

SAFEGUARDING THE CONSUMER
REMARKS BY SENATOR HUBERT H. HUMPHREY
NORTHEASTERN MINNESOTA CONSUMERS LEAGUE
DULUTH, MINNESOTA
August 25, 1973

IT IS A DISTINCT PLEASURE FOR ME TO PARTICIPATE IN THIS ANNUAL CONFERENCE PRESENTED BY THE NORTHEASTERN MINNESOTA CONSUMERS LEAGUE AND DULUTH SENIOR CITIZENS ORGANIZATIONS.

AS CHAIRMAN OF THE RECENTLY ESTABLISHED CONSUMER ECONOMICS SUBCOMMITTEE OF THE JOINT ECONOMIC COMMITTEE OF CONGRESS, I, OF COURSE, HAVE A DIRECT INTEREST IN THE VITAL ISSUES BEING RAISED AT THIS CONFERENCE.

THE CONSUMER MOVEMENT IS A RECENT DEVELOPMENT IN OUR NATION'S HISTORY. IT IS AN OUTGROWTH OF INCREASING CONCERN ABOUT THE DIFFICULTY THESE DAYS OF GETTING A DOLLAR'S WORTH OF GOODS OR SERVICES FOR THE HARD-EARNED OR CAREFULLY SAVED DOLLAR THAT IS SPENT. NO LONGER SHOULD THE CONSUMER BE ABUSED OR MISLED BY THE INSTRUMENTALITY PROVIDING THE LOAN OR EXTENDING THE CREDIT FOR THE PURCHASE OF CONSUMER ITEMS, OR BY THE ADVERTISER AND SELLER OF THESE PRODUCTS, OR BY THE AGENCY RESPONSIBLE FOR THEIR SERVICING AND REPAIR.

NOR SHOULD ANY AMERICAN SUFFER SERIOUS INJURY, DISFIGUREMENT, AND SUFFERING BECAUSE OF SHODDY, EVEN DANGEROUS, PRODUCTS.

CONSUMER LEGISLATIVE ACTION

THE ENACTMENT OF LEGISLATION THAT IS SPECIFICALLY FOCUSED ON PROTECTING THE INDIVIDUAL AMERICAN CONSUMER IS ALSO A COMPARATIVE RECENT PHENOMENON IN CONGRESS. EXAMPLES THAT COME IMMEDIATELY TO MIND ARE LAWS THAT REQUIRE HONEST PACKAGING AND LABELLING, MOTOR VEHICLE SAFETY, PROTECTION FROM FLAMMABLE FABRICS AND FROM ELECTRONIC PRODUCTS, LIMITS ON CIGARETTE ADVERTISING, TRUTH IN LENDING, CHILD PROTECTION AND TOY SAFETY, AND POISON PREVENTION PACKAGING.

CONGRESS HAS ALSO INSISTED UPON NEW DIRECTIONS TO BE TAKEN BY THE FEDERAL GOVERNMENT IN THE VIGOROUS ENFORCEMENT OF SUCH LAWS -- AS IN THE REORGANIZATION OF THE FOOD AND DRUG ADMINISTRATION. MORE RECENTLY, I HAVE INTRODUCED LEGISLATION TO CARRY OUT THIS CONGRESSIONAL INTENT WITH RESPECT TO FEDERAL REGULATORY AGENCIES.

IT IS TO THESE REGULATORY AGENCIES THAT WE IN CONGRESS HAVE LOOKED IN DRAWING UP THE RULES OF COMPETITION AND FAIR DEALING IN THE MARKETPLACE. BUT THE EVIDENCE IS INCREASING THAT WHERE THESE AGENCIES ARE FAILING TO DO THE JOB OF SERVING THE PUBLIC INTEREST, THEIR MEMBERSHIP REFLECTS APPOINTMENTS FROM THE SPECIAL INTEREST THEY ARE SUPPOSED TO REGULATE. PERHAPS EVEN MORE IMPORTANT, THESE AGENCIES, WHICH WERE INTENDED BY CONGRESS TO BE INDEPENDENT AND NOT SUBJECT TO POLITICAL PRESSURES

IN CARRYING OUT THEIR RESPONSIBILITIES, ARE INCREASINGLY COMING UNDER THE CONTROL OF THE EXECUTIVE BRANCH.

