are a special kind of people. Many of them have never had real jobs, and they are not trained or equipped to handle them. Many have never had adequate incomes, and do not know how to spend money wisely. The growth of the economy and of job opportunities has little direct effect on them. Born into poverty to parents who had never known hope or had given up hoping long ago, many simply have no motivation to reach up for something better. Broken families; ^{a conviction of helplessness--} delinquency; boredom; waste; -- this is their bitter heritage.

The programs which we initiated under the Office of Economic Opportunity -- Headstart, Community Action, VISTA, Job Corps -- are only part of the overall effort to reach the disadvantaged and hard-core poor. They are supplemented by a host of other programs designed

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to break up the kind of poverty that perpetuates itself, generation after generation.

We conceived of the War on Poverty as an integrated attack, along many fronts, on the wretched living conditions of the entire poor community.

The OEO programs are the most experimental part of that attack -- and deliberately so. They go beyond the tangible and familiar symbols of jobs and medical treatment, and work with more fragile things --awakening in a slum child the desire to learn, stirring in a discouraged man a sense of his own importance, giving a poor community a voice in directing its own affairs and consequently an interest in its future.

We had plenty of disappointments -- and God knows we made mistakes, because we were in new territory. We trusted some people who didn't deserve that trust. Trying to reach delinquents among the poor, a few community Action Programs found themselves merely subsidizing delinquency. A few others discovered that they were supporting nihilists in the name of self-expression. But these were a tiny minority among hundreds of programs in communities across the land.

Not all of our poverty programs were running smoothly when I left office. They are still too new. Not all the experimenting is behind us.

But our people should not become disillusioned with temporary setbacks and occasional mistakes. The easy problems of unemployment yield to a prospering economy and to conventional programs of education and training. The ones that remain are the ones that baffle even the experts. And the closer we get to eliminating all poverty, the more difficult the job will become. But that does not offer the slightest justification for failing to help people become the best they are capable of becoming.

In the long sweep, the results are what really count. And I think those results, by any standard, are spectacular. Since we began, 13 million Americans -- almost 40 percent of those whose family income was under \$3,000 in 1964 -- have been lifted out of poverty. Almost three times faster than ever before, families have been escaping from the want in which they were trapped so long.

But the figures of progress also help to define the problem. Twenty-two million Americans, white and black, are still very poor. And they must be rescued.

* * * * *

In four short years we mobilized the collective determination of our people to overcome this national blight. We enlisted half a million volunteers to take an active part in the battle.

But there were signs, by the time I left office, that our resolve was weakening. There was a growing reluctance in the Congress to appropriate the funds we needed to operate these programs. There was a grumbling around the country that we were wasting our time and resources.

Well, we can turn our backs if we wish. We can congratulate ourselves for having even made the effort in the first place, and then conclude that the task is just too big for us.

But those 22 million people will still be there, sinking deeper and deeper into the morass of despair. And before long, some of those 13 million whom we helped over the poverty line will be slipping back.

And future generations will say of us: At the very moment when they had more wealth than any civilization in history, they allowed poverty to become a permanent part of the American way of life.

I reject that course. I hope all of us will reject it.

As I left office, my advisers told me the goal of eliminating poverty by 1976 was well within our grasp^s, if we want to reach it badly enough.

Continued economic growth can reach part of them -- perhaps reducing the number of poor to 15 or 16 million people.

But a growing economy alone will not be enough. Here is what I think should be done in the years ahead:

More jobs must be developed, particularly in needed public and community services.

Family planning services should be made available to all the poor who desire them. Only one out of five low income women have this service available to them now -- and the result last year was nearly half a million unwanted pregnancies.

· P We must continue to improve schools in the ghettos and to expand Headstart and its follow through programs. The classroom ought to become the surest route out of the slum.

An improved Social Security System is another necessity. I believe that Congress should raise the general benefit level 50 percent. An immediate 15 percent across-the-board increase and a \$70 floor in benefits would move about 1.3 million people out of poverty in a single stroke.

Health services for the poor must be improved. All discrimination in jobs and housing must be ended.

And finally, something must be done about the system of public welfare in America.

