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THE PRESIDENT HAS SEEN

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

file

THE PRESIDENT HAS SEEN

PHOTOCOPY
GB HANDWRITING

October 26, 1989

Honorable John H. Sununu
The White House
Washington, D.C. 20500

Dear Governor Sununu:

The President's national television address outlining his comprehensive plan to fight drug abuse was one of his greatest successes. The speech elevated his anti-drug strategy to the top of the national agenda, crystallized public support for an action program, and helped persuade Congress to pass legislation to meet the Administration's goals.

I really believe, John, that it is great time for the second important televised speech of the Bush Administration, seeking the American people's support for capital gains tax reduction. I believe a speech by the President at this time would not only demonstrate his Administration's commitment to improving economic growth, hope, and jobs but also would capture the high political and moral ground.

Without a Presidential call for national support on this issue, it now seems possible that the capital gains tax cut could go down to defeat or be indefinitely delayed, meaning a serious setback for the President's agenda and undercutting the foundation for strong economic growth in the nineties.

I can't imagine a better issue or a more compelling opportunity to capture the popular high ground or to draw our differences with the Senate leaders who are blocking this measure. Majority Leaders Mitchell and Gephardt and other Democrats are relying on demagoguery and strident rhetorical assaults against the capital gains tax cut for favoring the wealthy over the middle class. But their class-conflict rhetoric is really at odds with this Administration's bipartisan efforts to unify the whole nation, for which you have achieved such high marks by the American people.

What the Democratic leadership does not seem to understand is that the capital gains tax cut is not primarily a budget issue to raise revenues nor is it a tax cut for old wealth and upper income groups. What the American people need to hear is that the capital gains tax cut is to help those seeking to work and become rich by "unlocking" money tied up in existing assets. This would free capital for the use of new entrepreneurs, risk takers, and small businessmen and women who need access to seed capital for start ups or expansion. The enormous expansion of small business startups and venture capital following the Steiger and 1981 Reagan/Bush capital gains tax cuts is concrete evidence that this Administration is right to make a stand on this issue.

In giving speeches to poor and minority groups, one of the best received lines is when I have suggested that President Bush not only wants to cut the capital gains tax rate to 15 percent for the nation but that he also wants to eliminate the capital gains tax in Enterprise Zone areas of abject poverty like the South Bronx, Overtown, or Watts. These people recognize that high tax rates on entrepreneurs and small business are preventing them from getting on the first rung on the ladder of opportunity.

Governor, I think the President -- if I may be so bold -- has the right to go over the heads of Mitchell, Gephardt and the Democratic leadership right to the American people and say "enough is enough." This Administration has tried to negotiate this issue with the Senate leadership and has exhausted every opportunity for bi-partisan comity. The capital gains tax cut is part of a winning strategy to create jobs, expand the economy, and reach into areas which have yet to be revitalized.

A Presidential speech explaining the benefits of the capital gains tax cut coupled with perhaps Enterprise Zones and the extension of the low income housing tax credit could -- in my view -- give the Administration the high moral ground as well as the high political ground vis-a-vis Mitchell-Gephardt.

As always, it is a privilege to serve in this Administration, and I look forward to help this President achieve his mission of sustained economic growth which is the fundamental precondition for all our hopes for this country.

Sincerely,

Jack Kemp

P.S. I'm including as an addendum for your reading a great speech by President Coolidge to the New York Republican Party on Lincoln Day 1924, which is self-explanatory. I hope you and the President get a chance to read it.

By the way, I'm enclosing another copy of the HOPE package for the President's speech to the Realtors in Texas next month to show to the President licly stated the position of the Treasury in a speech at Chicago, in which he said:

"There is no reason why the subject of taxation cannot be approached from a purely non-partisan viewpoint. The outstanding feature of the Mellon plan is the Secretary's recommendation for a reduction of the high surtaxes. Similar recommendations have been made by the last two preceding Secretaries of the Treasury, both of whom held their offices under a Democratic President. There is nothing political in recommending a sound basis of taxation. It is simply common sense."