MY RESOLUTION (S. RES. 160), COSPONSORED BY THIRTEEN SENATORS, CALLS FOR THE REASSERTION OF EFFECTIVE CONGRESSIONAL OVERSIGHT OF FEDERAL REGULATORY AGENCY OPERATIONS, THROUGH THE LAUNCHING OF AN INTENSIVE STUDY OF THESE COMMISSIONS BY A NEWLY ESTABLISHED SENATE SELECT COMMITTEE. THE GOAL OF THIS STUDY, OF COURSE, IS THAT THE INTEGRITY OF REGULATORY COMMISSIONS OF THE U.S. GOVERNMENT MERIT THE TRUST OF THE AMERICAN CONSUMER.

IT WILL BE DIFFICULT FOR THE U.S. CONGRESS TO MATCH THE RECORD OF THE FIRST HALF OF THE 1973-74 SESSION OF THE MINNESOTA LEGISLATURE, WHICH SAW AT LEAST 30 SIGNIFICANT CONSUMER LAWS SIGNED BY GOVERNOR ANDERSON. BUT THE U.S. SENATE HAS PASSED IMPORTANT LEGISLATION THIS YEAR TO PROTECT CONSUMERS AGAINST UNFAIR BILLING PRACTICES (S.2101), AND IT HAS IN PROCESS FURTHER LEGISLATION ON CONSUMER PRODUCT WARRANTIES, ON AUTOMOBILE INSURANCE, AND ON THE ESTABLISHMENT OF AN INDEPENDENT CONSUMER PROTECTION AGENCY, AMONG OTHER IMMEDIATELY RELEVANT BILLS IN THE CONSUMER AREA.

THE CONSUMER AND PHASE IV

HOWEVER, THE CREATION THIS YEAR OF THE CONSUMER ECONOMICS SUBCOMMITTEE RECOGNIZES THAT A PARTICULAR AND VITAL DIMENSION OF CONSUMER ISSUES NOW MUST RECEIVE URGENT AND SUSTAINED ATTEN-

TION BY CONGRESS. THE GREATEST ABUSE THE AMERICAN CONSUMER CONFRONTS TODAY IS THE UNDERMINING OF HIS PURCHASING POWER. HE IS INCREASINGLY UNABLE TO AFFORD ESSENTIAL PRODUCTS OR SERVICES, OR TO FIND THEM EVEN IF HE IS WILLING TO PAY A STIFF PRICE.

AND THIS CRISIS MUST BE LAID DIRECTLY AT THE DOOR OF THE NIXON ADMINISTRATION'S ECONOMIC POLICIES.

THE ADMINISTRATION'S PHASE IV SO-CALLED ECONOMIC STABILIZATION PROGRAM IS BEING DESCRIBED BY SOME OF THOSE "IN THE KNOW" IN WASHINGTON AS AN ABANDONMENT OF ANY FURTHER EFFORT TO CONTROL INFLATION. HAVING SEEN ITS EARLIER PREDICTIONS OF A LIMITED INFLATION RATE FOR 1973 OVERWHELMED BY EVENTS, THE PRESIDENT'S COUNCIL OF ECONOMIC ADVISERS HAS STOPPED MAKING ANY MORE PREDICTIONS. IT IS NOW GENERALLY EXPECTED THAT THE CONSUMER PRICE INDEX WILL CONTINUE TO RISE BY ABOUT 5 PERCENT NEXT YEAR. NOW THAT MAY NOT SOUND AS BAD AS THE ANNUAL RATE OF 8.7 PERCENT INCREASE IN THE SECOND QUARTER OF THIS YEAR -- EXCEPT TO THOSE LIVING ON FIXED AND LIMITED INCOMES, AND TO MILLIONS OF AMERICAN WAGE EARNERS CONFRONTING CONTINUED LIMITATIONS ON WAGE INCREASES UNDER THE ADMINISTRATION'S PHASE IV PROGRAM.

BUT 5 PERCENT WOULD BE ALMOST TWICE THE AVERAGE ANNUAL RISE FOR THE TWO DECADES THROUGH 1972. SO THE NIXON ADMINISTRATION IS NO LONGER MAKING ANY FANCY CLAIMS ABOUT KEEPING PRICES

DOWN. ALL THE STRESS NOW IS ON MANAGING THE PROGRAM TO AVOID DAMAGE TO THE ECONOMY -- IN OTHER WORDS, AVOIDING A REPETITION OF THE UNPRECEDENTED CHAOTIC ECONOMIC SITUATION OF RECENT MEMORY UNDER ADMINISTRATION POLICIES, OF SIMULTANEOUS INFLATION AND HIGH UNEMPLOYMENT. THE NIXON ADMINISTRATION DOESN'T WANT YET ANOTHER RECESSION -- WHETHER OFFICIAL OR UNOFFICIAL -- ON ITS RECORD. SO IT IS GOING TO BE CONTENT TO MAKE YOU PAY MORE FOR LESS, IF ONLY THE ECONOMY CAN BE KEPT MOVING AS A RESULT.