The welfare system, as I stated to the Congress last year, pleases no one. The cost of administering welfare is far too high -- because workers must spend 90% of their time investigating recipients to make sure they are not cheating. The investigations themselves are an affront to the dignity of the applicants. And the benefits are tragically irregular: a dependent child in Mississippi receives \$8 a month, compared to a rate of \$52.50 a month in Minnesota.

I recommended some basic changes in our welfare system.

Congress did not adopt them, and the States were no more receptive to reform than before.

Dissatisfaction with welfare has directed attention to other methods of making sure the poor have enough money for subsistence -- methods such as a guaranteed national income, or a reverse income tax.

I set up a commission last year to study these and every other concept for maintaining an income floor with poor families. When that commission's work is completed next year, we should proceed to hammer out a substitute for welfare.

It is not, I hope, prejudicial to the Commission's study to point out that any scheme -- if it is to succeed -- will have to convince the Congress, and the Nation, that simple grants of money will not remove the incentive to search for work. The plan we adopt must be one that commends itself to the non-poor as more rational, more effective, more humane, and less wasteful than our present welfare system.

Eliminating poverty once and for all in the years ahead will not be cheap. But I believe we should ~~rather~~ pay the price now, rather than pass along an even costlier burden to our children and grandchildren.

In considering our next steps, we should remember this fact: economists figure that every poor, unemployed male costs the American taxpayers \$140,000 in his lifetime. ^{when} ~~we~~ ^{we} spend just a fraction of that to train and motivate and employ that man, he stops consuming that money ^{out} of our pockets, and becomes a tax-payer with the rest of us.

Breaking the Color Barrier

"Nigger."

That one terrible word contains so much that is wrong in our society: the hatred, the divisiveness, the prejudice, the cold indifference.

And now another ugly word has come along, made of the same stuff: "honky."

In 1968, the Commission on Civil Disorders reported that white racism is a basic cause of the riots in our cities. I do not deny the existence of racism, for I have had to face it and overcome it on too many occasions in too many fields.

However, that conclusion, stated so starkly, has misled some writers into comparing us to South Africa, which is dreadfully wrong. The government and the vast majority of white citizens in that country support racial segregation. In our country the government and increasingly great numbers of citizens are wholly dedicated to ending segregation.

It is true, as I wrote earlier, that there is a very real danger of our becoming two separate societies: one white and one black.

And there are extremists of both colors who would like nothing better.

But the progress we have made in the past fifteen years -- since the Brown decision -- suggests that we can and will choose another

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course.

In 1964, 1965, and 1968, we struck hammer blows at legally sanctioned segregation in America.

We made sure that men and women of all races could register and vote -- ~~from~~ ^{free} from harassment, tricks, or fear.

We wrote into law a requirement that public accommodations -- hotels, motels, restaurants, amusement parks, and the like -- which offer services to the public, must offer them to all the public. Many people thought there would be widespread resistance to this law, and we created a committee of private citizens to seek compliance with it if that occurred. The committee has had little to do.

We said that public funds would no longer go to subsidize discrimination of any kind -- that Federal grants in aid would not be used to finance racial bias.

We declared that jobs and promotions must be open to all, regardless of race, or sex. We created an Equal Employment Opportunity Commission, to persuade employers to comply with this law -- and we authorized action in the courts if conciliation failed.

We prohibited discrimination in the sale or rental of housing -- determined that we would help minority Americans break the ring of bias that surrounded^d the central city.

We convened a White House Conference, "To Fulfill These Rights" -- bringing together more than a thousand white and black

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Americans to chart a course of racial justice.

In the courts, in the Congress, in high Federal office and throughout the civil service, there was movement to include Negro Americans in the democratic system.

The first Negro cabinet member was named; the first Negro Supreme Court Justice; the first Negro mayor of a great city was appointed, and others were soon elected; the United States Senate received its first Negro Member since Reconstruction.

Negro families began to move into middle income levels at an unprecedented rate. The gap between school years completed by white and Negro young people almost closed. Negro voter registration in the South grew by the hundreds of thousands. And, in 1968, it seemed that the percentage of Negroes living in urban poverty^{areas} was actually declining.

These are tremendous achievements in so short a time. What brought them about?

