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FOR RELEASE 7:00 p.m.
FRIDAY, FEBRUARY 9, 1973

FISCAL YEAR 1974 BUDGET

FAYETTE, MISSISSIPPI



BY:

THE HONORABLE STANLEY S. SCOTT
SPECIAL ASSISTANT TO THE PRESIDENT
THE WHITE HOUSE
WASHINGTON, D. C.

INFLATION. BUDGET CUTS. POVERTY PROGRAMS.
ECONOMIC DEVELOPMENT. THESE ARE SOME OF THE PHRASES
MENTIONED IN ALMOST ALL OF THE HEADLINES ON FRONT
PAGE STORIES THROUGHOUT THE COUNTRY. THE MORE
TALK YOU HEAR ABOUT THESE ITEMS, THE MORE CONFUSING
IT ALL BECOMES.

WHAT IS REALLY HAPPENING IN WASHINGTON? WHY
DOES PRESIDENT NIXON WANT TO CUT OUT OUR POVERTY
PROGRAMS? THE IRRESPONSIBLE TALK GOES ON AND ON.
THE AVERAGE MAN ON THE STREET IS LEFT WITH A LOT
OF FRUSTRATION AND A LIKE AMOUNT OF MISINFORMATION.

I THINK THE REAL ISSUE SELDOM PREVAILS ABOVE THE
RHETORIC OF PARTISAN POLITICS IN WASHINGTON.

WHY DOES PRESIDENT NIXON WANT TO STOP AN INCREASE
OF 45 BILLION DOLLARS IN THE BUDGET?

LET ME SHARE WITH YOU A LITTLE TRUE TO LIFE STORY
THAT WE'LL SAY TOOK PLACE IN WASHINGTON. JAMES WILSON
AND HIS WIFE AND FOUR KIDS LIVE IN THE NORTHWEST SECTION
OF WASHINGTON IN A MORTGAGED HOUSE OFF OF AN ANNUAL



INCOME OF \$12,000 DOLLARS. EACH YEAR HE HAS TO BORROW AT LEAST \$3,000 JUST TO MAKE ENDS MEET. AFTER FIVE YEARS OF BORROWING, HE HAS SLIDED DEEPER AND DEEPER IN THE HOLE TO THE POINT WHERE MOST OF HIS PAY CHECK GOES JUST TO REPAY HIS DEBTS. HE HAD LOST MOST OF HIS BUYING POWER THAT \$12,000 DOLLARS SHOULD HAVE DEMANDED.

IN JANUARY OF THIS YEAR HIS CREDITORS DECIDED THAT HE SHOULD NOT BORROW ANY MORE MONEY. SO HE HAD TO MAKE SOME DRASTIC CUTS IN HIS HOUSEHOLD BUDGET IN ORDER TO KEEP FROM LOSING EVERYTHING.

HE STOPPED GIVING THE CHILDREN THEIR ALLOWANCES OF \$5.00 PER WEEK SINCE HE HAD TO PAY FOR THEIR LUNCH AT SCHOOL ANYWAY AND ALL OF THEIR CLOTHES HAD TO BE BOUGHT. HE TOLD HIS WIFE THAT SHE HAD TO STOP GOING TO THE BEAUTY PARLOR AND START DOING HER OWN HAIR. THIS SAVED HIM ANOTHER \$5.00 PER WEEK. HE SOLD THE COLOR TV AND PAID OFF THE NOTE AND PICKED UP A USED BLACK AND WHITE SET. THIS SAVED HIM ANOTHER FIVE DOLLARS PER WEEK.

THEN HIS WIFE INTERCEDED AND DEMANDED THAT HE CUT OUT THE BOTTLE OF BOURBON HE DRANK EACH WEEK AND THIS WOULD SAVE ANOTHER FIVE DOLLARS.



IN ALL, BROTHER JAMES WILSON MANAGED TO SAVE \$45.00 PER WEEK, BUT IT CRIMPED HIS STYLE AND IT MADE HIS FAMILY ACCUSE HIM OF "IRRESPONSIBILITY." ACTUALLY HE WAS UNHAPPY TOO. NO BOURBON!

