

OFFICE OF PRESS SECRETARY TO THE GOVERNOR
COMMONWEALTH OF PENNSYLVANIA

SACRAMENTO, CALIFORNIA

ADDRESS BY PENNSYLVANIA
GOVERNOR MILTON J. SHAPP
BEFORE

CALIFORNIA STATE DEMOCRATIC CONVENTION

4:00 P.M. PST

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It is a great pleasure to be with you here in Sacramento to meet with, what I understand, is the largest annual gathering of Democrats each year in the largest State of the Union.

What do you suppose Texas will have to say about this claim?

There is no need to tell you how important this state is to the national political scene. Coming from Pennsylvania, which is virtually in a tie as the Nation's third largest state, I can well appreciate the diversity and complexity of problems which confront you.

But let's face it -- with your electoral votes and ours combined, we probably could determine who will be the next President of the United States.

As you begin a new administration here, I must confess there is a selfish reason why I am happy to see Jerry Brown in the State Capital.

For four years I have had to sit at Governors' Conferences, watching Ronald Reagan object and object to every enlightened or progressive idea discussed.

I understand that you have inherited some financial problems in State government from the self-proclaimed fiscally responsible administration of Ronald Reagan.

Well, four years ago when I began my first term in office, I inherited from the Republicans an \$800 million deficit, and my first job was to get the State back on its feet.

Unpopular as it was, I requested, and the legislature enacted, our State's first income tax. It was not easy, but it had to be done.

But people can and do accept tough choices when they recognize real need - witness my 300,000 vote plurality last November.

We have seen so much of Washington's failure to level with the American people in the last six years it's no wonder that in state after state, voters turned to the Democratic Party in 1974. And I am sure they are going to turn to the Democratic Party nationally in 1976.

There is a lot of talk these days about 1976. Much of this talk rightly centers about possible candidates for the Presidency.

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(NOT PRINTED AT STATE EXPENSE)

But, if the Democratic Party is to win in 1976, we need more than good candidates. We need a united party, with the full support of women, organized labor, the independent and liberal segments of the American voting public, youth, senior citizens and the minority groups in our society.

We need dynamic programs, for programs and organization are the dual essentials to Democratic victories.

If we have learned anything from 1968 and 1972, it is that we must unite the Democratic Party with programs which appeal not only to our own constituents, but to the vast majority of Americans.

For example, in Pennsylvania in 1974, both Houses of the legislature, and I, received large Democratic margins. We were able to achieve this because we had the unified support of Democratic organizations, nearly 100 per cent of organized labor and active participation by various independent coalitions, including independent-minded Republicans.

This did not happen by accident. Of all the many reasons why we succeeded the most important was our programs.

For example, the City of Philadelphia has the best Democratic Party organization in the state. I carried Philadelphia by 222,000 votes, the largest margin for a gubernatorial candidate in state history. But equally important, I also carried the four bedroom counties surrounding Philadelphia. This was the first time in history that a Democrat was able to win over these normally strong Republican strongholds.

The organization really got out and worked, but so did labor and the independents, for we gave them a platform and a track record.

In my first term, we inaugurated substantive programs of aid to education and mass transit. We became the first state in the Nation to provide free public transportation for elderly citizens. And we also began a program somewhat similar to California's to provide property tax assistance for the elderly.

We greatly expanded programs of drug and alcohol treatment and control. Pennsylvania's workers benefitted from substantial reforms in plant safety and unemployment and workmen's compensation.

Early in my first term, women, members of minority groups, and liberal and independent minded people - Democrats and Republicans - were given key policy roles.

I came from the independent wing of the Democratic Party and cut my eyeteeth politically in Pennsylvania working with independent groups on constitutional revision, educational reform and on environmental and economic problems.

In 1968, I supported McCarthy in Chicago because I felt it was necessary to stand up on the issue of the Vietnam War. But when I came home from the convention, I pitched in immediately and organized Pennsylvania's independents for Humphrey and, working together with the party Democrats, we carried the state.

Yes, I am a firm believer that campaign organization and programs are both needed to win elections.

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In 1976, we can get the Democratic Party together and attract millions of independent voters only if we produce a program which addresses itself boldly to resolving the disastrous economic and social problems that this Nation faces.

I entered politics actively in 1960. As a student I worked for FDR, but Kennedy's campaign got me really involved. At the time, I was president of a large corporation which pioneered the cable television industry in the United States. I wrote and paid for a full-page ad in The Wall Street Journal to explain why a businessman should support Kennedy.

I took a leave of absence from my company after Kennedy's victory and joined his administration as Special Consultant to Secretary of Commerce Luther Hodges. I worked in the field of redevelopment and helped initiate programs to move the country out of stagnation caused by three recessions during the Eisenhower years.

I also served as a Special Advisor to Sargent Shriver and helped him draft policies for organizing and training Peace Corps volunteers.

In those days the Department of Commerce understood and recommended the use of public sector investments as a tool to get the country moving, as Kennedy had promised in the 1960 campaign.

The administration began early to make such investments in area redevelopment, manpower training and accelerated public works. These government-sponsored programs made people more employable, and stimulated the creation of new jobs in both the public and private sectors.

In the three years that Jack Kennedy was President, you could chart the upward swing of the National economy.

Each month, from the time he took office, every favorable economic indicator climbed and the unfavorable indicators - such as unemployment and short-hour work weeks - declined.