- The awakened social conscience of millions of white Americans.
- The incredible bravery and perseverance of young white and black civil rights workers.
- The public's outrage over the brutality with which some communities responded to the civil rights movement.

-- The dignity and good sense of many Negro leaders --
 in civil rights organizations, business and labor, and the
 churches.

-- *The efforts of millions of Negroes to improve their conditions of life.*
 My own concern for human rights had its beginning in my

home -- where I was taught that every man had a dignity and a worth of
 his own.

A few years later, as a school teacher in Cotulla, Texas,
 I saw what happens to people when that dignity is denied. I saw bright,
 eager Mexican American boys and girls whose spirits had already been
 crippled by discrimination. And I came to understand that what was bad
 for the Mexican American was just as bad for the Negro.

For generations he had been beaten down -- humiliated --
 barred -- and ignored. His pay was lower, his education inferior, his
 opportunities almost non-existent. It had been a hundred years since
 Lincoln's day, and yet emancipation was still only a proclamation.
 It was not a fact.

For many years, I had to wait for the opportunity to express
 my convictions fully about civil rights. I did what I could, quietly. I
 tried to reduce the heat of racial bias where I found it. But in the
 thirties and forties, men in public life from my section of the country
 did not risk defeat at the hands of bigots by taking "advanced" public

positions on this issue.

Then, as a Senator, in 1956, I refused to sign the "Southern Manifesto" that condemned the Brown decision. In 1957, and again in 1960, I worked as Senate Majority Leader to pass the first civil rights act since the early 1870's. They were not as effective as they became, by amendment, in the sixties. But they started us on our way.

Equality for all
~~Civil rights~~ became my first domestic priority when I assumed the office of President. I believed the time was ripe for a full-scale attack on racial discrimination in America. Many courageous and decent people -- some of them in Congress, some who never achieved public fame -- joined with me to start America on its way toward freedom for all its people.

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Despite the progress we have made, two things should be remembered.

One is that our work for racial justice is far from done. The average Negro's income is still only about 60% of average white income. A Negro baby is twice as likely to die in his first year as a white baby. Great numbers of all-Negro schools remain, fifteen years after the Brown decision. And the children who attend those schools are far less likely to perform at "grade level" than are white children -- or than Negro children who attend successfully integrated schools.

Finally, the humiliations of racism persist. Thousands of acts of racial discrimination -- some petty, some great -- occur every day in America. They are beyond the reach of law. But they wound. They deprive. They build bitterness and resentment among millions of people who are, after all, fellow human beings and citizens of the same United States.

The second thing to remember is, that large numbers of White Americans believe ^{that} their government, and leaders in private life, have given far too much attention to lifting the Negro out of poverty and discrimination. They believe they have been forgotten by their leaders. And they fear ^{the} legacy of slavery and second-class Negro citizenship, is hard for both races to overcome. When riots in the cities break out, and when vehement, radical voices call for ^{violence against} ~~the violent overthrow~~ of the "Honkies", the fears of white Americans are increased and compounded.

The essential contradiction between these two facts -- the continuing deprivation of many Negro Americans, and the resistance of many white Americans to efforts to end Negro deprivation -- has caused some people, in both races, to believe that separation is the only practical answer to our dilemma.

"Black Power" has become the rallying cry of many Negroes. "Law and order", a desirable condition in any society, has become the all-important catchword for many whites.

If "Black Power" can be taken to mean increased economic strength, job opportunities, political participation, self-reliance, and pride in race, I am for it. But it has certain dangers as well. Some have used it to justify the violent eruptions that have scarred many cities. Others use it to express the idea that black people can develop ^{sufficient} economic and political strength entirely separately and apart from the nation as a whole. This is a delusion -- and a diversion from the real tasks of the Negro people. ^P"Law and Order" has always been necessary for long-term human progress -- whether in city streets, or on the old frontier. I shall have something to say later on about the real problem of crime in our cities. Here, I shall say only that the term "law and order" has become, for many whites, a code word for enforcing separation between the races -- or worse, a means of justifying brutal suppression and disregard of civil liberties. That, in my mind, is a perversion of the term.

I believe that race relations in America will improve in the future, despite the anxiety and division we feel in the air today.

Here are the grounds for my optimism:

- the steady improvement of living conditions for more and more Negro Americans -- their entry into middle income levels, their increasing educational attainments, their growing skills.

