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ADDRESS BY THE HONORABLE RONALD REAGAN TO THE ANNUAL CONVENTION OF THE NATIONAL URBAN LEAGUE NEW YORK CITY, AUGUST 5, 1980

Back in 1967, in my first year as Governor, I spoke in this city to the New York Economics Club. I had a feeling they had invited me out of curiosity. For some 25 years in my previous occupation, I'd been riding off into the sunset with "The End" superimposed on my back, and there I was being introduced as the Governor of California.

Well today I have another memory, one going back to 1960. A candidate for President appeared before a skeptical audience, an audience filled with doubts as to whether he should be elected leader of all the American people.

John F. Kennedy, a Catholic, was facing an audience of Protestant ministers who wanted to know whether his religious beliefs would in some way affect his conduct in our nation's highest office.

It's been a long time since I rode off into the sunset, and a person's religious affiliation is no longer a major factor in politics, so why do I find myself remembering these particular incidents?

Maybe because in recent years we've taken to labelling candidates as left or right, as liberal or conservative, and leaving voters to guess what those labels mean. To too many people, "conservative" has come to mean "anti-poor, anti-black, and anti-disadvantaged." Perhaps some of you question whether a conservative really feels sympathy and compassion for the victims of social and economic misfortune, and of racial discrimination.

I believe it's time to look beyond labels. If you think of me as the caricatured conservative, then I ask you to listen carefully. I think you may be surprised by our broad areas of agreement.

Indeed, I want this morning to continue a conversation which began in Detroit, with black delegates to the GOP convention. It is one which I fervently hope will go on for a long time. I found we have much to share, and much to learn about each other.

You and I both know there are perceived barriers between my political beliefs and the aspirations of black Americans. Those barriers are false. What I want for America is, I think, pretty much what the overwhelming majority of black Americans also want.

But there's another barrier that concerns me even more. That is the idea that black Americans are some underclass of people, who must be treated apart from the mainstream of Americans because they don't have the capabilities the rest of us have.

Nothing could be further from the truth. Black Americans don't lack capability. They lack opportunity. Given adequate opportunities, black Americans can be as successful as anyone else in this country.

I believe the policies of the Democratic Party leadership during these past four years have produced the single most dangerous threat to black progress today: an economy in recession. This is not to say that the Democrats have not promised black Americans an economic heaven. But while taking their votes for granted, they have produced almost the opposite.

What could be more depressing than the economic conditions blacks now face:

- In the current recession, black unemployment had jumped significantly. Just last Friday, the Labor Department

announced that 14.2% of blacks were out of work. In many cities, nearly half of all black teenagers can't find a job.

- Black families, whose income had reached more than 60% of white family income by 1976, have since fallen further behind.

- Inflation has become a disaster for low- and middle-income persons, especially blacks who may have just started climbing the economic ladder.

- Towering interest rates and skyrocketing housing prices have forced countless black families to abandon the dream of owning their own home.

- Young blacks, already frustrated in the job market, now must worry about the possibility of a peace-time draft. And they do so because of this administration's failure to provide a truly sound defense.

Can any black American look at the past four years and say to this administration: "A job well done"? Can he or she seriously proclaim: "Let's have four more years of this"? Can the young black families stare in the face of a crumbling future and say: "This is what we wanted from life"?

Indeed, can anyone *not* agree that we need a change? I think a new direction, a policy of hope and opportunity, is long overdue. In fact, Jimmy Carter is not the major problem. The philosophy he believes in and the policies he promotes, are. Replace him with someone more competent, but who believes in the same philosophy, and things won't get much better.

The problem is, that economic philosophy is based on the *mistaken belief* that for some people to benefit, others must suffer. We are told the following: that people must lose their jobs; that to help the cities, we must increase taxes on other areas of the country; that to find more jobs for blacks, we must deny jobs to non-blacks.

And the present administration tells us that this is the best it can do. The problems are too great, it says. The only way to fight back is to sacrifice.