THEREFORE, THIS MANAGEMENT OF PHASE IV WILL NOT BE DIRECTED AT IMMEDIATELY HELPING THE AVERAGE CONSUMER -- AND PARTICULARLY THE CONSUMER WHO IS POOR AND WHO IS ELDERLY. INSTEAD PHASE IV CAN BE EXPECTED TO GENERATE HIGHER COSTS ON SERVICES AND PRODUCTS OF VITAL IMPORTANCE TO RETIRED PERSONS.

LATEST FIGURES AVAILABLE FROM THE U.S. DEPARTMENT OF LABOR INDICATE THAT THE AVERAGE ELDERLY COUPLE MUST BUDGET 35.2 PERCENT OF THEIR INCOME FOR FOOD AND MEDICAL COSTS AND AN ADDITIONAL 35 PERCENT FOR HOUSING -- MOSTLY IN RENT PAYMENTS.

FOOD PRICES

BUT WHAT HAVE WE SEEN HAPPEN IN THESE AREAS? ONE WEEK AFTER THE SO-CALLED BUT HIGHLY MISLABELLED "FREEZE" ON FOOD PRICES WAS LIFTED BY THE NIXON ADMINISTRATION LAST MONTH, THE PRICE OF PORK CHOPS JUMPED 25 PERCENT, BACON WENT UP FROM \$1 TO \$1.50 A POUND, AND EGGS INCREASED FROM 70 CENTS TO \$1 A DOZEN.

ON SEPTEMBER 12, BEEF WILL BE ADDED TO THE LIST OF FOOD PRODUCTS ON WHICH ALL COST INCREASES CAN BE PASSED ALONG TO THE CONSUMER -- SIMILAR TO THE COST-INCREASE ALLOWANCE FOR NON-FOOD SEGMENTS OF THE ECONOMY PERMITTED UNDER PHASE IV SINCE AUGUST 12. RIGHT NOW, HOWEVER WHENEVER I AM ASKED TO EVALUATE THE EFFECT OF THE PRICE FREEZE ON BEEF, I ANSWER WITH TWO QUESTIONS: WHAT FREEZE? WHAT BEEF?

SCARCITY OF A NUMBER OF FOOD ITEMS WILL OF COURSE, ADD ITS OWN WEIGHT TO KEEPING FOOD PRICES UP. IT WILL TAKE MONTHS FOR THE FOOD INDUSTRY TO GET BACK INTO FULL PRODUCTION. THIS IS IN LARGE PART THE RESULT OF SLOW-DOWNS ASSOCIATED WITH THE ON-AGAIN, OFF-AGAIN PRICE FREEZE BY THE NIXON ADMINISTRATION LAST JUNE, AND THE CURRENT LIMIT ON PRODUCTION COST PASS-ALONGS BY PROCESSORS IN HIGHER RETAIL PRICES TO CONSUMERS. HOUSEWIVES CAN RECITE CHAPTER AND VERSE RIGHT NOW OF THE DIFFICULTIES THEY ARE HAVING IN FINDING CANNED FRUITS AND VEGETABLES, DRIED FRUITS, CANNED SEAFOOD, SALAD AND COOKING OILS, CANNED MEATS AND ITEMS CONTAINING MEAT SUCH AS PORK AND BEANS, AND PROCESSED TOMATO PRODUCTS.

CAUTION SHOULD BE EXERCISED IN EVALUATING RECENT REDUCTIONS FROM HISTORIC HIGHS IN PRICES ON A VARIETY OF FARM GOODS, ON BOTH THE WHOLESALE AND COMMODITY FUTURE MARKETS. SUCH DECLINES MAY NOT RESULT DIRECTLY IN LOWER RETAIL FOOD PRICES. WHAT IS

ACTUALLY GOING ON IS A BADLY NEEDED WHOLESAL PRICE CORRECTION, REDUCING PRESSURES FOR FURTHER OVERNIGHT INCREASES ON SUPERMARKET SHELF PRICES.