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- The desire of most Negroes, not to find ~~some~~ ~~ephemeral~~ status in a separate society, but to share in the prosperity and benefits of the whole society.
- the increasing experience of being together -- in school, at work, in the neighborhood. Tolerance is growing particularly fast among the young.
- the existence of a body of law that prohibits racial discrimination, and thus provides strong support for men and women of good will who seek accomodation and justice between the races.
- the presence of many enlightened businessmen and labor leaders on the national scene -- men who are willing to adventure for the sake of their fellow citizens.
- the essential decency of our people, that speaks louder than their fears and resentments, and tells them that justice and mutual respect is the only enduring foundation of a good society.

So I ~~do~~ believe we shall not succumb to the counsels of separatism. I believe we shall press forward, through times that strain our unity and disturb our confidence, to a better America for all the races that history has brought together on this continent.

HOUSING

One day shortly after I had taken office, I asked my advisors to examine the state of housing in America. I instructed them:

First, find out how many sub-standard houses there were in the United States.

Second, find out how many houses we would have to build to take care of our immediate and future needs -- not just for the poor, but for all Americans.

Third, find out how this could be done.

Fourth, find out how fast it could be done.

Incredible as it seems, no one -- inside the government or out -- really knew how many delapidated housing units there were in city slums and depressed rural areas. Estimates varied between three and ten million. So the first task was to pin that number down.

I told my staff to get the best authorities in the country working on our total housing problem -- practical men as well as theorists; men who knew how to put a house in place, as well as those who understood city planning and development.

The statistics which shape our housing problems -- for the poor and well-off alike -- are overwhelming. By 1980, when we are four years into our third century, There will be 40 million more Americans than

there are now -- enough people to fill 80 cities the size of Denver, or 3,300 suburbs as big as Levittown, New Jersey.

Our present rate of over 1 million housing starts a year could never meet this burgeoning demand.

And underlying the need to prepare a place for future citizens was the immediate necessity of giving today's poor families a better place to live.

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The goal of giving every American a decent home has eluded this Nation's efforts for many years. We have had Public Housing programs since the days when I was a young congressman, back in the 1930's.

But by the 1960's, it was clear that those programs were ~~still~~ having little impact on the poor, and often by-passing them. Our legislative tools were far too few -- basically, public housing and urban renewal. And because of our chronic shortage of low income housing, the levelling of slums frequently meant that their inhabitants were packed into worse slums, while the "renewed" areas were turned into office buildings and high-rise apartments.

During my Administration, we created a new cabinet Department of Housing and Urban Development to coordinate our urban efforts -- and to give city affairs a voice at the Cabinet table.

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We began a program of Rent Supplements to help low income families rent better homes, with public funds making up the difference between what they could afford to pay and what the rent had to be.

The Model Cities program was launched, to enable cities to plan whole new neighborhoods, repair old homes or build new ones, improve schools, provide health centers, create play areas, and aid businesses. Our purpose was to attack the problem of slum neighborhoods on a broad front: not just through more steel and concrete, but through the creation of healthy communities.

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But I wanted more than this. I wanted a program which would enable America to meet -- at long last -- the housing needs of all our people.

Two years ago I asked some of the most thoughtful and influential men in America to consider such a program. They represented many concerns and professions -- men like Edgar Kaiser from industry, George Meany from Labor, and Bob Wood, who was a brilliant professor of Urbanology at M. I. T. before I asked him to become Under Secretary of our new Housing Department.

The result of their efforts, and those of housing specialists in HUD, was a massive and realistic plan. It became the Housing Act of 1968 -- an Act that is so sweeping in scope, and so directly responsive to the urgent needs of our time, that I believe it qualifies as one of the 10 most important legislative achievements of the last 50 years.

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It lays the foundation for the construction of 26 million single homes and apartment units over the next 10 years -- 2 1/2 times as many as we would build at the present rate. Six million of these units would be for poor families, and would wipe out every slum dwelling that now exists. (That is the number our search disclosed: 6 million substandard homes in America.)

