

Undated: General: Priorities - Housing

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PRIORITIES - HOUSING

DELIVERED on February 25th to
National Priorities Committee by
copy of speech. (DURING THE NIXON/
ADMINISTRATION)

DURING MY DECADE IN

WASHINGTON, THOSE OF US IN GOVERNMENT WHO
WRESTLE WITH THE ENORMOUS PROBLEMS WHICH
EACH ELECTED MEMBER OR OFFICIAL MUST FACE,
GENERALLY HAVE SOUGHT THE BEST POSSIBLE
SOLUTION WITHOUT REGARD TO PARTY EVEN
THOUGH IN OUR SEARCH WE REFLECTED SOME
LOCAL OR REGIONAL BIAS OR POINT OF VIEW.
INDEED, MANY WOULD ARGUE THAT IN THE
EVOLUTION OF THE POLITICS OF THIS COUNTRY
EARLIER CLEAR DIFFERENCES AND SHARP

DISTINCTIONS BETWEEN

DISTINCTIONS BETWEEN PARTIES HAVE
DISAPPEARED. THESE DIFFERENCES HAVE NOW
BEEN SO "FUZZED UP" THAT SOME POLITICAL
SCIENTISTS AND OTHERS FEEL THERE IS NO
IDEOLOGICAL CHOICE. THE ADHERENTS OF
GOVERNOR WALLACE ON THE RIGHT, AS WELL
AS THE RADICAL LEFT, INSIST WITH EQUAL
FERVOR THAT THERE IS NO SIGNIFICANT DIF-
FERENCE, AND THEREFORE NO REAL CHOICE,
BETWEEN THE REPUBLICANS AND WE DEMOCRATS.

WELL, † AM HERE TODAY TO TELL YOU
THAT THERE IS A DIFFERENCE--AN IMPORTANT
DIFFERENCE. THAT

DIFFERENCE. THAT DIFFERENCE IS ONE
OF PRIORITIES AND OF CHOICES. IT IS
A QUESTION OF THE DEGREE OF OUR CONCERN
FOR PEOPLE--PARTICULARLY FOR THE PEOPLE
WITHOUT POWER, THE PEOPLE WITHOUT INFLUENCE--
AND TOO FREQUENTLY THE PEOPLE WITHOUT HOPE.

IN A SENSE ALL GOVERNMENT ACTIONS
ARE A MATTER OF PRIORITIES. ALL GOVERNMENT
DECISIONS ARE A MATTER OF CHOICES.

AND IT IS IN THIS AREA THAT THIS
REPUBLICAN ADMINISTRATION HAS NOW CLEARLY
DEMONSTRATED WHERE

DEMONSTRATED WHERE ITS LOYALTY AND
CONCERN IS DIRECTED.

WHILE THEY HAVE DEMONSTRATED THEIR
BIAS IN A NUMBER OF AREAS IT IS MY
PURPOSE HERE TODAY TO GIVE PARTICULAR
ATTENTION TO WHAT I BELIEVE HAS BEEN
THEIR MOST DISASTROUS AREA OF NEGLECT AND
THE PRIME VICTIM OF THEIR ILL-CONSIDERED
POLICY.

I REFER TO ONE OF THE BASIC
NEEDS OF ALL MEN--SHELTER--OR WHAT WE
MORE COMMONLY REFER TO AS HOUSING.

THERE HAS BEEN

THERE HAS BEEN SOME TALK--
SOME SPECULATION--THAT WE ARE IN THE EARLY
STAGES OF ANOTHER REPUBLICAN RECESSION.
CERTAINLY THIS APPEARS TO BE A STRONG
POSSIBILITY. BUT BE THAT AS IT MAY, THERE
IS NO QUESTION BUT THAT IN THE AREA OF
HOUSING WE ARE NOT ONLY IN A RECESSION
BUT IN A MAJOR DEPRESSION. AND THERE
IS NO QUESTION BUT THAT THIS IS A
REPUBLICAN ENGINEERED DEPRESSION.

TODAY WE FIND HALF OF OUR
PEOPLE--VIRTUALLY ALL MODERATE INCOME
FAMILIES--PRICED OUT OF THE HOUSING
MARKET. HOUSING

MARKET. HOUSING STARTS HAVE PLUMMETTED FROM AN ANNUAL RATE OF 1.9 MILLION AT THE TIME PRESIDENT NIXON TOOK OFFICE TO UNDER 1.2 MILLION UNITS THIS CURRENT JANUARY. THIS IS LESS THAN HALF THE NUMBER NEEDED IF WE ARE TO BEGIN TO MEET THE HOUSING NEEDS OF OUR PEOPLE.