BY CONTRAST, THE NATIONAL ASSOCIATION OF FOOD CHAINS HAS ESTIMATED THAT FOOD PRICES WILL RISE A FURTHER 5 PERCENT BY YEAR-END, ON TOP OF A 12 PERCENT GAIN REGISTERED FROM JANUARY TO JULY. AND SOME SOURCES IN WASHINGTON ARE REPORTEDLY SUGGESTING OFF THE RECORD THAT FOOD PRICES WILL RISE AT LEAST ANOTHER 10 PERCENT NEXT YEAR, ACCORDING TO A RECENT ISSUE OF U.S. NEWS AND WORLD REPORT MAGAZINE.

SOMETHING IS TERRIBLY WRONG WHEN CONFUSED AND RAPIDLY CHANGING ADMINISTRATION ECONOMIC POLICIES RESULT IN ELDERLY PERSONS IN FLORIDA BEING SO DESPERATE THAT THEY PILFER FOOD AND VITAMINS FROM LOCAL STORES.

IT IS NOT SIMPLY A POLITICAL ISSUE OR AN ECONOMIC PROBLEM WHEN RISING FOOD PRICES MEAN THE DIFFERENCE BETWEEN A DECENT MEAL AND GNAWING HUNGER, BETWEEN HEALTH AND MALNUTRITION, FOR HUNDREDS OF THOUSANDS OF POORER FAMILIES ACROSS AMERICA.

IT HAS BEEN NECESSARY FOR CONGRESS TO INSTRUCT THE ADMINISTRATION THAT AGRICULTURE POLICIES HAVE TO BE CLOSELY MESHED WITH ECONOMIC POLICIES THAT MAKE SENSE, IF WE ARE TO AGAIN ACHIEVE A RATIONAL SITUATION IN FOOD PRICES. WE MUST

CONFRONT NEW PRODUCTION AND MARKET REALITIES IN AGRICULTURE, AND WE MUST DEVELOP A FAR MORE SOPHISTICATED SYSTEM IN GOVERNMENT TO FORECAST THESE REALITIES. ABOVE ALL, WE SIMPLY CANNOT CONTINUE TO JUMP IN AND OUT OF FOOD PRICE FREEZES AND CONTROLS WHICH CAN HAVE SERIOUS REVERSE EFFECTS. AND IT WAS FOR ALL THESE REASONS THAT I SPENT LONG HOURS THIS YEAR HELPING TO DRAFT THE AGRICULTURE AND CONSUMER PROTECTION ACT (S.1888), RECENTLY SIGNED INTO LAW. THE NEW STABILIZATION MEASURES THAT CAN BE LAUNCHED UNDER THIS LAW ARE UNDER A FIRM CONGRESSIONAL MANDATE, REFLECTED IN THE TITLE OF THE LAW ITSELF, THAT BOTH THE CONSUMER AND THE AGRICULTURAL INDUSTRY ARE TO BE EFFECTIVELY SERVED.

THE BUSINESS OF THE PEOPLE

THE OTHER DAY IN HIS PRESS CONFERENCE "PRESIDENT NIXON TALKED ABOUT GETTING ON WITH THE BUSINESS OF THE PEOPLE. AND HE SAID THAT "YEARS FROM NOW PEOPLE ARE GOING TO BE INTERESTED IN . . . THE EFFORTS OF THIS ADMINISTRATION TO HAVE A KIND OF PROSPERITY THAT WE HAVEN'T HAD SINCE 1955 . . . (A) PROSPERITY WITHOUT WAR AND WITHOUT INFLATION."

I WOULD SUGGEST TO PRESIDENT NIXON THAT THE PEOPLE ARE INTERESTED RIGHT NOW IN WHAT THE ADMINISTRATION IS DOING TO ACHIEVE THIS PROSPERITY. WHERE IS THERE A PROSPERITY BENEFITTING

THE PEOPLE, NOT JUST THE MAJOR CORPORATIONS, WHEN RECENT GOVERNMENT STATISTICS SHOW A DECLINE IN A WORKER'S REAL SPENDABLE EARNINGS (AFTER DISCOUNTING INFLATION AND TAX INCREASES) OF TWO TENTHS OF ONE PERCENT BETWEEN JULY OF 1972 AND JULY OF 1973?