To do all this will require almost one trillion dollars in mortgage money -- most of it private, some of it public. The Housing Act establishes the financial machinery for generating these funds. Its main instrument is a Housing Partnership of building industries and new sources of loan capital, all operating over so broad a front that risks can be pooled and minimized.

Other parts of the plan will encourage builders to construct new towns -- not suburbs, but independent communities with a life of their own.

So the blueprint is there. The legal foundation is in place. The goal is no longer elusive or visionary. It is in sight, and practical men -- in Congress, in the home-building industry, in banking institutions, in the labor unions and in City Halls -- have said it can be reached.

Now Congress must authorize the funds, year by year, that will keep the Housing Act alive. Those funds are necessary not only to help pay the rent of the poor tenant, or enable him to buy a home of his own, but also to ease the burden of the developer.

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But money alone can accomplish very little, if we do not know how to spend it.

Bob Weaver, my Secretary of Housing and Urban Development, used to say that the urban problem broke down into three B's -- bucks, bodies, and brains. We are going to have to answer some tough questions, and make some hard decisions, if the Housing Act is to achieve its goals. Here are some of them:

1. Who is going to build the homes?

A program of the dimensions of the 1968 Housing Act calls for a tremendous increase in the construction labor force. Yet many workers in the construction industry are approaching retirement age. Securing adequate manpower will require a massive recruitment and training program, as well as much easier access to the building trades by minority groups.

2. How are housing units going to be built in communities with restrictive building policies?

Most communities have building codes and zoning regulations designed for an earlier day. These are completely unrealistic now. They inhibit the development of a new housing technology. Last fall, we asked several firms to develop some ideas for good low-cost housing. They came up with some models that broke through the cost barrier -- two, three and four-bedroom homes ranging in price from \$5,000 to \$7,500. They were all imaginative, attractive and might be the answer to a lot of prayers. But none of them could be built in most American cities today because of current building codes

A drastic overhaul of those antiquated regulations is long overdue.

3. Where will these 26 million new homes be built -- particularly the six million to replace the slums?

Frankly, we don't know. Some of them undoubtedly will go up on the site of the razed tenements and hovels. But unless we want simply to gild the ghettos in America, and freeze forever the separation of our races, we cannot just put them all back, new brick for old.

Moreover, half of the delapidated units are in Rural America. It is not just a matter of replacing these, either, for many of the families in those shacks are going to want to move into urban areas.

Nor can we continue just extending the suburbs indefinitely. In heavily populated areas, that devours the land, strangles our transportation system, and starves the cities of taxes.

New communities will drain off some of the problem -- but where will they be located?

America needs an urban land policy, if we are to have rational and orderly growth. I believe the states, with the aid of federal incentives, will have to develop land banks. Acreage can be held in those banks for future development both in expanding urban areas and in new communities. Tied in with this will be the need for very careful and comprehensive planning, not only at the metropolitan level but by regions. As a people, we have never quite got over our distaste of the word "planning". But the time is clearly upon us when we must.

4. How can we produce enough low and moderate income units?

If we achieve the goal of the Housing Act -- 600,000 low income units a year -- we shall have to build at about ten times our present rate. Clearly there will have to be technological breakthroughs if we are to accomplish this -- as well as breakthroughs in the use of labor.

Research is also a key. A few years ago, I was told that we were spending about \$350,000 on housing and urban research -- hardly enough to pay the architect's fee on a great office building. Today the figure is \$10 million. It will have to go even higher.

Finally, we shall need to have, as I suggested earlier, a more flexible fiscal policy. For ^{if} we are not allowed to control inflation by prompt and modest tax increases, we must resort to higher interest rates. That means a greater burden on both builder and buyer, and consequently fewer housing starts. The housing needs of our people should not have to wait while Congress delays action on a tax increase that spreads the burden fairly.

RURAL-URBAN BALANCE

I said at the beginning that one of the major events of our time was the mass movement of rural people to the cities in the 1940's and 1950's.

How many people relate this migration with unemployment in our cities?

With poverty?

With slums?

With poor education?

With all of the problems that we generally associate with the "urban crisis" today?

Well, there is a relation, and a very real one. For it is not the successful farmer, or the trained mechanic, or the educated office worker who moves to the city by the hundreds of thousands.