THE PRESIDENT'S ECONOMIC REPORT CLEARLY INDICATES THIS IS NO TEMPORARY CONDITION AND THAT WE CAN ANTICIPATE CONSTRUCTION OF ONLY 10 MILLION UNITS BY THE END OF 1975.

THE POLICIES OF THIS

THE POLICIES OF THIS
ADMINISTRATION, IF THEY ARE PERMITTED
TO PREVAIL, WILL LEAVE US WITH LESS THAN
HALF OF THE 26 MILLION NEW UNITS WHICH
WERE FOUND TO BE NEEDED IN THE 1968
HOUSING ACT.

NOT ONLY IS NEW HOUSING NOT
BEING BUILT IN QUANTITIES SUFFICIENT TO
MEET OUR MOST MINIMAL NEEDS, EXISTING
HOUSING IS BEING PRICED OUT OF REACH OF
A MAJORITY OF OUR NATIONS FAMILIES. THIS
IS TRUE WHETHER YOU RENT OR BUY. IN THE
MIDST OF THIS HOUSING DEPRESSION WE FIND
UNPARALLELED INFLATION

UNPARALLELED INFLATION. THE COST OF HOUSING--THE LARGEST SINGLE FAMILY EXPENDITURE REQUIRING 26% OF THE FAMILY BUDGET IS UP MORE THAN 10 PERCENT IN THE PAST YEAR.

ONE OF THE PRIMARY COSTS IN PURCHASING A HOME IS THE COST OF MONEY. THIS ADMINISTRATION'S TIGHT MONEY POLICY HAS RESULTED IN AN UNPRECEDENTED INCREASE IN THE COST OF HOME MORTGAGES. THE AVERAGE INTEREST RATE ON NEW HOME LOANS THIS JANUARY WAS 8.35 PERCENT NATIONALLY.

IN THE WESTERN

IN THE WESTERN UNITED STATES IT WAS
OVER 9 PERCENT. AND ON TOP OF THIS,
MANY A BUYER HAS TO PAY "POINTS" WHICH
FURTHER INFLATE THE COST OF BORROWING
MONEY.

EVEN AT THESE FANTASTIC RATES
MONEY IS NOT AVAILABLE IN SUFFICIENT
QUANTITIES.

AND THIS HIGH COST OF MORTGAGE
MONEY IS AN ADDED BURDEN WHICH WILL
AFFLICT THE HOME OWNER NOT JUST TODAY BUT
FROM NOW UNTIL THAT DISTANT DAY, TWENTY
TO THIRTY YEARS

TO THIRTY YEARS HENCE, WHEN HIS HOME IS
FINALLY PAID FOR. AS THE REPUBLICANS
HAVE TIGHTENED THE MONETARY SCREWS--AS
THEY HAVE INCREASED INTEREST RATES--THEY
HAVE PARTICULARLY INCREASED THE COST FOR
LONG TERM BORROWERS SUCH AS HOME BUYERS.

BY THE ECONOMIC DECISIONS THIS
ADMINISTRATION HAS MADE, IT HAS DENIED
TO MILLIONS OF AMERICANS A BASIC RIGHT--
THE RIGHT TO OWN A HOME. THE ADMINISTRATION
OBVIOUSLY FAILS TO GIVE HOME OWNERSHIP,
AND DECENT HOUSING, THE PRIORITY IT
DESERVES. THERE

DESERVES.

THERE IS LITTLE POINT IN ENGAGING
IN RHETORIC ABOUT IMPROVING OUR ENVIRONMENT
IF WE ARE GOING TO ADOPT POLICIES SO
DESTRUCTIVE TO MAN'S MOST IMMEDIATE
ENVIRONMENT--HIS HOME.

NOW I KNOW THE PRESIDENT WILL
TELL US THE POLICIES WHICH HAVE RESULTED
IN THIS HOUSING DEPRESSION ARE FOR THE
PURPOSE OF FIGHTING INFLATION.