I WOULD REMIND THE PRESIDENT THAT THE URGENT BUSINESS OF MILLIONS OF LOWER-INCOME AND ELDERLY AMERICANS IS GETTING AT LEAST ONE GOOD MEAL A DAY AND HAVING A DECENT PLACE TO LIVE AND BEING ABLE TO FIND AND PAY FOR ADEQUATE MEDICAL CARE.

HOUSING NIGHTMARE

WHAT EFFORTS HAVE WE SEEN BY THIS ADMINISTRATION TO MEET THE HOUSING NEEDS OF THESE CITIZENS?

IN JANUARY, IT ORDERED A TOTAL HALT ON ALL NEW STARTS UNDER THE MAJOR SUBSIDIZED HOUSING PROGRAMS ENACTED BY CONGRESS IN 1968, ON TOP OF AN EARLIER HALT IN CONSTRUCTION OF FEDERALLY-FINANCED LOW-COST HOUSING FOR THE ELDERLY. THE PRESIDENT HAS LABELLED THE SECTION 235 AND 236 PROGRAMS OF HOME OWNERSHIP AND RENTAL HOUSING AS INEFFECTIVE, COSTLY, AND NOT BENEFITTING THE NEEDY.

YET THOSE PROGRAMS HAVE PROVIDED OVER 600,000 UNITS OF DECENT HOUSING FOR 2.8 MILLION PEOPLE OVER THE PAST 4 YEARS, AND THE AVERAGE FAMILY INCOME OF OWNERS AND TENANTS IS ONLY SLIGHTLY ABOVE THE POVERTY LEVEL. CONGRESS TOOK THE LEAD IN ENACTING SEVERAL MEASURES TO IMPROVE MANAGEMENT AND PREVENT

ABUSES IN THESE PROGRAMS, BUT THE ADMINISTRATION HAS BEEN CONTENT TO COMPLAIN ABOUT INEFFICIENCIES WHILE FAILING TO FULLY UTILIZE THESE VERY MEASURES FOR IMPROVEMENTS.

IN HOUSING AS IN A NUMBER OF OTHER AREAS THE NIXON ADMINISTRATION HAS HAD TO BE TOLD BY THE COURTS TO OBEY AND FAITHFULLY EXECUTE THE LAWS ENACTED BY CONGRESS, MUCH LESS UNDERTAKE ITS OWN INITIATIVES TO MEET THE URGENT DOMESTIC NEEDS OF OUR PEOPLE. TWO U.S. DISTRICT COURT RULINGS WERE HANDED DOWN IN JULY: FIRST, THAT FEDERALLY SUBSIDIZED HOUSING PROGRAMS SHOULD BE RESUMED; AND SECOND, THAT THE ADMINISTRATION'S FREEZE ON SUBSIDIZED RURAL HOUSING LOANS, ADMINISTERED BY THE FARMERS HOME ADMINISTRATION, WAS ILLEGAL. IT HAS BEEN ESTIMATED THAT IF THIS RURAL HOUSING PROGRAM FREEZE IS ALLOWED TO CONTINUE, AT LEAST 100,000 LOW-INCOME FAMILIES WOULD BE DEPRIVED OF AN OPPORTUNITY TO BORROW FUNDS AND BUILD OR BUY A DECENT HOME.

HOWEVER THE HARSH REALITY TODAY IS THAT ACROSS THE BOARD IT IS BECOMING ALMOST IMPOSSIBLE FOR AMERICANS EVEN UP TO THE MIDDLE-INCOME LEVEL TO BUY A HOME. THE AFL-CIO HAS RIGHTLY LABELLED THIS A "NIGHTMARE ERA IN HOUSING."

THE MEDIAN PRICE OF A NEW HOME NATIONALLY IS \$31,500 AND RISING. USED HOMES IN REASONABLY GOOD CONDITION HAVE INCREASED IN COST BY SEVERAL THOUSAND DOLLARS WITHIN THE LAST YEAR ALONE. THE RENTAL COST OF ALL HOUSING UNITS HAS SOARED -- ROUGHLY A 31 PERCENT INCREASE FROM 1968 TO 1972.

