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Yesterday in my opening remarks to the Conference, I called for a "Freedom Budget" of \$100 billion dollars so as to make the promise of full equality an economic and social, as well as a potential, reality.

Since then, delegates to the Conference and members of the press have asked me to make my proposal more specific.

I am therefore making available a somewhat more detailed statement of my idea at the present time. But, I regard this as only a first step.

In the near future, I shall call upon the leaders of the Freedom movement to meet together with economists and social scientists in order to work out a specific and documented Freedom budget. I shall submit these recommendations to the President, and we hope that they will help him in his labors and aid his staff in the preparation of the Spring Conference "To Fulfill These Rights."

Finally, I would emphasize that, although the Freedom budget is essential if Negroes are to have first-class economic and social citizenship, it is not simply a special plea on the behalf of the narrow self-interest of a minority. For what we propose is nothing less than having Negroes make these full contributions to the creation of a Great Society which will benefit every citizen.

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The White House Conference yesterday and today is one more heartening manifestation of the aroused conscience of America. As the President has so nobly said, this conscience knows no color line.

But how fast this flame of conscience succeeds in consuming the evils against which it protests depends upon how boldly and quickly we translate it into massive program action. If we yield to any tendency to let the towering size of our troubles, and the cost of overcoming them, lead to a indecisiveness or faltering measures, then we will indeed be letting our consciences make cowards of us all.

The very nature and meaning of these manifold troubles must be defined in terms of our economic, social, and political capabilities to overcome them. The Negroes in Watts today may be better off in material terms than their counterparts of fifty years ago, or very large segments of the American people during the depths of the Great Depression thirty years ago. But the profound difference is that the unemployment and poverty of those earlier times was merely a tragedy, because we had neither the economic resources nor the know-how to deal with them. Today, because we have both the resources and know-how, the millions of unemployed and the far more than thirty million living in poverty take on also the aspects of a national crime.

The situation in Watts erupted in volcanic form because the people there knew or felt that their deep troubles were interlaced with manifest injustice. And this eruptive potential is seething just under the surface in portions of every large city within the United States, awaiting only some slight additional pressure or some unpredictable incitement to propel the explosion.

Because of the very nature of this newly-developing problem, the very advances in general prosperity and in employment, which may breed complacency in some quarters, are multiplying the fundamental pressures by the contrasts which they sharpen. Although unemployment as customarily measured is now said to be lower than at any time within eight years, the crucial fact is that at no time within these eight years has it been less than two times as high as it ought to be. When account is taken also of part-time unemployment, and of the concealed unemployment to which the Secretary of Labor referred last night -- concealed because hundreds of thousands or millions of young people and Negroes have been turned from the labor force to the pool rooms and to the dope and knife gangs because the jobs they need are not there -- unemployment is really about twice as high as officially measured. And where it is most heavily concentrated is even more menacing than these figures indicate.

About thirty-four million Americans live in poverty, and about an equal number live about the poverty ceiling but far below the requirements for a minimum health and decency American standard of living. One-fifth of the nation still lives in slums, as our cities continue to deteriorate and become increasingly the homes of the poor. Perhaps 40 percent of our people still lack adequate medical care at costs within their means. More than a quarter of a million of our American poor are among our senior citizens, who are poor because we have hardly commenced to bring our social security systems into line with changes in the price level since 1935 and the mandates of the increased per capita productivity and wealth of the population as a whole. Millions of people working full-time, are being

paid abysmally substandard wages. Millions of broken families are not receiving the welfare payments which would represent the basic concept of some decent floor under incomes and living standards, a concept already embraced in some countries far less rich than we are. The concentration of poverty is extraordinarily high among our farm people.

I am passionately convinced that our attempts to deal with these problems are handicapped by dividing them into too many subcompartments. This makes the solutions appear even more complex than they are, and leads to fragmentary and random solutions. Fundamentally, the unemployment problem, the poverty problem, and the others which I have mentioned, are all one problem. They all mean simply that we are not bringing into use our full resources and directing them toward purposes responsive to the great priorities of our needs which bespeak the social and moral conscience of the nation.