President Coolidge, in his Lincoln Day address at New York on February 12, 1924 (see Appendix E), gave a masterly analysis of the tax situation and urged that the existing system be revised along the lines recommended by the Treasury. The President said:

"The first object of taxation is to secure revenue. When the taxation of large incomes is approached with that in view, the

problem is to find a rate which will produce the largest returns. Experience does not show that the higher rate produces the larger revenue. Experience is all in the other way. . . .

"I agree perfectly with those who wish to relieve the small taxpayer by getting the largest possible contribution from the people with large incomes. But if the rates on large incomes are so high that they disappear, the small taxpayer will be left to bear the entire burden. If, on the other hand, the rates are placed where they will produce the most revenue from large incomes, then the small taxpayer will be relieved. The experience of the Treasury Department and the opinion of the best experts place the rate which will collect most from the people of great wealth, thus giving the largest relief to people of moderate wealth, at not over 25 per cent.

"A very important social and economic question is also involved in high rates. That is the result taxation has upon national development. Our progress in that direction depends upon two factors—personal ability and surplus income. An expanding prosperity requires that the largest possible amount of surplus income should be invested in productive enterprise under the direction of the best personal ability. This will not be done if the rewards of such action are very largely taken away by taxation. If we had a tax whereby on the first working day the Government took 5 per cent of your wages, on the second day 10 per cent, on the third day 20 per cent, on the fourth day 30 per cent, on the fifth day 50 per cent, and on the sixth day 60 per cent, how many of you would continue to work on the last two days of the week? It is the same with capital. Surplus income will go into tax-exempt securities. It will refuse to take the risk incidental to embarking in business. This will raise the rate which established business will have to pay for new capital, and result in a marked increase in the cost of living. If new capital will not flow into competing enterprise the present concerns tend toward monopoly, increasing again the prices which the people must pay. . . .

"Taken altogether, I think it is easy enough to see that I wish to include in

the program a reduction in the high surtax rates, not that small incomes may be required to pay more and large incomes be required to pay less, but that more revenue may be secured from large incomes and taxes on small incomes may be reduced; not because I wish to relieve the wealthy, but because I wish to relieve the country."

A sound revision of taxes should aid materially in reducing the cost of living. High taxes have always meant a high price level, for the taxes are paid, in a large measure, by consumers all over the country and not alone by persons actually giving their checks to the Government. No thoughtful person longer doubts that, irrespective of his income, he pays a part of the high surtaxes in the general high price level.

The public should clearly understand what is involved in the effort to re-establish in this country a sound basis of taxation. The question is not whether two or three million voters shall save $10 apiece in their direct payments of taxes or $15 apiece, but whether, by the re-establishment of an economically sound basis of taxation, the 110,000,000 people in this country shall save much more than $10 or $15 apiece in what they pay for the necessities of life.

In addition to insisting upon a reduction of the normal rates and a reduction of the rates on earned income, the high surtax rates must be reduced to a point where capital is freed from the killing effect of these rates upon new investments. In many discussions of the tax question the present tax rates, aggregating a maximum of 58%, are treated as if they were normal rates of taxation. Any reduction from them, it is argued, is a great concession to the rich. This is not true. Before the war required the taking of every cent which could be obtained for the support of the Government in its emergency, a surtax rate reaching 13% on a two million dollar income was considered high. As was pointed out in a previous chapter, it is interesting to note that substantially as much revenue was realized from incomes over $300,000 under

a 13% maximum in 1916 as was realized from the same class of taxpayers under a 65% rate in 1921. These high surtax rates are war taxes; and, as the war is over, such taxation should cease. To retain such rates as part of our permanent tax system is to keep up, in part, the high costs of living which everyone pays.

The adoption of a sound system of taxation will have a favorable effect in many directions. It should help to solve the housing problem, to make possible lower freight and passenger rates by getting the railroads back on an efficiency basis, to increase savings due to the reduction of taxes on earned incomes and the lower brackets and thereby to increase the buying power of the earning class and to raise its standard of living. It will also promote industrial and business activity by diverting into productive enterprise funds which are now going into tax-exempt securities. This should increase the number of jobs and at the same time advance general prosperity.

The fortunate condition of the Government's finances in 1924 justifies not only a revision but a reduction of taxes. It is possible to visualize the effect which such a reduction will have when it is realized that a reduction of three hundred million dollars a year over a twenty-year period will leave in the pockets of the people over six billion dollars for other purposes.