CONCERN OVER INFLATION IS
NEITHER A NEW NOR A PARTISAN ONE. THE
REPUBLICAN PARTY

REPUBLICAN PARTY PLATFORM OF 1968 DECRIED
THE INFLATION WHICH, AND I QUOTE "ROBS OUR
PAYCHECKS AT A PRESENT RATE OF 4 1/2 PERCENT
PER YEAR." THEY WENT ON TO LAMENT THE
"CRIPPLING INTEREST RATES, SOME THE
HIGHEST IN A CENTURY, (WHICH) PREVENT
MILLIONS OF AMERICANS FROM BUYING HOMES
AND SMALL BUSINESSES, (AND) FARMERS AND
OTHER CITIZENS FROM OBTAINING THE LOANS
THEY NEED."

WITHOUT BELABORING THE POINT,
THE SITUATION TODAY IS MUCH WORSE. WE
CAN ALMOST TALK

CAN ALMOST TALK OF THE "GOOD OLD DAYS".

I WANT YOU TO KNOW THAT I SHARE FULLY THE PRESIDENT'S EXPRESSED CONCERN ABOUT INFLATION. AND I WISH HE WOULD TAKE EFFECTIVE ACTION TO HALT IT. FOR IT DOES ROB THE PAYCHECK OF EVERY WORKING MAN. IT DOES DEPRECIATE THE VALUE OF EVERY AMERICAN'S SAVINGS AND THAT OF HIS INSURANCE POLICY. INFLATION IS PARTICULARLY BURDENSOME, AND COSTLY, TO THOSE WHO MUST EXIST ON FIXED INCOMES, WHETHER IT BE RETIREMENT INCOME OR SALARIES AND WAGES. IT IS HARDEST ON THE LEAST ORGANIZED AND THE

ORGANIZED AND THE LOWEST PAID. IT IS PARTICULARLY BURDENSOME TO FARMERS AND SMALL BUSINESS MEN WHO ARE NEITHER FREE NOR ABLE TO SET THE PRICE FOR THEIR PRODUCT OR SERVICE.

WE MUST ALL HELP FIGHT INFLATION. BUT THIS REPUBLICAN ADMINISTRATION APPARENTLY BELIEVES OTHERWISE. INCREASED INTEREST RATES, IN ADDITION TO CUT-BACKS IN FEDERAL SPENDING FOR EDUCATION, HEALTH, AND WELFARE PROGRAMS, MUST APPARENTLY DO THE JOB. A TIGHT MONEY POLICY IS THEIR ANSWER.

WHILE BANKERS GET

WHILE BANKERS GET RICHER--AT
AN UNPRECEDENTED RATE--THOSE WHO MUST
BORROW SUFFER INCREASINGLY.

SINCE NIXON'S ELECTION THE
PRIME RATE--THE LOWEST RATE AT WHICH THE
MOST SECURE BORROWER CAN GET MONEY--HAS
INCREASED 36 PERCENT. WE NOW HAVE THE
HIGHEST INTEREST RATE IN OVER A HUNDRED
YEARS.

WHILE THIS REPUBLICAN ADMINISTRATION
INCREASES THE BURDEN ON THE SICK, ON
CHILDREN, ON STATE AND LOCAL TAXPAYERS,
AND ON EVERYONE

AND ON EVERYONE WHO MUST BORROW TO
PURCHASE THE NECESSITIES OF LIFE, THE
BANKERS AND OTHER LARGE LENDING
INSTITUTIONS ARE EXPERIENCING HIGHER
EARNINGS, EARNINGS INCREASING AT AN
UNPRECEDENTED RATE. FOR EXAMPLE, THE
FIRST CHICAGO CORPORATION, OWNER OF FIRST
NATIONAL BANK OF CHICAGO, REPORTED
EARNINGS UP A WHOPPING 44 1/2 PERCENT
THIS LAST YEAR. BANK EARNINGS INCREASES
IN EXCESS OF 25 PERCENT ARE COMMON.

WHILE THE REPUBLICAN PARTY TALKS
ABOUT THE DEMOCRATS BEING SPEND-THRIFTS.

WITH THE TAX

WITH THE TAX DOLLAR, THIS UNFETTERED--
INDEED GOVERNMENT ENCOURAGED--INCREASE
IN INTEREST RATES RAISED THE COST OF FINANCING
THE NATIONAL DEBT BY \$1.6 BILLION DOLLARS IN
1969. THIS IS MORE THAN THE ADDITIONAL
AMOUNT WE ATTEMPTED TO VOTE FOR EDUCATION
AND HEALTH.