We talk about a total war against poverty, and this concept is fraught with ultimate meaning if properly applied. When we were in a total war against external enemies, we made a budget of our total resources, a budget of our total needs, and then used policies and programs to bring the two together under a defined set of priorities, both civilian and military. The one additional ingredient which we added was the principle of equity. Because we did just this, during the World War II era, we maintained full employment, and in addition lifted living standards and reduced poverty more rapidly than ever before, even though we were burning up half of our productive resources in fighting our external enemies. If we now benefit by this lesson, what could we not accomplish in the few years ahead, when only about 7 percent of our current production is being devoted to national defense?

I believe that the time has come to make meaningful the concept of total war, as we are now expressing it for humane purposes on the domestic front. I believe that the first step toward this end would be for the Federal Government through appropriate agencies: (1) to set forth specifically the magnitudes of full employment for the next ten years, which means less than three percent and preferably only two percent unemployment as usually measured, and to commit itself fully and explicitly to the attainment of full employment within a year's time and its maintenance thereafter; (2) to define what patterns of utilization of this fully employed labor force would produce the goods and services most responsive to the great priorities of our national needs, even while adding to the living standards of those already so affluent that their new wants relate to luxuries rather than to necessities; (3) guided by this ten-year projection of our productive resources and needs, which might be called goals, we should identify and set in motion those policies and programs, sufficient in quantity as well as in quality needed to translate what we can do into what we must do. When we do this, I believe that much of the arid and futile debate as to whether unemployment is a demand problem or a structural problem, and as to whether poverty is due to something wrong within the individual or something wrong within the society, will disappear. Necessary problems of training and education will then have ten times utility they now have, because we will know what to train and educate people for. We cannot afford to cling to the notion that training automatically creates a job, or that self-improvement automatically eradicates poverty. We need to encircle the problem, instead of touching it at a few points only.

I have been a life-long believer in the essentiality of community action and grass roots participation, and, in both the role of private enterprise and public action. But the very nature of a total war against unemployment and poverty and all their manifestations calls for greatly increased emphasis upon adequate Federal programs and huge increases in Federal expenditures. Increases in private incomes alone, while necessary, come not themselves at appreciable speed channel a large enough part of our resources into the clearance of slums, the rebuilding of our cities, the construction of schools and hospitals, the recruitment and adequate pay of teachers and nurses, and many other major elements now being articulated as the aspirations of the Great Society.

Within the next few months I shall, on the basis of more adequate preparation, specify in much greater detail the main components of what we should do in the years immediately ahead. I earnestly hope that these may help to give direction and content to the successor conference to this great conference. But there are a few specifics which I feel compelled to set forth without delay.

If our productive powers are marshalled as fully as they should be, our national product in 1975 will be considerably more than 400 billion dollars higher than it is now. This is an average increase of more than 40 billion dollars for each of the next 10 years, or an aggregate of more than 2.2 billion dollars more during the next decade than if output were stabilized at current levels. I submit that, as a first priority step toward channeling these vast increases productive output toward the purposes we need most, the Federal Budget as the most important single

embodiment of national purpose and program should be lifted in 1975 to about 60 billion dollars higher than it is now, or lifted about 6 billion dollars a year. This would aggregate a lift of about 330 billion over the decade. Taking account of the transfer payments which enter into such programs as Social Security, but do not enter into the conventional Budget, and taking account also of feasible increases in State and local outlays, total public investment in 1975 should be at least 100 billion dollars higher than now -- and perhaps much more than that. As this would represent an average increase of about 10 billion dollars a year, the total public investment over the decade ahead would aggregate about 550 billion dollars above what would result from stabilization at current levels.

There are many ways of measuring the practical realism of this goal. If our total national production rises by an average of about 40 billion dollars a year over the next 10 years, we will enjoy during the decade as a whole, as I have said, about 2.2 billion dollars of total national output than if it were to be stabilized at current levels. I think that the allocation of about 25 percent of this to those great priorities of our national needs which require increased public investment is entirely sound and essential.

Another measurement: we are told reliably that the increased tax revenues accruing each year to the Federal Government from economic growth at existing tax rates may average as high as 10 billion dollars more each year during the next 10 years. This would far more than cover the financial costs of the proposed increases in Federal outlays in the Federal Budget, and the balance could be devoted to help the States and localities which are much harder pressed in financial terms than the Federal Government.