During this time, the budget will provide for continued payments which will gradually reduce the public debt, so that, if a sound system of taxation is adopted and the present policy of economy in government is continued, the country may look forward during the present generation not only to a decrease in the tax burden but to increased prosperity in which everyone will share. The prosperity of each individual is, after all, dependent upon the prosperity of the whole country; and anything that endangers or retards the country's normal development also jeopardizes to that extent the prosperity of each individual taxpayer.

CHAPTER VIII

TAX-EXEMPT SECURITIES

Testimony of Secretary Jack Kemp

on Enterprise Zones Before The

Senate Committee on Small Business

June 21, 1989

ENTERPRISE ZONES -- RESTORING JOBS AND ENTREPRENEURSHIP TO AMERICA'S INNER CITIES

Mr. Chairman Senator Boschwitz, Senator Lieberman and members of the Committee, I thank you for your interest in obtaining the views and recommendations of the Administration on enterprise zones. I am heartened by the broad coalition of Republicans and Democrats, liberals and conservatives supporting enterprise zones, and in particular the initiative taken by the bill sponsors in the Senate and House to garner increased support. My friend, Charlie Rangel, working with Democrats and Republicans in the House, has gained well over 200 cosponsors to HR 6, the Enterprise Zone Improvements Act of 1989. In the last six weeks alone, he's added 120 new cosponsors.

It's evident that the momentum is growing in support of this concept which, as the legislation that Congressman Bob Garcia and I introduced in 1980 proposed, will turn areas that were once "redlined" for despair and into areas that are "greenlined" for success.

Mr. Chairman, there should be no waiting on enacting the enterprise zone concept into law and I appreciate that Congress -- particularly the Senate Finance and House Ways and Means

Committees -- wishes to accept the Administration's recommendations before moving forward.

President Bush has said regarding his objectives for economic revitalization that he is "dedicated to making America an opportunity society -- and that means an economy that's thriving and creating jobs; cities that are filled with enterprise and offer residents a good life and a good living, neighborhoods that are vibrant and safe with affordable houses going up, old ones being restored."

President Bush's commitment translates into a plan for economic development and jobs through enterprise zones to encourage entrepreneurship and job creation in distressed inner cities and rural areas. The President has recommended enterprise zones in his budget and his proposal will be introduced very soon. I commend Senator Boschwitz for his bill S. 58, which together with Senator Danforth's bill, S. 35, for rural zones, so closely resemble our model of dramatic incentives to encourage investment in the most economically desperate areas of our urban and rural communities. On behalf of the Administration, I intend to work closely with Congress on a package of incentives to revitalize these areas and succeed in replacing despair with hope, poverty with opportunity.

Time has since passed for us to be testing the enterprise zones model. Mr. Chairman, twice this Chamber has passed enterprise zones legislation. It's time for the Congress to unite and restate its commitment to expanding jobs and economic opportunity for turning the enterprise zone concept into law.

The states are already ahead of us. Since 1982, 37 states and D.C. have enterprise zone programs. These state zones are demonstrating substantial success, despite the fact that they have no benefits from much more powerful federal incentives. Surveys show that state zones have created approximately 184,600 new jobs, helped retain nearly 169,100 existing jobs, and promoted more than $18.1 billion in new capital investment. According to Business Facilities magazine, between 1986 and 1989 state enterprise zones were responsible for 127 percent increase in new jobs, 226 percent increase in jobs retrieved, and 174 percent in new capital investment.

The purpose behind enterprise zones is very simple -- stop doing things that destroy our cities, snuff out jobs, and smother the entrepreneurial spirit. Instead, foster an investment climate that will create new jobs and help produce hundreds and hopefully thousands of new entrepreneurs and small business people.

With the proper set of economic policies, President Bush and I are confident that enterprise zones can help "percolate" a whole new generation of small business entrepreneurs and community leaders, set in motion a process of self-improvement and job-generation, but most of all restore hope for progress in America's future.

Mr. Chairman, I think it is disappointing that there are less than 800,000 minority-owned businesses out of more than 12 million total. Minorities own less than 7 percent of the total business in America. I believe our nation should target a goal of doubling or tripling the number of new minority-owned businesses by the end of this century.