But as Margaret Bush Wilson of the NAACP has said, this instant austerity may be fine if you're a 28-year-old, \$50,000 per year White House staffer. But it's a disaster if you're a young black struggling to get your first job. It's as if just as black Americans are able to buy a ticket on the train of economic opportunity, the Carter administration closes down the train station.

I don't believe for one minute that the answer to the economic problems of black Americans—indeed, to those of any Americans—is to force them to learn to live with less. Think how discouraging it must be for those who have always *had* less, to now be told that they must further reduce their standard of living.

There is a better answer. We must get the economy moving again. Instead of fighting over who gets the last piece of a shrinking economic pie, let's help America produce a bigger pie so that everyone will have a chance to be better off.

And let's not fool ourselves. This will not be an easy task. But it is a challenge I think we must accept. We are fighting literally for a generation of Americans. If we lose—if we fail to expand opportunities for young black Americans—then we are condemning them to that dismal cycle of poverty which so many of their parents had to endure.

There are three answers to this bleak future now confront-

ing the upcoming generation of black Americans, and the bitter reality facing the older generations. Those answers are: jobs, jobs, jobs.

Not make-work employment that lasts for one year, and then squeezes recipients back onto welfare rolls. Real jobs that teach marketable skills. Jobs with a future. We should help foster the economic conditions which will allow every able-bodied American who wants a real job to be able to find one.

But we will create these jobs only if we commit ourselves now to a policy of economic growth. We must realistically assess those barriers which prevent us from achieving that goal, including structural unemployment, limited energy supplies, and low industrial productivity. But then we must move forward to find solutions to these difficulties, so we can secure the blessings of economic expansion for even the neediest and most disadvantaged of our people. For if those of us who have the ability to change things accept defeat, how can we ask those with little influence to have faith in their futures?

And let us make a compact among ourselves—a compact not to fight these problems on the backs of the poor. We need leaders who realize that:

- unemployment is *not* the answer to inflation. Unemployment means only lost jobs, and blacks, who are all too often the last hired, are usually the first fired.

- our energy crisis will not be solved by a 50 cents per gallon gasoline tax. That tax would only penalize the low- and middle-income working men and women who have no choice but to drive to their jobs.

- and the needs of our cities cannot be met by merely taxing New York to help Detroit, taxing Detroit to help Chicago, and taxing Chicago to help New York. Our cities must once again become engines of prosperity in themselves. We should seek to *revitalize* them, not just redistribute tax resources from one part of the country to another.

Let me re-emphasize the essential point that I made earlier: the real failure of the current administration is a failure of ideas, of an inability to break away from failed policies, to move boldly in new directions. It is rooted in the philosophy which has dominated the halls of government for years.

I know. I have been there. When I was elected Governor of California, I inherited an administration which held the same beliefs popular in Washington today. Changing that direction was a formidable task. California, after all, is the largest state in the nation. If it were a separate country, it would have a larger gross national product than all but six countries in the world.

Some people said we couldn't do it. But we did. In the space of eight years, we turned the state around. We changed the red ink to black ink, provided jobs, and increased aid to the needy. It's a record I'm proud to share with you.

During the eight years I served as Governor, my administration consistently encouraged the development of productive, private job opportunities to create lasting livelihoods.

We supported and signed legislation enacting the California Job Development Corporation Law to stimulate the flow of public and private capital into low-income areas, to help create job-producing businesses. We worked with an industrialist to mobilize private industry to provide jobs for the hard-core unemployed in the Watts area of Los Angeles.

I signed legislation for a reorganized Department of Employment Development, with a new emphasis on job creation activities, manpower development programs, employment placement services, and vocational rehabilitation.

We also brought the Republican concept of the Office of Minority Business Enterprise to California in the form of the California Job Creation Program and set about developing new and strengthening existing black businesses. Through re-

gional job creation corporations, we implemented a Loan Guarantee Program under which private banks made loans to small businesses which could not acquire financing through normal channels.

