

SPEECH BY SENATOR HUBERT H. HUMPHREY

UNITED RUBBER WORKERS

AKRON, OHIO

LABOR DAY, SEPTEMBER 6, 1971

The President has scrapped his old economic game plan and adopted a new one.

But, the evidence strongly suggests it is still not a winner.

Let me tell you why:

At the heart of the so-called new policy is the old conservative economic theory of "trickle down" -- the theory that if business and management are given windfalls, then prosperity will eventually reach the working man and the consumer.

This theory is an old one. It has been tried and found wanting. It simply does not work.

The only thing new in this economic game plan is the quarterback - President Nixon -- and he is still calling the same old signals.

But what is needed is not trickle down, but percolate up.

Now what is our quarrel with the Administration proposals?

First, they are unforgiveably and tragically late.

Second, they are grossly inequitable. They place the burden for inflation control primarily on the worker, and they give too few benefits to the working man and the consumer.

-- wages, prices, and rents are frozen, but there is no ceiling on interest rates or a limitation on profits.

-- prices of land, capital gains, and dividends are exempt from the freeze.

-- business gets tax relief of nearly \$9 billion dollars. The individual is limited to a one time only tax benefit of less than one-third that given corporate business.

Third, all decision making to administer this freeze is done behind closed doors. Officials consult with whomever they please -- if they consult at all.

This is no way to build public confidence and trust for the difficult period that comes after the freeze.

Fourth, the Administration proposes to scuttle the two proposals that are vital to the Nation's economic recovery and the Nation's general well-being -- welfare reform and fiscal relief to state and local governments.

These economic proposals come only after a stubborn administrator watched idly month after month as the unemployment lines lengthened and the cost of living climbed.

They come only after the national recession reached truly critical proportions and after public confidence in the Administration's ability to deal with the mounting problems had become seriously eroded and perhaps permanently destroyed.

What this nation needs again is a new Fair Deal.

Let me outline a few elements of a Fair Deal economic policy.

First, we must reject half policies that do little to revitalize the economy. We must reject half policies that emphasize control and freeze rather than revitalize economic expansion.

The best anti-inflationary medicine is improved productivity -- an economy that is operating at its highest level of capacity.

This is why programs to produce jobs must have priority. Public service employment, training, and re-training programs are necessary for all Americans -- particularly those groups suffering from the highest unemployment.

Second, we must end the freeze in 90 days.

And, it must be replaced by a Wage, Price, Profits Stabilization Board -- a board that has the real participation and support of labor, business, agriculture, consumers and the public.

The Administration's freeze is inflexible. While it may have been necessary to buy time to build a continuing means of guiding the economy, it ignores inequities, legitimate contract obligations, and the economic condition of thousands of small businessmen.

Along with the Stabilization Board, Productivity Councils must be established on a regional basis.

Third, we must stimulate consumer spending.

We need to pass a Consumer Tax Relief Act of 1971 that will speed up income tax relief, we should postpone increases in social security payroll taxes. And, we need to pass an extension of unemployment compensation.

Fourth, we need early passage of welfare reform -- we must reform a system that fails both the recipient and the taxpayer.

Fifth, financial assistance to our cities and states is a must. We have got to lighten the load of already over-burdened homeowners.

Sixth, the Federal Reserve Board should pursue a policy of monetary and fiscal expansion.

Seventh, we should enact an investment tax credit.

Finally, we need an economic policy that is more than a response to crisis -- an economic policy that looks to the future of this nation, beyond tomorrow, beyond 90 days, beyond the next election.

How are we going to create the 20 million new jobs we will need by 1976 -- the 200th Anniversary of our national birth?

How are we going to meet not only our economic needs, but our social needs -- in housing, in transportation, in health care, in education?

These are the questions that the so-called new economic policies fail to address. And, it is our job --yours and mine -- to see that they are addressed and soon.

Our goals are the same: A new economic policy, yes.

But a Fair Deal Economic policy for social justice -- a policy that looks to prosperity and the well-being of the worker, the businessman, the farmer, the professional, the consumer.

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UNITED RUBBER WORKERS

~~AKRON~~, OHIO

*Barberton*

LABOR DAY, SEPTEMBER 6, 1971

201-1683

- Barberton - Summit County  
Industrial City  
over 60 industries  
over 80% families own homes  
Good schools -  
Public + Parochial  
Churches - Recreation  
Parks - Playgrounds - Lake Anna  
Hospitals - Med. care

America

Parade

Lake Anna

Youth

Country is Trouble

Economy in trouble  
inflation, unemployment.

Trade - Budget

~~1964~~  
~~1964~~

- ↳ <sup>Father Klein</sup> Peter Bormmarito - President United Rubber Workers
- ↳ <sup>+ Mrs</sup> Wayn Kenneth Cox
- ↳ Cong John Seiberling (14<sup>th</sup>)

THE PRESIDENT HAS SCRAPPED HIS OLD ECONOMIC GAME PLAN

AND ADOPTED A NEW ONE.