INTEREST RATES ON HOME MORTGAGES HAVE ESCALATED TO AT LEAST 8.5 PERCENT -- UP MORE THAN ONE PERCENTAGE POINT IN ONE YEAR. NOW, THAT SINGLE PERCENTAGE POINT INCREASE WORKS OUT TO AN ADDITIONAL \$4,400 COST TO AN AMERICAN FAMILY OVER THE LIFE OF A 25-YEAR MORTGAGE ON A \$30,000 HOME. AND THAT ONE PERCENT BOOST IN INTEREST DRIVES 3.4 MILLION AMERICAN FAMILIES OUT OF THE HOUSING MARKET, ACCORDING TO THE NATIONAL ASSOCIATION OF HOME BUILDERS. THEY SIMPLY CANNOT MEET THE HIGH MONTHLY PAYMENTS, MUCH LESS HANDLE THE STIFF SETTLEMENT COSTS.

BUT EVEN IF THEY COULD SCRIMP AND BORROW TO MEET THESE OUTLAYS, THESE FAMILIES CANNOT BEGIN TO COME UP WITH THE LARGE DOWN PAYMENTS THAT ARE CURRENTLY REQUIRED, EVEN WITH A MORTGAGE. TODAY, FAMILIES IN THE WASHINGTON, D.C. AREA CAN GENERALLY EXPECT TO HAVE TO PUT DOWN 25 PERCENT OF THE COST OF A NEW HOME IN HARD CASH, BEFORE THEIR APPLICATION FOR A HOME LOAN WILL EVEN BE CONSIDERED.

WHAT IS THE NIXON ADMINISTRATION DOING ABOUT ALL THIS?

INCREDIBLE AS IT MAY SEEM THE ADMINISTRATION HAS TOTALLY EXEMPTED INTEREST RATES AND RENTS FROM CONTROLS UNDER PHASE IV.

THE FEDERAL RESERVE HAS CALLED FOR ANOTHER TAX INCREASE -- WHICH WOULD AGAIN PUT THE BURDEN OF INFLATION CONTROL ON THE BACK OF THE AMERICAN WAGE-EARNER.

AT THE SAME TIME, THE FEDERAL RESERVE IS FOLLOWING A TORTUOUS COURSE OF SIMULTANEOUSLY KEEPING A MONEY SUPPLY

AVAILABLE TO PREVENT A RECESSION AND RAISING THE COST OF THIS MONEY TO PREVENT SKYROCKETING INFLATION. THE PRIME INTEREST RATE THAT BANKS CHARGE THEIR BEST CUSTOMERS -- MEANING MAJOR CORPORATE BORROWERS -- HAS JUST RISEN TO 9.5 PERCENT. THAT IS THE HIGHEST INTEREST RATE IN THE HISTORY OF THIS NATION" IT IS A FULL ONE-HALF PERCENT ABOVE THE PRIME RATE IN THE 1970 RECESSION, WITH ITS DISASTROUS AND RESULTANT CREDIT "CRUNCH" THAT HAD ITS MOST IMMEDIATE AND EXTENSIVE ADVERSE EFFECT, AS USUAL, ON THE HOUSING INDUSTRY.

BUT THE FEDERAL RESERVE TOOK ANOTHER STEP ON JULY 5TH TO HELP BANKS MEET CREDIT REQUIREMENTS THROUGH ATTRACTING SAVINGS ACCOUNTS, BY LIFTING THE CEILING ON INTEREST RATES THAT CAN BE PAID. THAT ACTION ONLY MET ONE DIFFICULTY -- THE LIMITED AVAILABILITY OF LENDING MONEY -- BY CREATING ANOTHER PROBLEM -- A MASSIVE OUTFLOW OF SAVINGS FROM THRIFT INSTITUTIONS, THE KEY SOURCE OF FUNDS FOR HOME BUILDERS AND MORTGAGES.

THE NIXON ADMINISTRATION NO LONGER MAKES A PRETENSE OF MOVING TO MEET THE VITALLY IMPORTANT HOUSING PRODUCTION GOALS OF THE 1968 HOUSING ACT -- 26 MILLION NEW UNITS OF HOUSING, INCLUDING 6 MILLION FOR LOW-INCOME FAMILIES, IN ONE DECADE. INSTEAD, IT HAS ABANDONED THOSE GOALS ALTOGETHER.

IT NO LONGER TALKS ABOUT HIGH LEVELS OF NEW HOUSING STARTS. THOSE STARTS MAY DECLINE BY UP TO 40 PERCENT IN THE

NEXT YEAR. FEDERALLY SUBSIDIZED HOUSING STARTS HAVE ALREADY DECLINED FROM THE HIGH LEVEL ACHIEVED IN 1970 UNDER THE HISTORIC LEGISLATION ENACTED BY CONGRESS TWO YEARS EARLIER. AND WITHIN A YEAR IT IS EXPECTED THAT NATIONAL HOUSING PRODUCTION WILL BE 45 PERCENT BEHIND THE GOALS OF THE 1968 ACT.