Jobs, homeownership, and good education for our children are at the center of the American dream, and we must once again recapture that dream for those who are fighting to pull themselves out of poverty.

So, while we must continue to provide a social safety net under which no one will fall, we must also strive to provide an opportunity ladder upon which all may climb to jobs, upward mobility, and good education.

Small Business and Entrepreneurism

People say we don't have any entrepreneurs and small business people in our depressed inner cities. Well, we do have a thriving underground economy in many inner cities and it's not all illegal or criminal activity. In most cities, there are hundreds of street vendors, informal day care providers, and painters and plumbers, just to name a few, who largely escape the tax collector.

Waves of new, largely poor and unskilled immigrants tell us that inner cities can be revitalized and that those in poverty can become producers, entrepreneurs, and taxpayers if their services are properly rewarded rather than blocked by government red tape, regulation, and high taxation.

The small business sector will be one of our most powerful armies in this war on poverty. MIT's David Birch found that for the country as a whole, firms with 20 or fewer employees generated 66 percent of all net new private sector jobs. In the Northeast small firms accounted for virtually all the net new jobs created. Most of these new jobs -- some 80 percent -- were created by young firms, less than 4 years old.

But small business is also very risky, fragile and unstable; the type of firms that government is least likely to reach or provide assistance to. More than 65 percent of small firms were found to fail within the first 4 years. But those firms which did survive were 4 times more likely to expand than contract.

Remarkably, the deathrate of jobs is fairly constant throughout the nation. Cities that suffered a net loss of jobs did so because of a low birthrate of new jobs, not because of the deathrate of jobs was very high.

Policymakers, therefore, shouldn't try to prevent the deaths of business. If we are really interested in restoring the health of our economy, we must try to quicken the pace of new business formation and entrepreneurial start ups.

The clear conclusion from Birch's finding is that the most effective strategies for job creation will not center around luring big businesses and corporations into depressed areas, not in attempting to prevent corporations from failing or leaving an area. The best strategies for job creation must capitalize on the tremendous job-creating powers of small businesses.

Yet, these small business people tell us that what they most want from government is less regulation, less taxation, and lower interest rates. Enterprise zones offer the sort of innovative tax reductions and regulatory relief efforts that can remove these barriers to small business and job-creation.

Capital Gains

The Administration believes the tax code can provide efficient means to accomplish economic and social objectives. As President Bush has requested as part of his economic proposals to Congress, a reduction in the capital gains rate from 33 percent to 15 percent can do what its done before: reward enterprising activities, and free up billions of dollars in risk capital for new small business. Between 1979 and 1985 when the top capital gains rate was reduced from 49 percent to 20 percent, the number of small company startups more than doubled, rising to 640,000 from 270,000, creating an additional 15 million jobs.

One of the most dramatic changes we can make to encourage business formation in enterprise zones is to eliminate the capital gains tax on investments in enterprise zones. By allowing entrepreneurs to receive 100 percent of the benefits from selling their company, the capital gains tax cut will encourage small business entrepreneurs to take risks, start companies and expand.

Hong Kong is one of the most vibrant and growing economies in the world. Hong Kong has the second highest per capita income in Asia, and real wages have soared 20 percent in recent years. Hong Kong doesn't tax capital gains and it has very low rates of tax on income and corporations. These low tax rates don't necessarily mean a diminished tax revenue yield or reduced government services. Hong Kong is planning to reduce its income tax rate even further. They have so much new government revenue that they can't spend it all.

We should also remember that a capital gains tax cut is one of the few tax incentives that pays off to the entrepreneur only if he or she increases the value of the firm. If a business person fails, he or she won't benefit from the tax cut. But if the business grows and creates new jobs, the entrepreneur will be rewarded. I believe that this is exactly the type of message we want to be sending our inner cities and depressed rural areas.

Equity Expensing

Entrepreneurs will also be helped by a second incentive -- expensing of equity investment in an enterprise zone and deferral of taxes on capital gains rolled over into an enterprise zone. Because start up businesses typically have little or no tax liability in their first years, there is a limit to what direct tax reductions can do to help these firms. That's why the Administration will propose giving investors an upfront deduction for their first $100,000 equity investment in zone businesses and a deferral of taxes on capital gains rollovers. Expensing and capital gains rollovers are two of the most innovative and exciting features of the enterprise zone bills in the Senate and House.

