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Chronological: Business Women's Association Aloha Chapter, Honolulu

Senator Daniel K. Inouye Papers
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news from
Senator DANIEL K. INOUYE

topic:

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During the past twenty years, I have been a student of government. I say a "student" because I hope and believe each day has been a learning experience. As a student, I have reached certain tentative conclusions. While these are not final, they are, I believe, those of a serious student and I wish to share some of these with you at this time.

Recently, the front pages of our nation's newspapers have presented the frightening and horrendous possibility that our nation's empire city is on the verge of bankruptcy. To the people of other lands, New York City is synonymous with America. Even to Americans, New York City is our number one city. New York City--the location of the United Nations, Wall Street, the Empire State Building, Broadway, Central Park, Greenwich Village, Brooklyn, Queens, the Bronx, Manhattan and Staten Island. The specter of all this crumbling sends shock waves across our land.

Today, New York City is the New Deal gone wrong. It is now $12 billion in debt. Its operating budget has increased six hundred percent in 15 years. One out of every 18 inhabitants--retirees, working-age population and children--is working for the city with an average salary 30% over the average in private employment in New York. In Hawaii it is one of every 83. Debt service costs alone will total $1.6 billion this year. Although the patient load of the city's 19 municipal hospitals has dropped by 25% over the past decade the number of employees in the city's Health and Hospitals Corporation has increased by 10,000. The number of employees in the city's Department of Education has increased from 44,000 in 1960 to 80,000 today with no increase in the number of students.

The crisis for New York City has been developing for a long time. It is not the product of some recent phenomena. Urbanologists, economists and political scientists have their explanations. Tonight, I wish to share some of mine with you.

Our society, like most, includes the full spectrum; the wealthy, the poor, the conservative and liberal elements, the old and the young, black and white and all shades in between. It includes its share of bigots along with the tolerant, its share of atheists along with the reverent, the lazy as well as the industrious.

Our society over the years and largely out of a sense of compassion has sought to care for those who could not provide adequately for their own economic needs. During most of the 200 years of our Republic, the public provisions for the poor, for those in need were, to say the least, most inadequate. The restrictions which had to be met to qualify were many and demeaning. We had a "man in the house" rule which denied welfare assistance to any family if there was an able-bodied man in the household. This rule was upheld even though there was often no work available. In our nation's second century the cities of America became the home, not only of the immigrant newcomer, but the sons and daughters of former slaves as they sought freedom from a racist society. The "man in the house" rule was an important stimulus to developing the matriarchal structure of the black society we find in our big cities. As the male left the family--often out of necessity--the dependence of the rest of the family on public assistance increased and became ever more acceptable.

Over the years as the number of beneficiaries increased so too did the benefits. This finally resulted in a situation where welfare became a way of life for many and for some welfare became preferable to work. Most still had pride--but not all. Some became experts at "ripping off the system" as in the recently reported case where a single individual was found to be receiving 19 Supplemental Security Income payments under his own name and 18 aliases. Inadequate controls have resulted in total estimated overpayments of $425 million over the past 18 months.

Like most Americans, I do not believe we should let any man, woman or child starve or go without needed shelter and clothing. However, I am also aware that someone has to pay for these benefits. They are not free and that someone who is paying is the American taxpayer.

But back to New York City--that All- American city. Hundreds of thousands are receiving benefits and because New York City has better than average benefit levels and because the Supreme Court ruled a few years ago that you cannot deny assistance on the basis of lack of long term residence, the numbers rapidly increase. The poor and unskilled flock to the City. Today, there are a million people out of New York City's 8 million inhabitants on welfare. The human resource costs total one-fourth of the city's budget and are rising despite increasing Federal assumption of much of the burden.

The problems of the city are progressive. Poverty and congestion breed crime requiring more police and fire protection, more social workers, higher education and health costs and imposing an ever greater burden on those who must finance the essential city services. For each such taxpayer or corporation there is a breaking point. In economics, we speak of the "point of diminishing returns". Each reaches a point where the advantages of living in New York City must be measured against the cost and increasingly they flee.

Some 30,000 New York housing units are abandoned by their owners each year--off the tax rolls. Many serve as hide-outs for the city's underworld or drug addicts, drunks and larcenists. Rent controls, which have been in effect in New York City since 1943, have resulted in an increasing erosion of the tax base. The property tax delinquency rate is now 7% of assessments with uncollected property taxes exceeding $500 million. More than a third of the city's 1 1/2 million rental dwelling units were operating at a loss last year according to a recent report.