↳ Mr Tom Streitberger  
Chairman

BUT, THE EVIDENCE STRONGLY SUGGESTS IT IS STILL NOT

A WINNER.

George Marinak  
(June)

↳ LET ME TELL YOU WHY:

Sen Oliver O'Kayack

AT THE HEART OF THE SO-CALLED NEW POLICY IS THE OLD

CONSERVATIVE ECONOMIC THEORY OF "TRICKLE DOWN" -- THE THEORY

THAT IF BUSINESS AND MANAGEMENT ARE GIVEN WINDFALLS, THEN

PROSPERITY WILL EVENTUALLY REACH THE WORKING MAN AND THE

CONSUMER.!

THIS THEORY IS AN OLD ONE. ~~IT HAS BEEN TRIED AND FOUND~~ It sounds good, but

~~WANTING.~~ it SIMPLY DOES NOT WORK.

L THE ONLY THING NEW IN THIS ECONOMIC GAME PLAN IS THE  
QUARTERBACK -- PRESIDENT NIXON -- <sup>But</sup> HE IS STILL CALLING

THE SAME OLD SIGNALS. an end run, around the  
workers.

L BUT WHAT IS NEEDED IS NOT TRICKLE DOWN, BUT PERCOLATE |

UP.

L NOW WHAT IS OUR QUARREL WITH THE ADMINISTRATION PROPOSALS?

(1) FIRST, THEY ARE UNFORGIVABLY AND TRAGICALLY LATE.

(2) SECOND, THEY ARE grossly unfair. THEY PLACE THE

BURDEN FOR INFLATION CONTROL PRIMARILY ON THE WORKER, AND

~~THEY~~ GIVE TOO FEW BENEFITS TO THE WORKING MAN AND THE

CONSUMER.

-- WAGES, PRICES, AND RENTS ARE FROZEN, BUT THERE IS

NO CEILING ON INTEREST RATES <sup>no</sup> A LIMITATION ON PROFITS, no

freeze on Dividends - yes

-- PRICES OF LAND, CAPITAL GAINS, AND DIVIDENDS, and interest

EXEMPT FROM THE FREEZE.

-- BUSINESS GETS TAX RELIEF OF NEARLY \$9 BILLION DOLLARS.

*But,* THE INDIVIDUAL IS LIMITED TO A ONE TIME ONLY TAX BENEFIT

OF LESS THAN ONE-THIRD THAT GIVEN CORPORATE BUSINESS.

#3 THIRD, ALL DECISION MAKING ~~TO BE MADE~~ on this FREEZE

IS DONE BEHIND CLOSED DOORS, OFFICIALS CONSULT WITH WHOMEVER

THEY PLEASE -- IF THEY CONSULT AT ALL ~~and~~

THIS IS NO WAY TO BUILD PUBLIC CONFIDENCE AND TRUST

FOR THE DIFFICULT PERIOD THAT COMES AFTER THE FREEZE.

#4 FOURTH THE ADMINISTRATION PROPOSES TO SCUTTLE THE

TWO PROPOSALS THAT ARE VITAL TO THE NATION'S ECONOMIC

RECOVERY AND THE NATION'S GENERAL WELL-BEING -- WELFARE

*welfare*

REFORM AND ~~FISCAL~~ *financial aid* RELIEF TO STATE AND LOCAL GOVERNMENTS.

L THESE ECONOMIC PROPOSALS COME ONLY AFTER A STUBBORN

ADMINISTRATION WATCHED IDLY MONTH AFTER MONTH AS THE

UNEMPLOYMENT LINES LENGTHENED AND THE COST OF LIVING CLIMBED.

L THEY COME ONLY AFTER THE NATIONAL RECESSION REACHED

TRULY CRITICAL PROPORTIONS AND AFTER PUBLIC CONFIDENCE IN

THE ADMINISTRATION'S ABILITY TO DEAL WITH THE MOUNTING

PROBLEMS HAD BECOME SERIOUSLY ERODED AND PERHAPS PERMANENTLY

DESTROYED.

New Fair Deal

↳ WHAT THIS NATION NEEDS AGAIN IS A NEW FAIR DEAL.

LET ME OUTLINE A FEW ELEMENTS OF A FAIR DEAL ECONOMIC POLICY.

↳ FIRST, WE MUST REJECT HALF <sup>way</sup> POLICIES THAT DO LITTLE TO REVITALIZE THE ECONOMY. WE MUST REJECT HALF POLICIES THAT

EMPHASIZE CONTROL AND FREEZE RATHER THAN REVITALIZE ECONOMIC

EXPANSION.