In return for an up-front tax deduction, investors would provide inner city entrepreneurs the kind of seed capital they need to start up retail stores, a printing shop, a delivery company, laundries, or workshops, just to name a few examples.

It's been my view that equity expensing and the rollover provision will help remove the bias toward double taxation of savings and business income. Any possible revenue costs of equity expensing should be recouped eventually since the entire amount of the investment plus any net gain will be taxed as ordinary income at the time the enterprise zone stock is sold. Plus, taxes would only be <u>deferred</u> on capital gains rollover; capital gains taxes would be paid when those gains are pulled out of the zone.

Job Credits

The Administration is also supporting new employment-based tax incentives to help draw welfare recipients off the welfare rolls and into the productive workforce. Welfare recipients and other low-income people on government support often face effective tax rates that are steeper than for our highest income earners. As poor folks enter the workforce, not only do they pay income taxes on the earnings, but they also face higher effective marginal taxes from losing their AFDC, welfare, Medicaid coverage and other government payments cut as well as new costs such as child care and other employment related expenses.

The Administration supports enterprise zone legislation that gives employers greater incentives to train welfare recipients and offer them job opportunities to help break the poverty trap.

Competitive Selection

Federal tax relief is only one component of a comprehensive urban strategy. But Federal tax incentives can act as a catalyst for other state, local and private sector efforts to restore urban vitality and economic buoyancy. The Administration will propose a competitive process for enterprise zone selection. In this process, those states and localities which offered the strongest package of incentives and initiatives would receive preferential selection for zone eligibility.

For example, some preference for Federal enterprise zone designation could be given to states and localities that offer relief for land use regulations, zoning laws, and building codes and rent control. Similarly, states and localities could toughen community drug enforcement, begin new anti-crime efforts or improve municipal services and neighborhood infrastructure.

Other Federal and Local Incentives

The Federal government can also do more to leverage federal tax incentives. I have directed my staff to put together a strategy for using the full resources of the Department of Housing and Urban Development to strengthen enterprise zones. We will also be seeking cooperation and contributions from the other Cabinet Secretaries. The Jobs Training Partnership Act, for example, can help train people in enterprise zones for the new jobs that will be created by our tax incentives and business-formation efforts.

In this way, enterprise zones may be the key to making traditional spending programs much more effective.

But government efforts are not the only answer. Right now in our inner cities there are a rich variety of self-help groups, religious institutions, and neighborhood and service organizations that are the strong social fabric of our communities. This complex web of social interaction and mutual help efforts are the strength and pride of our neighborhoods. Too often, government has destroyed this invisible network of relations or simply ignored it.

We need to empower these groups and unleash their energy and efforts, as we have done with dozens of tenant management groups across the nation who are taking over their projects and achieving their dream of homeownership. We have barely begun to scratch the surface in promoting many other self-help efforts. In this crucial component of our urban revitalization strategy, let us build upon the strengths of the community and rely on those closest to the problems themselves -- the grassroots leaders.

Cost of Enterprise Zones

Some of our critics say that enterprise zones are untested and untried. They say that reducing taxes in our inner cities would cost billions of dollars.

I say that enterprise zones already have been tested, they've already been proven and they already are working. The entire scope of the last 8 years is proof that reducing taxes on labor and capital to increase incentives results in unprecedented prosperity, enormous job creation and a flood of new investment. Since the 1981 tax rate reductions, 17 million new jobs have been created, taxes paid by upper income groups have soared far beyond what they would have been under higher tax rates, and in the last year alone, government revenues have risen by more than $80 billion.

More tax revenue today is flowing into the Treasury with lower tax rates and a growing economy than with higher tax rates and a stagnant and lifeless economy.

Yet, our inner cities and other pockets of poverty around our nation are still suffering from incentive-numbing effective tax rates, not just because of high initial tax rates on those trying to escape poverty but from the high effective tax rates resulting from suffocating regulation, exclusive zoning, crime, drug abuse and poor education.

How can we lose revenues from tax cuts on businesses that don't yet exist, from investment that hasn't occurred and from jobs that are missing from inner city neighborhoods? I'll tell you how. Our critics assume that all activities that occurs in an enterprise zone simply involves shifting of activity which otherwise would have occurred outside the zone.