We implemented the Small Business Assistance Program to provide management assistance to small business. The assistance included loan preparation, acquisition, and post-loan aid. By the end of 1973, the program had resulted in small business obtaining more than 15 million dollars in loans, which were used to expand and create new jobs.

We changed the prevailing view in the welfare system. Implicit in many of the federal government's welfare programs is the assumption that poor people are essentially beyond salvation—that they are economically obsolete—and that the dole is the *only* answer.

During my administration in California, we developed a fair and sound welfare program that had dramatic results. Benefits to the neediest recipients were raised by 43 percent. Truly needy recipients who had not had a cost of living raise for 13 years received one. California's welfare case load was reduced dramatically.

How did we achieve these results? Part of our program included a requirement that able-bodied recipients take job training or work in a community service project for at least four hours a day in return for their welfare grants. This, together with a program that prepared recipients for private employment, put more than 76,000 welfare recipients to work in fiscal 1973-74, during the height of a recession.

In addition, in our eight years we managed to increase the number of black state employees by 23 percent. As to those appointments a governor can make to executive and policy-making positions, I appointed more black citizens than *all* the previous governors of California combined.

These achievements did not come easy. But our work in California has helped prepare us for the economic struggles we shall face in the 1980's. For most black Americans, this battle will be fought in the hearts of our cities.

Unfortunately, no comprehensive and realistic urban policy can be described in detail in the few minutes remaining. But I would like to outline a few elements of my strategy to help solve the problems of the cities—and of the people who live in them.

In order for an urban revitalization program to be successful, we must have a consistent and effective national economic policy. We must restrain the growth in federal spending, and cut income tax rates. We must eliminate or modify unnecessary regulations. And we must preserve the value of the dollar through sensible monetary policies.

There are some further, specific actions which the federal government can explore to help improve life in our nation's cities. First, we must increase the economic activity, and the number of jobs, in our urban areas. One way to reindustrialize the cities is to create enterprise zones in depressed urban areas. This program would focus on those areas which are producing little or no public revenues, because little or no production is taking place.

Local officials would be permitted to designate enterprise zones in depressed areas of their cities. Within the zones, various regulations would be relaxed. Property taxes would be stabilized or modified. And depreciation and tax rules would be changed for businesses locating in and hiring workers from the zones.

Enterprise zones would remove many of the barriers to investment and job creation. Thus, entrepreneurs would be encouraged to start new enterprises, and to put people in the zone to work.

Those who view poverty and unemployment as permanent afflictions of our cities fail to understand how rapidly the

poor can move up the ladder of success in our economy. But to move up the ladder, they must first get on it. And this is the concept behind the enterprise zones. The mayor of Gary, Indiana, Richard Hatcher, has stated that tax reform to encourage businesses to locate in the cities, "would probably do more for the cities than all the categorical programs put together."

We need to recapture the momentum black enterprise experienced in the early 1970's. The Republican record speaks for itself. Almost 7 out of every 10 of the 100 largest black businesses in America listed in the June edition of *Black Enterprise* magazine were formed during Republican administrations.

According to *Black Enterprise*, thirty-two out of the 48 largest banks, 24 out of the 41 largest savings and loans, and half of the top 38 largest black insurance companies were also formed during Republican administrations.

The record is no accident. Republican attention to the needs of black enterprise helped stimulate the creation of new black businesses. We have lost this momentum with the Carter administration's neglect. Indeed, during the Carter years, no major new black savings and loans have been founded. Only two new banks of any size were formed. And *Black Enterprise* magazine adds that no new major black insurance companies have been established while Carter has been in the White House. We must reverse this trend.

We must adopt the goal of making black Americans more economically independent, through means of black enterprise and lasting, meaningful jobs in the private sector. We must assure that 4 years from now public sector jobs can't be dangled like carrots; that welfare can't be used as a lever to pry those urban votes, that black Americans have captured more of their own destiny.

We have a special need to expand the job opportunities for young people, through enactment of a youth differential in the minimum wage. As many economists have pointed out, recent increases in the minimum wage have worsened, rather than improved, the economic well-being of the disadvantaged, and particularly minority teenagers.