*The crying need today is Jobs!*

↳ THE BEST ANTI-INFLATIONARY MEDICINE IS IMPROVED

PRODUCTIVITY -- AN ECONOMY THAT IS OPERATING AT ITS HIGHEST

LEVEL OF CAPACITY.

(Peter Bonmarito Statement)  
-6-

THIS IS WHY PROGRAMS TO PRODUCE JOBS MUST HAVE  
PRIORITY. PUBLIC SERVICE EMPLOYMENT, TRAINING, AND RE-TRAINING  
PROGRAMS ARE NECESSARY FOR ALL AMERICANS -- PARTICULARLY THOSE  
GROUPS SUFFERING FROM THE HIGHEST UNEMPLOYMENT.

*- Imports -  
- multi National  
Corporations*

#2 SECOND, WE MUST END THE FREEZE IN 90 DAYS.

AND, IT MUST BE REPLACED BY A WAGE, PRICE, PROFITS  
STABILIZATION BOARD -- A BOARD THAT HAS THE REAL PARTICIPATION  
AND SUPPORT OF LABOR, BUSINESS, AGRICULTURE, CONSUMERS

AND THE PUBLIC. *This board to set guidelines  
for major industries.*

THE ADMINISTRATION'S FREEZE IS INFLEXIBLE, WHILE IT MAY  
HAVE BEEN NECESSARY TO BUY TIME TO BUILD A CONTINUING MEANS  
OF GUIDING THE ECONOMY, IT IGNORES INEQUITIES, LEGITIMATE  
CONTRACT OBLIGATIONS, AND THE ECONOMIC CONDITION OF THOUSANDS  
OF SMALL BUSINESSMEN.

# Production

-7-

L ALONG WITH THE STABILIZATION BOARD, PRODUCTIVITY COUNCILS  
MUST BE ESTABLISHED ON A REGIONAL BASIS.

*Productivity  
to improve  
wages*

#3 THIRD, WE MUST STIMULATE CONSUMER SPENDING.

WE NEED TO PASS A CONSUMER TAX RELIEF ACT OF 1971 THAT

WILL SPEED UP INCOME TAX RELIEF *we* SHOULD POSTPONE INCREASES

IN SOCIAL SECURITY PAYROLL TAXES, AND, WE NEED TO PASS AN

EXTENSION OF UNEMPLOYMENT COMPENSATION.

#4 FOURTH, WE NEED EARLY PASSAGE OF WELFARE REFORM -- WE

*Welfare*

MUST REFORM A SYSTEM THAT FAILS BOTH THE RECIPIENT AND THE

TAXPAYER.

#5 FIFTH, FINANCIAL ASSISTANCE TO OUR CITIES AND STATES

*Financial Aid*

IS A MUST. WE HAVE GOT TO LIGHTEN THE LOAD OF ALREADY OVER-

BURDENED HOMEOWNERS.

There are things to do - Housing Transit

#6

SIXTH,

THE FEDERAL RESERVE BOARD SHOULD PURSUE A POLICY

OF MONETARY AND FISCAL EXPANSION

consistent with

#7

SEVENTH

WE SHOULD ENACT AN INVESTMENT TAX CREDIT

To create jobs to improve productivity

~~NEWB all of it~~

FINALLY, WE NEED AN ECONOMIC POLICY THAT IS MORE

Rt to Peace

Rt to a Job

THAN A RESPONSE TO CRISIS -- AN ECONOMIC POLICY THAT LOOKS

Rt to Health

TO THE FUTURE OF THIS NATION, BEYOND TOMORROW, BEYOND 90

Rt to Educ

DAYS, BEYOND THE NEXT ELECTION.

Rt to Security in old age

f L

HOW ARE WE GOING TO CREATE THE 20 MILLION NEW JOBS

Rt to oppor

WE WILL NEED BY 1976 -- THE 200TH ANNIVERSARY OF OUR NATIONAL

Rt to Justice

BIRTH?

Rt to decent Housing

HOW ARE WE GOING TO MEET NOT ONLY OUR ECONOMIC NEEDS,

BUT OUR SOCIAL NEEDS -- IN HOUSING, IN TRANSPORTATION, IN

Rt to safe + decent neighborhood

HEALTH CARE, IN EDUCATION?

1692 Rt to Protection

THESE ARE THE QUESTIONS THAT THE SO-CALLED NEW  
ECONOMIC POLICIES FAIL TO ADDRESS, AND, IT IS OUR JOB --  
YOURS AND MINE -- TO SEE THAT THEY ARE ADDRESSED AND SOON.

OUR GOALS ARE THE SAME: A NEW ECONOMIC POLICY, YES,

BUT A FAIR DEAL ECONOMIC POLICY FOR SOCIAL JUSTICE --

A POLICY THAT LOOKS TO PROSPERITY AND THE WELL-BEING OF  
THE WORKER, THE BUSINESSMAN, THE FARMER, THE PROFESSIONAL,  
THE CONSUMER.

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