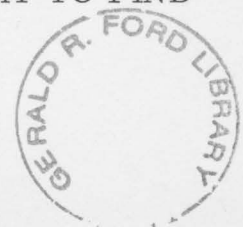
BY THE TIME ALL OF THESE CHANGES WERE COMMUNICATED TO THE NEIGHBORS, THERE WERE A LOT OF PEOPLE MADE AT JAMES WILSON.

NOW THIS IS NOT A TRUE STORY, BUT I HOPE THAT IT WILL HELP TO ILLUSTRATE THE IMPACT ANY CHANGE IN EVEN A SMALL BUDGET CAN HAVE. WHEN WE SPEAK OF SAVING 45 BILLION DOLLARS AND INVOLVE MORE THAN 200 MILLION PEOPLE, THERE IS MORE DIFFICULTY.

THE PRESIDENT'S BUDGET PROPOSAL FOR FY 1974 REPRESENTS MORE THAN A CUT IN DOLLARS SPENT UNDER FEDERAL CONTROL, IT ALSO REPRESENTS A PHILOSOPHICAL TURN IN FEDERAL AFFAIRS. I BELIEVE IT IS THIS CHANGE IN PHILOSOPHICAL APPROACH THAT MUCH OF THE STATIC IS BEING GENERATED.

LET ME EXPLAIN.

IF YOU HAVE TRIED SOMETHING FOR 10 YEARS OR 20 YEARS AND IT HASN'T WORKED, THEN YOU PROBABLY OUGHT TO FIND



SOMETHING ELSE OR USE ANOTHER APPROACH. THERE ARE GOING TO BE THOSE WHO WILL RESENT THIS, BUT THAT'S TO BE EXPECTED. PEOPLE NATURALLY RESENT CHANGE.

LET ME GIVE YOU AN EXAMPLE. SINCE 1949 THE FEDERAL GOVERNMENT HAS COMMITTED OVER \$12 BILLION FOR URBAN RENEWAL PROJECTS. YOU ONLY HAVE TO LOOK AROUND AT ANY MAJOR CITY IN THESE UNITED STATES TO SEE THAT IT HASN'T WORKED. URBAN LIVING CONDITIONS HAVE NOT BEEN IMPROVED AND THESE PROGRAMS SHOULD NOT BE CONTINUED.

NOW LET'S LOOK AT THE REASONS URBAN RENEWAL PROGRAMS HAVE NOT WORKED:

URBAN RENEWAL GRANTS DEAL ONLY WITH THE MANIFESTATION OF SOCIAL PROBLEMS, NOT WITH THE BASIC CAUSES. BLACK PEOPLE HAVE NOT MADE ANY MONEY OFF OF THESE URBAN RENEWAL PROGRAMS, THEY HAVE NOT RECEIVED BETTER SERVICES, SO WHY SHOULD WE OBJECT IF THEY ARE CUT.

LET'S LOOK AT SOME OTHER REASONS URBAN RENEWAL PROGRAMS HAVE FAILED: THE PROCESS OF BUYING LAND UNDER RENEWAL PROGRAMS HAS CAUSED LAND PRICES TO REMAIN CONSIDERABLY HIGHER THAN LAND VALUES. ALSO, A LARGE PART OF THE FEDERAL MONEY SPENT ON URBAN RENEWAL PROGRAMS HAS GONE TO LAND SPECULATORS WHO UNLOAD

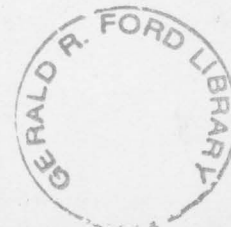


LAND AT SEVERAL TIMES ITS VALUE.

LET'S ASK OURSELVES THIS QUESTION: IF IT DOESN'T WORK, WHY KEEP IT AROUND? IF IT HASN'T WORKED SINCE IT WAS STARTED IN 1949 THEN WE KNOW IT WILL NOT WORK IN 1973.