Let me be more specific. Our critics coming up with revenue loss figures assume that lower taxes on labor and capital won't produce one net new job, one net new dollar of additional investment, or one new business.

Mr. Chairman, why is it so difficult for our critics to understand that incentives work for poor people as well as they work for the rich? Why don't they understand that lower taxes work as well -- if not better -- to stimulate small business development as for big business expansion? Why is it hard to understand that minorities and poor people have the same hope and dreams to become entrepreneurs and producers as other people?

It has been estimated that if only one-quarter of the jobs created in an enterprise zone were new jobs, and not just shifted economic activity, that the cost of enterprise zones would be cut in half. And if one-half of the economic activity in a zone were really new, enterprise zones would actually raise government revenues. I believe that with the government running a budget deficit that we can't afford to waste this vital, untapped contribution to our nation's economy and budget from putting poor folks and inner city minorities back to work.

Let me assure you that I do not consider enterprise zones to be a replacement for other Federal programs, although I think that over time, as enterprise zones succeed, we may well see them more efficiently accomplishing the goals of many Federal programs. I view enterprise zones as one major weapon in the arsenal of our war on poverty. It is a way to bring together the resources of all levels of government and the private sector in a productive partnership.

Ladies and gentlemen, I believe we are forging a common and bi-partisan agenda for waging a new and successful war on poverty. Our principles are founded on our faith in our democratic capitalist system, but our inspiration comes from Dr. Martin Luther King, who said he had faith in America and an audacious faith in the future of mankind. We too believe in the unlimited potential of free men and women to better their lives and the future of their country.

Through enterprise zones we can begin this new war on poverty, and one that is successful, where jobs, homes, and hope replace despair and unemployment.

Thank you for this opportunity to present the Administration's view of enterprise zones. I am happy to respond to your questions.

JACK KEMP

John —

thanks for all your —

help & confidence. I'm

thrilled to be on the team —

Lets win one for

the "history books",

your fellow-soldier,

Jack

NOT PRINTED AT GOVERNMENT EXPENSE

FYI

RECAPTURING THE AMERICAN DREAM

STATEMENT OF CONGRESSMAN JACK KEMP ON HIS APPOINTMENT AS SECRETARY OF HOUSING AND URBAN DEVELOPMENT BY PRESIDENT-ELECT GEORGE BUSH, DECEMBER 19, 1988.

THANK YOU, MR. VICE-PRESIDENT, FOR APPOINTING ME AS YOUR SECRETARY OF HOUSING AND URBAN DEVELOPMENT AND FOR THE CONFIDENCE YOU HAVE SHOWN IN ME. IT IS AN HONOR TO STAND WITH YOU AND SERVE IN YOUR ADMINISTRATION AT THIS EXCITING TIME IN HISTORY, AND I LOOK FORWARD TO HELPING YOU FULFILL YOUR MANDATE TO LEAD THIS NATION IN TO THE 1990'S.

MR. VICE-PRESIDENT, YOU TALKED DURING YOUR CAMPAIGN ABOUT HOMEOWNERSHIP, JOBS AND EQUALITY OF OPPORTUNITY FOR ALL PEOPLE AS NECESSARY INGREDIENTS OF THE AMERICAN DREAM.

WHEN THINKING ABOUT THE CHALLENGES AHEAD, I'M REMINDED OF THE BEAUTIFUL WORDS OF DR. MARTIN LUTHER KING TWENTY-FIVE YEARS AGO. HE SAID HE ACCEPTED THE NOBEL PEACE PRIZE "WITH AN ABIDING FAITH IN AMERICA AND AN AUDACIOUS FAITH IN THE FUTURE OF MANKIND."

MR. VICE-PRESIDENT, YOU TOO, HAVE AN ABIDING FAITH IN AMERICA AND I WANT YOU TO KNOW THAT I HAVE AN AUDACIOUS FAITH THAT WE CAN HELP RECAPTURE THE AMERICAN DREAM FOR OUR DISTRESSED INNER CITIES AND THOSE WHO LIVE IN POVERTY AND DESPAIR.