It is usually the untrained ... the uneducated and the unemployed. It is the man who is least prepared to cope with the complexities of the city. He comes because things are so bad for him in the country, he doesn't think he could possibly do any worse.

He comes because rural America has failed him -- and failure follows him like a cloud of dust.

He may be black or white. It doesn't matter. All too often, he becomes just another name on the unemployment rolls ... a case for the welfare worker.

DUPLICATE SET

It has long been obvious to me that if we are to solve the problems of our cities, we are going to have to solve the problems of rural America as well.

More than one-third of all our poor people live in rural areas. We are going to have to upgrade their public services, and to create new job opportunities so that the young rural people will not feel compelled to go to town to carve out their futures.

If we do the job well, we may be able to reverse the migration of the last two decades, at least in part. We may be able to encourage some city dwellers to seek the good life in thriving small towns in rural areas.

We should be clear about one thing: when we talk about these problems of rural America, we are not talking about farms. Less than one-fifth of the rural poor live on farms. They live in the hollows, and in the small, half-deserted villages and by-passed crossroads of America.

Their problems are not going to be solved by farm programs. They are going to be solved by community programs and area programs.

What is needed is a national policy to restore the balance between the rural and urban sections of our nation.

We began the task of establishing such a policy during my Administration. We started loan programs for community water and sewer projects, rural housing, rural electricity, rural telephone facilities and manpower training. Anyone who has ever lived in a rural area without electricity, telephones, or job opportunities -- as I have -- knows what the coming of these things can mean to people.

In the 1960's, we were really only able to scratch the surface of the problem. I am afraid we were able to make less tangible progress in this area than in almost any other of equal urgency. We did succeed in giving some new hope to Appalachia through a special program, but our successes were by no means universal.

I believe that helping to improve the quality of life in rural America will probably occupy more of our energies in the years ahead than the economic needs of the farmer.

We must use the assets of rural America to attract new industries, research centers, and training schools.

We must encourage multi-county planning for the locations of common plants, schools, hospitals, and shopping centers.

We must use the countryside to meet the ever-growing public demand for outdoor recreation.

In short, we must work for a rural re-birth. In the end, it may be the only way we can save our cities.

JOBS

37 years ago, when I came to Washington, I carried with me conviction that every man and woman who wanted to work ought to be able to get a job.

My beliefs have not changed since then. But the dimensions of the job problem have.

In the 1930's jobs were scarce in a depression-ridden nation. Then the New Deal began to revive the economy, and the bread-lines started to recede. Many emergency measures, such as the Public Works programs, were started to create "instant jobs" for family men -- enough to tide them over until the economy grew strong enough to take up the slack.

The picture changed as the enormous manpower demands of World War II, and our immediate post-war recovery, moved the jobless rate to new lows. But in the fifties, the economy slowed down again -- and left large pockets of unemployment in its wake. By 1958, one out of every fourteen Americans in the labor force was out of work. And people began to worry about another threat to job security: automation -- where machine replaced man.

By the early 1960's the economy began to gather strength. The results were more jobs -- at higher wages and more security than ever before.

With a healthy economy, there were some remarkable gains. Over the past several years, for example, 10 million jobs were created. 8 million covered those coming into the work force for the first time. The

remaining 2 million thinned the ranks of the unemployed. The unemployment rate dropped steadily below four percent. For adult males -- the family breadwinner -- it was under two percent.

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This prosperity helped most Americans find work. But it also made the contrast more vivid in those sectors where unemployment had become a way of life.

Who were these chronically unemployed? There was the teen-age drop-out, with no place to go. There was the migrant worker. There was the victim of a lifetime of racial discrimination. There was the man or woman without any marketable skill, and little or no education. Many of these people are likely to be slow learners, to be accident-prone, to require more supervision. A surprising number have never even been counted in the census. It is almost as if they did not exist; but they do.

Considering this situation, I always came back to my conviction that every citizen who wants a job should have one. A man who has a useful job for which he is reasonably paid is a man with a purpose in life -- a purpose essential to human nature.

I believe that full employment is good, not only for the hard-core unemployed, but for the whole nation. I have never held with the theory that a certain amount of unemployment is an appropriate cure for inflation. A progressive government, and a responsible business and labor community can take care of inflation in better ways.

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