And all of this was accomplished without a trace of inflation.

During Kennedy's entire term of office the Wholesale Price Index did not vary more than plus or minus one-half of one per cent. The public sector investment policy, later augmented by the investment tax credit, paid off in new growth and new jobs for America without inflation.

I venture to say that if the federal government had continued the programs that were initiated by Jack Kennedy and were continued and expanded by LBJ, instead of having them cut back, eliminated or impounded during the Nixon years, this Nation would not be in the predicament it is today.

I need not rehearse to you the serious economic problems facing America in 1975, but I do say that I am disturbed by the most recent policy decisions by President Ford.

Last week's State-of-the-Union proposals were bad enough. But just the other evening, the President enunciated additional proposals which are absolutely astonishing.

While opposing greater federal support for human service programs, food stamps, social security and retirement benefits, he actually advocated more defense spending and bigger tax breaks for big business.

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I am appalled at the statement issued by President Ford during a speech before the Conference Board in Washington last Wednesday night.

I must say as a responsible elected official that his new economic program as reported in the January 23rd issue of the Philadelphia Inquirer sends shivers up and down my spine.

I quote: "President Ford set forth a staunchly conservative plan Wednesday night to redirect the national economy by spending more for defense, producing more profits for business and giving less of everything to the poor and the elderly."

The President is quoted as saying he intended to reverse the trend toward rapidly increased spending for "food stamps, Social Security, federal retirement benefits and so forth -- programs under which a qualified citizen is automatically entitled to specific benefits."

Well then, just who is going to take care of these hardest hit victims of runaway inflation? The cities? The counties? The states? Private charities?

Only the federal government has the machinery in place and the finances to handle this vital duty.

Where indeed does the President wish to dump this responsibility as he concentrates more national effort on defense spending and increased corporate profits?

The President's companion act -- his proposed energy program -- is also a "blueprint for national economic disaster."

I used those exact words to describe my views to him personally at the White House meeting of the Eastern Governors this past Thursday.

I stated that the \$3 per barrel extra tax on crude oil and price deregulation of domestic oil and natural gas will set off a new shock wave of national inflation far greater than the one triggered when the Arab nations removed their boycott last year.

I told him this will fire a deeper recession, force many employers out of business and cause the loss of untold numbers of jobs.

The President replied that action was needed and he was forced by Congress' inaction to move ahead.

I am afraid the President is getting some very bad advice these days, particularly from Treasury Secretary Bill Simon, Agriculture Secretary Buttz and HEW Secretary Casper Weinberger. He is acting precipitously in a manner that could well wreck the fabric of the American society.

I am mindful of that great philosopher Got he's very wise saying, "There is nothing more frightening than ignorance in action."

And I kid you not. I am frightened today by what is happening in Washington.

The White House policies are anti-people. The energy proposals represent economic genocide for this nation. And Congress is too unwieldy to move quickly enough to capture the initiative.

This nation is no longer drifting. We are starting to slide.

And what good is the strongest defense force in the world if the nation itself is sapped of its vitality?

Until now, I have been willing to give the benefit of the doubt to the President. Now I doubt that he is willing to give any benefits to the American people. It looks like President Ford is now out to Bill Simonize the Nation and polish off the little people.

It is one thing to hold the line on administration expenses and operating costs of government. We have done that in Pennsylvania to the tune of several hundred millions of dollars.

It is something else, however, to propose ending the economic downturn by crying up national programs to educate people, rebuild decaying cities, develop resources and improve transportation systems.

In my judgment, the Democratic Party must shape a program for 1976 which will call for carefully selected public sector investments - those which, in turn, will stimulate the private sector to the maximum, generate millions of meaningful new jobs and increase profits for private industry.

Studies, made under my direction, by economists working in the Pennsylvania Office of State Planning and Development, show that each dollar of properly selected public sector investment will trigger approximately \$2.50 worth of private sector investment. This, combined \$3.50 investment, will generate an increase of over \$10.00 in Gross National Product.

The benefits that would derive from such investments would be so favorable that this Nation should not hesitate to establish a new system for federal budgeting to achieve this purpose. Such a provision was contained in the 1960 national Democratic platform.

There is no reason why this Nation should stint on funds to educate and train its people when it can be clearly demonstrated that such a program would finally put us on the road to a productive, instead of a dependent society. Future tax yields from a better trained labor force will more than repay the cost of financing the expanded educational system that is required.

This country needs major investments in its transportation facilities and its cities.

How can we keep our Nation's industries running efficiently with a rail transportation system on the verge of collapse?

How can our country expect to survive when our cities are run-down and become neglected, breeding places for crime?

Proper public sector investments will stimulate the private sector and provide jobs for millions of people for decades.

America is a great Nation with untold resources. There is no limit to the wealth we can create for all people if we but develop and use our human talents.

In 1962 I co-authored a book on the economy of the Commonwealth of Pennsylvania entitled NEW GROWTH...NEW JOBS FOR PENNSYLVANIA. In the foreword of that book, I said: "Our State was blessed by nature. Man was blessed with intelligence, skill and imagination. There is no limit to the wealth that can be produced if we but combine natural resources and human talent."

From here to 1976 it is the Democratic Party which has the unique opportunity to shape the kind of programs which I have outlined and which the country so desperately needs.

And so in 1975, I repeat, "All it takes is the desire to do so, and the job can be done."

Thank you.

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