AND ALL THESE COSTS TO MR. AND
MRS. AVERAGE AMERICAN HAVE NOT ONLY BEEN
BURDENSOME BUT ALSO OBVIOUSLY INEFFECTIVE
IN THE FIGHT AGAINST INFLATION.

THE RATE OF PRICE RISE HAS
INCREASED, NOT DECREASED, SINCE THE
REPUBLICANS TOOK

REPUBLICANS TOOK OVER THE WHITE HOUSE.
THIS PAST YEAR IT WAS 6.2 PERCENT
COMPARED TO THE 2 PERCENT AVERAGE DURING
THE KENNEDY-JOHNSON YEARS.

REPUBLICAN EFFORTS HAVE NOT ONLY
BEEN MISDIRECTED--THEY HAVE BEEN
ACCOMPANIED BY A FAILURE IN PRESIDENTIAL
LEADERSHIP. THE PRESIDENT HAS REFUSED
TO ATTACK ONE OF THE PRIME CONTRIBUTORS
TO THE INFLATIONARY SPIRAL. INDEED ONE
OF HIS FIRST ANNOUNCEMENTS AFTER ASSUMING
THAT HIGH OFFICE WAS TO GIVE THE GREEN
LIGHT TO BIG

LIGHT TO BIG INDUSTRY--TO STEEL, COPPER,
ALUMINUM, AUTOMOBILES, AND OTHER BASIC
INDUSTRIES, AS WELL AS TO FINANCIAL
INSTITUTIONS, TO INCREASE THEIR PRICES.

HE WOULD NOT TAKE THEM TO THE
WHITE HOUSE WOODSHED IF THEY INCREASED
PRICES, HE SAID. HE WOULD UNDERSTAND
THAT THEIR RESPONSIBILITIES WERE TO THEIR
STOCKHOLDERS, AND TO MAXIMIZING PROFITS,
AND NOT TO CONCERN THEMSELVES WITH THE
EFFECTS SUCH SELF-CENTERED BEHAVIOR MIGHT
HAVE ON THE REST OF US. WHAT A CONTRAST
TO THE LEADERSHIP DEMONSTRATED BY HIS
PREDECESSORS, PRESIDENT

PREDECESSORS, PRESIDENT, KENNEDY AND
PRESIDENT JOHNSON.

IT IS HERE THEN THAT WE DEMOCRATS
SEPARATE FROM OUR REPUBLICAN COUNTERPARTS.

HOW IS THE BILL FOR FIGHTING
INFLATION GOING TO BE PAID--AND BY WHOM?
THAT IS THE QUESTION. THIS IS WHERE WE
DIVIDE. THIS IS WHERE WE DIFFER.

THE DEMOCRATIC CONGRESS HAS
EMPOWERED THE PRESIDENT TO RESTRICT CREDIT.
THE REPUBLICAN PRESIDENT INCREASED THE
COST OF CREDIT INSTEAD IN HIS FUTILE
EFFORTS TO FIGHT INFLATION. IT IS TIME
HE USED THE TOOLS

HE USED THE TOOLS WHICH HAVE BEEN PROVIDED EFFECTIVELY TO HALT INFLATION AND TO DO SO WITHOUT SUCH DAMAGING EFFECTS TO THE HOUSING INDUSTRY.

WHILE THE DEPARTMENT OF HOUSING AND URBAN AFFAIRS HAS ENGAGED IN SOME WORTHY EFFORTS SUCH AS "OPERATION BREAKTHROUGH"--AND I APPLAUD THE CONCEPT-- THE ADMINISTRATION ECONOMIC PHILOSOPHY AND POLICIES HAVE UNDERCUT THE VERY FOUNDATIONS UPON WHICH ANY SUCCESSFUL HOUSING PROGRAM MUST BE BUILT.

THIS ADMINISTRATION

THIS ADMINISTRATION IS JUST
NOT SPENDING THE MONEY NECESSARY TO ACHIEVE
ANY BREAKTHROUGH IN THE HOUSING FIELD.
WHILE OUR FEDERAL DEFENSE RESEARCH EFFORTS
ARE FUNDED AT A \$7 BILLION A YEAR CLIP,
SPACE RESEARCH AT \$4 BILLION, AND AGRICULTURAL
RESEARCH AT \$600 MILLION, THE DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT GETS
SOME \$20 MILLION.