I'M EXCITED ABOUT WORKING IN AN ADMINISTRATION THAT HAS PLEDGED ITSELF NOT ONLY TO SOME BASIC REFORMS, BUT TO SOME FUNDAMENTAL PRINCIPLES IN THE AREA OF HOUSING AND URBAN ECONOMIC DEVELOPMENT. GEORGE BUSH HAS REAFFIRMED THE GOALS OF THE 1949 HOUSING ACT, TO HELP CREATE THE CONDITIONS IN AMERICA FOR EVERY FAMILY TO HAVE DECENT AND AFFORDABLE HOUSING. HE RECOGNIZES THE APPALLING TRAGEDY OF HOMELESSNESS AND JOBLESSNESS, AND HAS ASKED FOR FULL FUNDING OF THE MCKINNEY ACT AND A PRIVATE ENTERPRISE JOB CREATION STRATEGY FOR OUR CITIES. AND HE HAS SAID THAT THE BASIC CHALLENGE FOR OUR HOUSING PROGRAM IS AFFORDABILITY--FOR THE POOR, THE ELDERLY, AND YOUNG FAMILIES JUST STARTING OUT. I AM LOOKING FORWARD TO HELPING GEORGE BUSH FULFILL THESE PLEDGES.

IN RECENT YEARS I HAVE SPONSORED A NUMBER OF URBAN POLICY INITIATIVES THAT HAVE HAD THE SUPPORT NOT ONLY OF THE PRESIDENT-ELECT, BUT ALSO A UNIQUE COALITION OF LIBERALS AND CONSERVATIVES, BLACKS, WHITES AND HISPANICS. THESE INCLUDE GREENLINING OUR INNER CITIES WITH FREE ENTERPRISE ZONES TO CREATE MORE JOBS, URBAN HOMESTEADING TO EXPAND HOMEOWNERSHIP FOR RESIDENTS OF PUBLIC HOUSING PROJECTS LIKE KENILWORTH-PARKSIDE, AND TENANT MANAGEMENT TO HELP EMPOWER THE POOR. I'VE HAD THE PRIVILEGE OF WORKING CLOSELY WITH LEGISLATORS AND COMMUNITY LEADERS, MAYORS AND NEIGHBORHOOD ACTIVISTS, ENTREPRENEURS AND VOLUNTEERS. THEIR INSIGHT, THEIR EXPERIENCE, AND THEIR SUPPORT WILL BE ABSOLUTELY VITAL TO OUR EFFORTS. I PLAN TO ASK FOR THEIR HELP--AND I PLAN TO EARN IT BY KEEPING BOTH MY DOOR AND MY MIND OPEN TO ALL PEOPLE AND TO ANY GOOD IDEA.

I BELIEVE WE HAVE A UNIQUE OPPORTUNITY TO FORGE NEW ALLIANCES THAT TRANSCEND COLOR, ECONOMIC STATUS AND EVEN IDEOLOGY. IT ISN'T NECESSARY TO AGREE ON EVERYTHING, BUT IT WILL BE ABSOLUTELY NECESSARY TO SEEK CONSENSUS ON A PUBLIC-PRIVATE ENTERPISE PARTNERSHIP TO WAGE WAR ON POVERTY.

IF THERE IS ONE PHILOSOPHY THAT WILL DRIVE THE DEPARTMENT OF HOUSING AND URBAN DEVELOPENT UNDER PRESIDENT-ELECT BUSH'S LEADERSHIP AND MY STEWARDSHIP, IT WILL BE THIS: WE WANT TO GIVE PEOPLE THE ABILITY TO SEIZE NEW JOBS AND OPPORTUNITIES FOR THEMSELVES, TO MAKE DECISIONS ABOUT THEIR OWN LIVES, AND TO SECURE A BETTER LIFE FOR THEIR CHILDREN. WITHOUT ILLUSION ABOUT THE CHALLENGES FACING US AND WITH THE RECOGNITION THAT GOVERNMENT CAN'T SOLVE ALL PROBLEMS, WE WILL DO EVERYTHING IN OUR POWER TO UPHOLD OUR AMERICAN HERITAGE AS ONE NATION UNDER GOD, THAT RESPECTS THE RIGHTS OF OTHERS, SHOWS COMPASSION FOR THOSE IN NEED, AND ADVANCES EQUALITY OF OPPORTUNITY TO ALL.