Unfortunately, teenagers—those entering the work force for the first time—often lack the training, skills and education necessary to earn the legal minimum wage. Thus, employers tend to substitute more highly skilled workers and machines for them. The result is that many young people—black teenagers significantly—are unable to find work. They can't earn a single dime. And they can't acquire the experience and skills necessary for better jobs in the future.

Permitting young people to work at less than the legal minimum wage would allow them to get what they need most—a job and the work experience it provides.

We should give cities greater discretion over the federal funds they receive. Local officials know better than federal bureaucrats what their cities need, and should be permitted to use their limited dollar resources for the programs that will best get their urban economies moving.

Our ultimate goal should be to transfer from the federal government back to the states and localities programs—such as welfare and education—which the federal government has usurped and has not managed well, along with the tax sources to pay for them.

We should maintain general revenue sharing, at least until the transfer program is completed. And we should combine a number of restrictive categorical grants into block grants, so that cities will have more money to spend on their special needs, and will have greater flexibility in spending it.

Also, we should reduce federal regulatory requirements on cities which do little to help the city's residents and only increase the local tax burden.

We should help urban residents undertake creative self-help

initiatives to improve their neighborhoods under their own direction.

Already, throughout the country, thousands of neighborhood organizations have gone to work to improve education, housing, public safety, recreation, health services, transportation, and economic opportunities, and to preserve their cultural heritage.

This massive self-help effort, in the best American tradition, builds upon the strengths, the talents, and the dedication of neighborhood residents. The federal government can help by eliminating unnecessary federal intervention which undermines neighborhoods, and by assisting city governments in testing creative new arrangements for giving neighborhood residents more control over their public services through, for example, voucher systems, user fees, and private contracting.

Finally, the federal government can help improve the housing of urban Americans by implementing a comprehensive urban homesteading program. During the early 1970's, the federal government became the owner of thousands of housing units as a result of mortgage default by their owners. In many cases, these homes have remained boarded up for years, blighting their neighborhoods, and inviting crime, drug addicts, and arson.

In the mid-1970's, Republicans sponsored the idea of urban homesteading, whereby such abandoned government-owned housing would be sold to a family for \$1, if they would restore it to decent condition and live in it. The idea is the same as that of the Republican Homestead Act, signed into law by President Lincoln, which opened up the west to independent farmers a century ago.

Bringing such government-owned houses back onto the tax rolls as decent housing is one way for low- and middle-income Americans to acquire a home. An example of the failure of the present program is in North Central Detroit, where 600 HUD-owned houses have stood abandoned for an average of 7 years. When 28 were made available for urban homesteading, there were 9,000 applications. The other 572 homes in North Central Detroit, as well as the thousands nationwide, should be rapidly restored to private ownership whenever possible.

These are some of my ideas for improving the quality of life in America's cities. There are, I'm sure, many other good ideas, including many of those you may have. Let us pledge to continue this dialogue we have started, so we can work together at solving the problems black Americans face. I want—and need—your help in this critical task.

Before I conclude, I want to leave you with the words of a man who in many ways typified all that is best in our country. He was a leading citizen of the American community of shared values. His name was Daniel James, Jr. Friends called him "Chappie".

A general, hero in two wars, fighter against discrimination, champion of equal opportunity, believer in personal responsibility. He wore four stars on his shoulders and fifty stars in his heart. He was a legend.

He once told an audience: "This is my nation. I love her. If I see Miss Liberty ill, I'll hold her hand. If she's in the hospital, I will bring her roses."

You know that there have been and are today times when Miss Liberty is in the hospital, when for whatever reason equal opportunity is denied and her blessings are not being shared fairly among us. When that happens, let us move closer together so that we can take General "Chappie" James' advice and hold Miss Liberty's hand, send her roses. She's all we have and she's the last of her kind in the world. By working together, exchanging ideas and improving our common efforts, we can see to it that Chappie's beautiful lady does not die, but lives for all of us, for our children and for our children's children.

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