First, we see the flight of capital, resulting in diminished construction of new houses, apartments, hotels, office buildings and factories. The existing ones are ill maintained and taxable wealth diminishes. Those of more than modest means escape to the suburbs--to Connecticut, New Jersey, Long Island or up the Hudson River. They flee to where the tax burden is less.

This trend is not limited to New York City. Most of the executives in Washington, D. C., in Chicago, Atlanta, San Francisco or almost any major American metropolis live in the surrounding suburbs. Each major city is confronted with the flight of an important segment of its biggest taxpayers, investors and income producers. We in Hawaii are fortunate. Here the flight from central city to suburb, from one taxing jurisdiction to another, is not readily available. But make no mistake about it. The ills which afflict New York City are contagious. Many other cities in America are showing the early signs of the same ailment.

So what is the solution? Do we wait for the holocaust? Or do we take certain drastic steps?

I anticipate that some of my political friends will clobber me for sounding like a conservative on some of these issues. But I believe that too often we have been confusing our ends with our means. The end which we sought to our New Deal and Great Society legislation was to build a safety net of economic security for every American. In so doing we also sought to provide him with a sense of personal self-worth, of an earned right to assistance from his government if he was unemployed or he was sick or disabled. We sought quite properly to permit a mother with young children to feed, house and clothe herself and her children without begging on the street corner. We sought most properly to provide for a

life of dignity in old age for our senior citizens after a lifetime of hard work. We responded to the need to provide an educational opportunity for each young person with a desire and capacity for education beyond the elementary and secondary level. We sought to guarantee our elderly with the essentials of health care, regardless of their ability to pay, through Medicare and Medicaid. We are trying to expand that protection to other age groups.

I am not proposing tonight that we turn our back on some 40 years of legislative activity and progress in these areas. What I am proposing, however, is that we pause in that too frequent practice, of, in Patrick Moynihan's phrase, "throwing dollars after problems". It is time that we spend greater effort in tightening up on the administration of our nation's social service programs. It is time that we pay more attention to cost effectiveness.

Someone must take the initiative and I for one think that such initiative should come from the friends of the programs. Those of us who support these humanitarian efforts cannot afford to leave the responsibility for tight administration to the opposition. Business as usual means flirting with disaster.

It is time that we admit that every program designed to encourage business investment in our central cities is not just a tax loophole.

It is time that we recognize that every effort to change the rules for participation in welfare or unemployment compensation programs and to put people to work, is not an effort to deny the needy essential services or security.

It is time that we affirm that every effort to tighten up on the administration of these programs, whether it be Unemployment Compensation, Supplementary Security Income, Guaranteed Student Loans, Medicaid, Food Stamps or any of a dozen programs, is not an attack on the poor and the helpless. I believe that a strong argument can and should be made that the friends of these programs should be the first to insist that they be administered in a taut manner. Supporters should be the most vigilant against abuses. Liberals should be the most demanding of administrative accountability and efficiency.

One of our very important programs which is in trouble in our State, as in many others, is the Unemployment Compensation Program. During the decade of the sixties payments from that program ran some $10 to $12 million a year in Hawaii. Last year it was $45 million and this year it will be about $72 million. What is happening in Hawaii is happening elsewhere. In most jurisdictions if you are unemployed you are not required to take a job unless it is comparable in pay and description. No one is suggesting that an unemployed concert pianist should take a job running a jack hammer on a construction site and ruin his hands so that he cannot hope to again participate in his chosen profession. But

that does not preclude his working at many jobs, perhaps less esthetically attractive than his first love. If one is trained to be a teacher and there are no jobs in teaching this should not preclude taking work as a secretary where there is a strong demand.

Too many are seeking unemployment compensation, which is non-taxable income, without serious attachment to the labor force. This includes many of the young and most mobile members of society, who sometimes seek out areas where the economic opportunities for gainful employment are least as they while away the months on sunny beaches. Some are in their retirement years and work the necessary part of 14 weeks to qualify and then leave the job market to draw unemployment compensation while they also draw social security and, on occasion, private pension payments.

Changes must be made and I would like to offer a few recommendations.

I suggest that the law should be changed to reduce the benefits by half in those situations where a legitimate employment opportunity is available and offered to a claimant and is refused because it is not considered fully comparable in pay and description to the claimant's previous employment experience.

I believe that if the employment opportunity offered the claimant is not injurious to his health and will not jeopardize the claimant's return to his previous employment experience, the claimant should accept the job offer. If he refuses --- his benefits should be reduced.

This type of drastic amendment will be necessary to increase the popular support for this program. Too many taxpayers are now complaining that this program has lost its credibility because too many claimants are refusing to accept jobs that are available. "Why work, if you can make enough without working?"