Still another measurement: We have since 1962 undertaken tax reductions, by legislation and administrative action, having an annual value in the neighborhood of 20 billion dollars. Even without allowing for the increases in the size of the revenues forgone by this tax reduction which will result from economic growth, the aggregate tax reductions thus calculated will have a value of about 200 billion dollars over the next 10 years. Certainly we can and must afford during the next decade to put about 330 billion additional Federal outlays into those purposes which are so vitally important. While this is not the time nor place for me to quarrel with the tax reduction policy, we all know that a very substantial part of it is going to those who need help least, that it is a very imperfect weapon for those who need help most, and that only to a tuckler-down extent do tax reductions address themselves to the servicing of the great priorities which I have mentioned, and with which we are all so deeply concerned.

I had occasion yesterday to refer to the problem of freeing one-fifth of our people, of every color, from the slum ghettos in which they now live in our cities, and to a degree elsewhere. In the slums is concentrated many of the causes and consequences of poverty. Vast programs of housing and urban renewal would not only make war on this poverty its very roots, but would also make war against a whole congeries of social evils, and would restructure employment opportunity so as to take care of perhaps half of the whole 25 million -- additional -- job problem facing us over the next decade. This is the central answer to the thrust of the new technology and automation, and would provide a uniquely high product mix of semi-skilled and relatively unskilled jobs, the achievement of which is the real hope for a preponderent portion of the unemployed.

By 1970, the annual level of nonfarm housing starts should be lifted to at least 2 1/4 million, compared with about 1.6 million in 1965, and maintained at this higher level at least through 1975. This would represent an average for the decade of more than 500 thousand more starts per year than we are now achieving, and in the aggregate more than 5 million more starts over the decade than would result from stabilization at current levels. As I do not believe that we can maintain indefinitely the current level of starts for upper-middle income and high income groups, we ought to build 6 or 7 million new homes during the next decade for lower middle-income and low-income people, with a higher annual rate than 600 - 700 thousand during the years immediately ahead.

The 10-year program of more than 5 million more housing starts than would result under current programs might involve an additional 10-year investment above current levels, considering costs in urban areas, of about 50 billion dollars, which might be lifted to the neighborhood of an additional 100 billion dollars above current levels by the community facilities and public improvements of all types which would be necessary to, and follow in the wake of, the needed housing effort. Considering the high multiplier effect of housing investment upon almost every type of economic activity, especially private economic activity, the reason appears why I estimate that these levels of housing effort might take care of about one-half of the 25 million new jobs which need to be generated over the next 10 years.

What is the role of the Federal Government and the Federal Budget in this enlarged housing and urban renewal effort? We all know that, despite the good housing legislation of 1965, Federal assistance to somewhere in the neighborhood of 35,000 units per year of housing for low income people is merely a token program. It therefore combines laudible results with

frustration and hostility. The annual contributory system under the Federal program holds the annual costs remarkably low relative to the benefits to be achieved. Taking into account the profits made by the Federal Government on some of its housing programs, the Government is now spending almost nothing net on housing and urban renewal. I think that these Federal Budget outlays for housing and community development should be lifted to at least 4 billion dollars per year by 1975, as an essential part of lifting the total Federal Budget by about 60 billion dollars by 1975. In view of the paramount urgency of this housing and urban renewal need, the most rapid acceleration should commence now, and I feel that Federal Budget outlays for housing and community development should be lifted to about 2 billion dollars in the Federal Budget to be submitted next January, and to considerably above 3 billion dollars by 1970.

As I said at the outset, I will in due course amplify and quantify my views with respect to the other basic ingredients in translating the purposes of a Great Society from aspiration to actuality.

The American Negro will benefit more, in proportion to his numbers, than others from these efforts. This is not because he is a Negro, but because he suffers now so much more than others, again relative to his numbers, from unemployment and poverty in all aspects. But in absolute numbers, there are far fewer Negroes unemployed and living in poverty in the U.S. than those of lighter skins. In absolute numbers, those of lighter skins will benefit far more than the Negro. The Negro's greatest role in the attainment of the Great Society is not as a beneficiary, but as a galvanizing force. Out of his greater suffering and deprivation, he

has fairly-fully awakened the American conscience with respect to civil rights and liberties. The debt which the whole nation owes to him will be increased many times, as he helps to galvanize the whole American conscience with respect to unemployment and poverty.

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