IF WE ARE TO SOLVE THE HOUSING
PROBLEM WE MUST HAVE A CONCERTED ATTACK
ON THE PROBLEM. IT IS NOT JUST
GOVERNMENT--BUT IT REQUIRES GOVERNMENTAL
LEADERSHIP. WE MUST

LEADERSHIP.

WE MUST ALSO GET RID OF OUTMODED PRACTICES, FOR IN THE NEXT 30 YEARS WE MUST BUILD NEARLY AS MANY UNITS AS NOW EXIST IF WE ARE GOING TO ADEQUATELY SOLVE OUR PROBLEM. -

THIS INCLUDES OUTDATED BUILDING CODES AND PRACTICES. WHILE ON SITE LABOR COSTS HAVE DECLINED IN RECENT YEARS, I KNOW MY FRIENDS IN LABOR WILL RECOGNIZE THAT WE CANNOT AFFORD TO PERMIT BARRIERS TO MORE EFFICIENT CONSTRUCTION TO REMAIN IN PLACE.

NOR CAN WE

NOR CAN WE AFFORD TO INSIST ON THE
USE OF OUTMODED BUILDING MATERIALS.

THE ECONOMIES OF MASS PRODUCTION
MUST INCREASINGLY BECOME AVAILABLE TO THIS
INDUSTRY. MOBILE HOME MANUFACTURERS ARE
CURRENTLY RESPONSIBLE FOR ONE-FOURTH OF
THE NEW SINGLE FAMILY DWELLING UNITS
CONSTRUCTED. THE TECHNIQUES RESPONSIBLE
FOR THEIR INCREASING SUCCESS MUST BECOME
AVAILABLE FOR OTHER TYPES OF HOUSING.

AND WE NEED TO GO BEYOND THE
IMMEDIATE CONSTRUCTION OF HOUSING TO
EXERCISE AN INCREASED CONCERN FOR THE
NATURE OF THE

NATURE OF THE COMMUNITIES WE BUILD. WE SEE SOME HOPEFUL SIGNS IN NEW TOWNS LIKE COLUMBIA, MARYLAND, BUT THIS IS AN AREA WHERE WE LAG FAR BEHIND MANY WESTERN EUROPEAN COUNTRIES.

OUR BIGGER PROBLEMS OF COMMUNITY DECAY, OF SCHOOL SEGREGATION, OF TRANSPORTATION FROM HOME TO JOB, WILL NOT BE SOLVED UNLESS WE PLAN AND BUILD STABLE INTEGRATED COMMUNITIES.

EVERY MAJOR DEVELOPMENT MUST BE SO PLANNED THAT IT IS A MICROCOSM OF THE KIND OF TOTAL COMMUNITY WE DESIRE, ONLY GOVERNMENT CAN

ONLY GOVERNMENT CAN DO THIS JOB.

WE MUST MAKE PROVISION FOR LOW AND MIDDLE INCOME HOUSING IN EACH OF OUR MAJOR DEVELOPMENTS. IN THE PAST PUBLIC HOUSING HAS MEANT "BARRACKS FOR THE POOR" BUILT IN THE LEAST DESIRABLE PART OF TOWN. HOUSING WHICH IS THE CHEAPEST TO BUILD, MAY INDEED, BE THE MOST EXPENSIVE IN THE LONG RUN WHEN COSTS NOT DIRECTLY RELATED TO SITE ACQUISITION AND HOME CONSTRUCTION ARE INCLUDED.

THERE ARE MANY CONFLICTING CLAIMS ON THE RESOURCES--ECONOMIC, TECHNICAL,
AND MORAL--

AND MORAL--OF GOVERNMENT. I KNOW THERE ARE OTHER VERY IMPORTANT PRIORITIES TO WHICH I UNDERSTAND OTHERS HAVE ADDRESSED THEIR ATTENTION BEFORE THIS BODY. I DO NOT POSE AS AN EXPERT ON THE HOUSING PROBLEM, BUT I DO KNOW THAT IT IS A CONCERN OF OUR PEOPLE WHICH IS HEARD WITH INCREASING FREQUENCY. ANY CURSORY EXAMINATION OF THE PROBLEM WILL FULLY DOCUMENT THAT IT IS ONE WHICH WILL BE EVEN HIGHER ON THE AGENDA FOR AFFIRMATIVE ACTION IF THIS ADMINISTRATION'S LACK OF ATTENTION AND MISGUIDED POLICIES ARE NOT SOON CORRECTED.