I suggest further that the period of employment for full eligibility be extended from the present minimum of 14 weeks of what may be only part-time employment. A greater showing of real and substantial attachment to the labor force should be demonstrated.

Additionally, I believe that other income, be it from retirement pensions or interest or dividend income, should be recognized in establishing the claimant's unemployment compensation status.

I am sure there will be others. The Unemployment Compensation Program is a joint Federal-State effort with the Federal government setting the minimum standards and picking up half the cost after the first 26 weeks of benefits and all the costs after 39 weeks. Hearings were held in April by the House Ways and Means subcommittee on this matter. We will be considering changes in Congress. If changes are not made I fear that increasing abuses will cause the demise of what has been a very valuable program for the individual and the nation.

The assignment of legislative committees to study the problem of unemployment compensation here in Hawaii is a good first step. It is my hope that they will take a hard look at present abuses and make some forthright recommendations for change. There are honest job opportunities which go begging while the line at the unemployment office steadily lengthens.

And I think that it is time we take another hard look at some of our educational practices. For too long we have sought a liberal classical and academic education for all our children. Some 30% of our youth aged 18 to 21 are in college and many more are preparing for certain professions than there are going to be opportunities available in these areas. To spend 4 or 5 years to learn to become a school teacher when there are no vacancies for teachers ill serves society or the individual. To spend some 7 years to gain a Ph.D. in History or Political Science and then find that the only job available is that of a bus or taxi driver is a source of frustration to the individual as well as a significant economic waste to society. The cost is great, averaging $11,000 in public institutions to $25,000 in our top private universities for a 4 year degree program. We are training 15,000 to 19,000 students a year in communications for a market which can absorb only 9,000. As long ago as 1972, when the nation's unemployment rate stood at 5 1/2%, the unemployment rate for liberal arts majors stood at 15%. It is estimated that the cost of a college education amounts to approximately one-third of the total cost of raising a child.

Even at the secondary level too much of the emphasis is on college preparatory education. Learning to handle tools in the wood and metal shop, to train for a skill in demand in the industrial or business world, is deserving of equal attention and recognition. I am still thankful for what little training I received and the pleasure which I derive from do-it-yourself projects around the house or from building a scooter or a go-art for my son is no less than that derived from the joys of music, the arts or literature.

Perhaps our problem evolves partly from the history of educational development in our State. Our English Standard Schools, Hawaii's own segregated public schools, were basically college preparatory. In the poorer sections and among the Asian ethnic additions to Hawaii, vocational schools and the basic 3 R's were the accepted standard. Over the years, under the doctrine of equal educational opportunity, we sought to provide everyone with a college preparatory course of study. Vocational education was no longer stressed. Education for manual work was downgraded. As a result more of our young are unprepared for the world of work and too often almost unemployable without expensive additional training. It may be unfortunate but a civilized society cannot exist without concern for educating those who must work with their hands.

Educational change is in the air. College students seem to have rediscovered an interest in preparing themselves for a field in which there is an economic demand. I am told there has been a 30% increase in the number of students studying agriculture this year at the Hilo Campus. There are signs that our secondary schools and our community colleges are responding, as well, with a recognition that the well educated person needs more than an academic education.

The problems of our great cities, exemplified by New York, the problems of excessive burdens on our social welfare or human resource programs, as exemplified by our unemployment compensation program here in Hawaii and elsewhere, or the difficulties inherent in a sound educational program which recognizes that education includes a healthy recognition of the demand for other than academic skills, require our intelligent concern and attention. I could easily add to my list of concerns which I have shared with you tonight, but I think I may have gotten myself in enough trouble.

Alvin Toffler, the futurist, expressed his thoughts on what he referred to as the coming "long period of non-serenity". He warned that we are going to have to drop "our obsolete ideologies--the old political labels like 'left wing' or 'right wing'...What we need is not a single, great master plan in the White House. Nothing could be more unworkable. What is needed is a process for generating, changing and regenerating plans at the regional local and community level, and in every industry and non-profit sector." He went on to say "...who is to do it..Unless you have feedback coming from millions of ordinary people whose lives are affected, and unless those millions of ordinary people can alter the plans, you not only create the conditions for 'friendly fascism' but the possibilities of massive disaster as well."

I hope I am not misunderstood. The politicians of the liberal community, among which I am usually numbered, have been instrumental in building the freeist and most prosperous society ever. If we wish to press forward we must pause, however, to take stock and to round off the rough edges of the instruments we have fashioned in our never ending search to, in Franklin Delano Roosevelt's words, "insure to the average person the right to his own economic and political life, liberty and the pursuit of happinesss."