YOU'VE HEARD ALL OF THE TALK ABOUT THE PRESIDENT CUTTING DIRECT FEDERAL FUNDING FOR COMMUNITY ACTION PROGRAMS. SINCE 1964 THE FEDERAL GOVERNMENT HAS SPENT OVER \$2.8 BILLION DOLLARS FOR COMMUNITY ACTION PROGRAMS. ALTHOUGH SOME INDIVIDUAL "SUCCESS" STORIES EXIST, THERE ARE ALSO MANY FAILURES. AS BLACK PEOPLE, THE MOST SIGNIFICANT THING TO US IS THAT THERE IS NO CONCLUSIVE EVIDENCE THAT THE CAPS PROGRAMS HAVE MOVED ANY SIGNIFICANT NUMBER OF PEOPLE OUT OF POVERTY.

AFTER MORE THAN SEVEN YEARS OF EXISTENCE, COMMUNITY ACTION HAS AN ADEQUATE CHANCE TO DEMONSTRATE WHAT IT'S WORTH TO LOCAL COMMUNITIES. BUT THE FEDERAL GOVERNMENT SHOULD LEAVE THAT DECISION UP TO THE LOCAL AND STATE OFFICIALS. SO IF THERE IS A SUCCESS, PRIVATE FUNDS, STATE AND LOCAL GOVERNMENTS MAY USE GENERAL REVENUE SHARING FUNDS TO CONTINUE THE PROGRAMS.



LET'S LOOK AT ECONOMIC DEVELOPMENT, OR IN EVERYDAY TERMS, PROGRAMS CONDUCTED BY THE SMALL BUSINESS ADMINISTRATION, DEPARTMENT OF AGRICULTURE, AND HOUSING AND URBAN DEVELOPMENT.

MANY OF THESE PROGRAMS STARTED AS EXPERIMENTAL EFFORTS. THROUGH THE YEARS THEY HAVE GROWN WITH MUCH DUPLICATION AND OVERLAP WITHOUT MUCH REAL MEASURABLE SUCCESS.

TOO LITTLE MONEY HAS GONE TO HELP THE UNEMPLOYED FIND JOBS OR PROVIDE THE NEEDED ASSISTANCE FOR BUSINESSES.

THE ECONOMIC DEVELOPMENT ADMINISTRATION HAS COST THE TAXPAYERS \$300 MILLION PER YEAR SINCE 1965 BUT LESS THAN 30 PERCENT OF THESE FUNDS HAVE GOTTEN TO THOSE WHO NEED HELP THE MOST. EDA, IN THEORY, IS TO PROVIDE PUBLIC WORKS GRANTS, BUSINESS LOANS AND TECHNICAL ASSISTANCE. BUT IT HASN'T WORKED. ONLY A FEW INDIVIDUAL CASES HAVE BENEFITED FROM EDA FUNDS BUT LITTLE HAS BEEN DONE TO OVERCOME THE PROBLEMS OF THE COMMUNITY.

EDA PROGRAMS ARE BEING PHASED OUT. WHY SHOULD WE WASTE MONEY ON INEFFECTIVE PROGRAMS?



LET'S TAKE A SERIOUS LOOK AT WHAT IS CALLED
SUBSIDIZED HOUSING. THE PROGRAMS WILL COST THE TAXPAYERS
BETWEEN 57 ~~AND~~ 82 BILLION DOLLARS OVER THE LIFE OF
THE PROJECTS. THE PROGRAMS HAVE HAD A VERY LIMITED
EFFECT ON NATIONAL HOUSING PRODUCTION AND HOUSING
SUBSTANDARDNESS. ONLY A FEW FORTUNATE PERSONS HAVE
RECEIVED NEW HOUSING UNDER THESE SUBSIDIZED PROGRAMS.
SOME FAMILIES HAVE BEEN PLACED IN HOMES THEY CANNOT
AFFORD TO MAINTAIN. THE REAL BENEFACTORS HAVE BEEN
THE MIDDLEMEN OR THE INTERMEDIARIES WHO ARE NOT POOR.

THE FEDERAL GOVERNMENT IS NOT BACKING AWAY FROM
ITS COMMITMENT TO ASSIST LOW AND MODERATE INCOME
FAMILIES. THE FEDERAL GOVERNMENT WILL CONTINUE TO
ASSIST BY INSURING LOW DOWN PAYMENT MORTGAGES AND
ENFORCING LAWS AGAINST DISCRIMINATION IN HOUSING.

PUBLIC ASSISTANCE

SINCE 1936, THE FEDERAL GOVERNMENT HAS SPENT MORE
THAN 80 BILLION DOLLARS UNDER PUBLIC ASSISTANCE PROGRAMS.
THE ANNUAL PAYMENT RATE IS ABOUT 6 BILLION DOLLARS EACH
YEAR NOW. WE KNOW THAT THERE ARE INEQUITIES, INEFFICIENCIES
AND ABUSE IN THE WAY PUBLIC ASSISTANCE IS ADMINISTERED. A
SAMPLE SURVEY IN MARCH OF LAST YEAR SHOWED THESE RESULTS:



OUT OF EVERY 100 WELFARE CASES, SEVEN SHOULD NOT HAVE BEEN RECEIVING ANY BENEFITS. 14 WERE BEING OVERPAID. EIGHT WERE BEING UNDERPAID. THE BIG PROBLEM HERE IS THE LACK OF PUBLIC CONFIDENCE IN THE SYSTEM. THIS IS BEING RESTORED THROUGH SIMPLIFICATION OF PRESENT FEDERAL REGULATIONS AND PROVIDING OF INCENTIVES TO STATES TO CLEAN UP THEIR CASELOADS.

WE COULD GO ON AND ON WITH THE CHANGES THAT ARE BEING MADE IN THE BUDGET PROPOSAL, BUT I THINK IT IS EVEN MORE IMPORTANT FOR US, AS BLACKS TO UNDERSTAND THIS IMPORTANT POINT. IF THE BUDGET CUT OF 45 BILLION DOLLARS IS NOT PERMITTED TO STAY INTACT, WE WILL SUFFER THE MOST.

WHY?

REMEMBER JAMES WILSON IN WASHINGTON WHO HAD TO BORROW EACH YEAR HE HAD TO MAKE UP THE EXTRA MONEY HE NEEDED TO PAY FOR THE ITEMS IN HIS BUDGET. HE BORROWED. THE FEDERAL GOVERNMENT USUALLY INCREASES TAXES TO RAISE MORE MONEY. WHEN YOU PAY MORE TAXES, THE PEOPLE AT THE BOTTOM RUNG OF THE ECONOMIC LADDER USUALLY SUFFER THE MOST. IF INFLATION SETS IN BECAUSE OF UNCONTROLLED SPENDING, BLACK PEOPLE ALSO SUFFER THE MOST BECAUSE OF LOWER INCOMES.



THEN IT STANDS TO REASON THAT WE, AS A PEOPLE SHOULD BE CONCERNED THE MOST ABOUT MAKING SURE THAT EVERY DOLLAR OF FEDERAL MONEY THAT GOES INTO A PROGRAM IS USED TO ITS FULLEST EXTENT. WE DON'T NEED ANYMORE RIP OFFS.

REVENUE SHARING

I MENTIONED EARLIER THAT ONE OF THE REASONS FOR SO MUCH STATIC IN THE BUDGET REQUEST FOR FY 1974 IS A SHIFT IN THE PHILOSOPHICAL APPROACH. FOR YEARS THE MAN ON THE STREET HAS BEEN ASKING THE FEDERAL GOVERNMENT TO LET HIM LIVE OUT HIS OWN LIFE AND CONTROL HIS OWN DESTINY. IN A REAL SENSE THIS IS WHAT THE ADMINISTRATION IS TRYING TO DO. LOCAL COMMUNITIES SHOULD HAVE MORE CONTROL OVER THEIR OWN AFFAIRS. THIS IS THE FIRST MAJOR SWITCH AND TURN TOWARD SMALLER GOVERNMENT IN 40 YEARS.

REVENUE SHARING IS IN A VERY REAL SENSE A PART OF THIS MOVE. I DON'T THINK THAT YOU WILL FIND ANY MAYOR OR GOVERNOR COMPLAINING ABOUT THIS "PHILOSOPHICAL" CHANGE, UNLESS IT IS THAT HE IS GETTING TOO LITTLE. MANY OF THE MAYORS HERE HAVE ALREADY RECEIVED THEIR FIRST PAYMENTS UNDER THE REVENUE SHARING ACT.



FOR EXAMPLE, MAYOR HATCHER OF GARY, INDIANA WILL RECEIVE MORE THAN \$3.1 MILLION FOR HIS CITY AND WILL SHARE IN THE COUNTIES \$3.2 MILLION PER YEAR.

MAYOR JOHNNY FORD OF TUSKEGEE WILL RECEIVE \$186,000 PER YEAR.

HERE IN FAYETTE, \$30,000 YEARLY IS SLATED TO BE ADDED TO THE CITY'S BUDGET FROM FEDERAL FUNDS.

BLACK MAYORS CAN USE THESE FUNDS TO ADD NEW LIFE TO THEIR CITIES AND PROVIDE ASSISTANCE TO LOCAL PROGRAMS THEY FEEL ARE SUCCESSFUL.

CIVIL RIGHTS

IN A TIME WHEN MANY PROGRAMS ARE BEING CUT, CIVIL RIGHTS EXPENDITURES ARE UP. FUNDS FOR CIVIL RIGHTS ACTIVITIES AMOUNT TO \$3.2 BILLION DOLLARS. THE AMOUNT SPENT FOR CIVIL RIGHTS ACTIVITIES IN 1970 WAS 1.1 BILLION DOLLARS. IN 1973 THE AMOUNT BEING SPENT IS 2.6 BILLION DOLLARS.
~~IN 1973 THE AMOUNT BEING SPENT IS 2.6 BILLION DOLLARS.~~

EQUAL EDUCATION GRANTS HAVE BEEN INCREASED 4 FOLD AS MUCH AS PROVIDED LAST YEAR. IN OTHER WORDS, FROM 75 MILLION TO 271 MILLION IN 1973.



AT THIS TIME I WOULD LIKE TO EMPHASIZE ONE POINT THAT I THINK HAS BEEN LOST TO BLACK PEOPLE MAINLY BECAUSE OF OUR PARTISAN POLITICAL BELIEF AND POOR COMMUNICATIONS. THIS ADMINISTRATION IS COMMITTED TO EQUAL OPPORTUNITY.

SUMMATION

IT WOULD HAVE BEEN MUCH EASIER FOR PRESIDENT NIXON TO RAISE TAXES TO KEEP UP WITH THE RISING COST OF RUNNING THE GOVERNMENT. HE COULD HAVE RAISED TAXES ENOUGH TO MAKE UP FOR THE MORE THAN 20 PERCENT INCREASE IN SOCIAL PROGRAMS DURING THE PAST THREE YEARS. THIS WOULD ONLY TEND TO DELAY WHAT EVENTUALLY MUST COME TO A HALT. SOMEONE HAD TO BITE THE BULLET. THERE SHOULD BE NO SACRED COWS WHEN TAX INCREASES AND INFLATION ARE THE ALTERNATIVES. PARTY AFFILIATION MUST STEP ASIDE IN THE FACE OF GUT ECONOMIC ISSUES.

POVERTY PROGRAMS HAVE NOT BROUGHT OUR PEOPLE OUT OF THE PITS OF POVERTY AND SETTLED THEM IN THE "MAINSTREAM" OF THE AMERICAN LIFE. MONEY SPENT IN THESE PROGRAMS HAS FOR THE MOST PART ENDED UP IN THE POCKET OF MIDDLE-MEN, STAFF, AND THOSE NOT INTENDED AS RECIPIENTS, AND VERY LITTLE HAS GONE TO THOSE IT WAS ACTUALLY INTENDED. LET'S STOP KIDDING OURSELVES AND STOP BEING USED UNDER FALSE PRETENSE.



WHAT ARE THE SOLUTIONS?

YOU, AT THE LOCAL LEVEL, MUST SEARCH ALL AROUND FOR VIABLE SOLUTIONS THAT WILL WORK LOCALLY. THE FEDERAL GOVERNMENT CANNOT COME INTO YOUR COMMUNITY WITH ALL OF THE SOLUTIONS. THE PRESIDENT INTENDS TO INSURE THAT WASHINGTON EXERT LESS SWAY OVER PEOPLE'S AFFAIRS.