HOPEFULLY, IN SEPTEMBER THE WHITE HOUSE WILL PRESENT THE NEW HOUSING PROGRAM THAT IS PROMISED LAST MARCH. RECENT NEWS REPORTS OF RECOMMENDATIONS TO THE PRESIDENT BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT INDICATE THIS PROGRAM MAY HAVE CERTAIN COMMENDABLE FEATURES, SUCH AS DIRECT HOUSING ALLOWANCES TO ELDERLY POOR PEOPLE. BUT UNLESS A COMPREHENSIVE, WELL-DESIGNED PROGRAM IS PRESENTED TO CONGRESS, SUCH HOPEFUL SIGNS MAY WELL PROVE TO BE A FRUSTRATING MIRAGE CRUSHING THE HOPES OF MILLIONS OF AMERICANS WHO LIVE IN SUBSTANDARD HOUSING.

JUST TO CITE ONE EXAMPLE: HUD MAY RECOMMEND THAT FEDERAL HOUSING POLICY RELY PRIMARILY ON THE EXISTING SUPPLY OF HOUSING TO PROVIDE DECENT SHELTER FOR LOWER INCOME FAMILIES, RATHER THAN CONTINUING THE EMPHASIS ON PROVIDING NEW UNITS. NOW, THAT MAY SOUND COMMENDABLE AS A COST-SAVING WHEN ONE CONSIDERS THAT HOUSING COSTS HAVE RISEN OVER 90 PERCENT SINCE WORLD WAR II, THAT THE COST OF LAND AS A PORTION OF A HOUSE SALES PRICE HAS DOUBLED IN THAT PERIOD, AND THAT THE PRICE OF HOUSING MATERIALS HAS JUMPED MORE THAN 30 PERCENT IN THE LAST YEAR ALONE.

BUT WHERE IS THIS CURRENT SUPPLY OF HOUSING TO BE FOUND, WHEN ONLY ONE PERCENT OF EXISTING SINGLE-FAMILY HOMES ARE VACANT AND AVAILABLE FOR SALE, WHILE NEW HOUSING IS ALREADY LAGGING FAR BEHIND DEMAND, AND WHILE 8 MILLION HOUSEHOLDS HAVE NO PLUMBING OR ARE OVERCROWDED OR BOTH?

UNTIL THE ADMINISTRATION PRESENTS ITS NEW HOUSING PROGRAM, ITS ONLY SIGNIFICANT PROPOSAL HAS BEEN THE BETTER COMMUNITIES ACT (S.1743). BUT THIS LEGISLATION HAS BEEN ROUNDLY CRITICIZED BY MAYORS FOR ITS LIMITED AUTHORIZATION LEVEL OF \$2.3 BILLION AND FOR ITS ALLOCATION FORMULA FOR THIS SO-CALLED "SPECIAL REVENUE SHARING" THAT ALSO SWALLOWS UP CURRENT IMPORTANT PROGRAMS TARGETTING FEDERAL ASSISTANCE DOLLARS TO MEET SPECIFIC URGENT COMMUNITY AND HOUSING NEEDS.

IN FACT, THIS BILL IS SERIOUSLY MISLABELLED -- COMMUNITIES WOULD NOT BE THE BETTER FOR IT. IT MAKES NO PROVISION TO INSURE THAT A RECIPIENT COMMUNITY WOULD UNDERTAKE A PROGRAM TO MEET ITS HOUSING NEEDS AS PART OF ITS COMMUNITY DEVELOPMENT EFFORTS. IT DOES NOT PROVIDE FOR A COMMUNITY TO BORROW MONEY AT A REASONABLE RATE TO CARRY OUT COSTLY DEVELOPMENT PROGRAMS SUCH AS URBAN RENEWAL. AND IT ~~REQUIRES~~ ~~THE~~ ~~USE~~ ~~OF~~ ~~THE~~ ~~REVENUE~~ ~~FOR~~ ~~THE~~ ~~PURPOSE~~ ~~OF~~ ~~BEING~~ ~~SPENT~~ ~~TO~~ ~~MEET~~ ~~NATIONAL~~ ~~OBJECTIVES~~.

IT WOULD APPEAR THAT THE AMERICAN HOUSING CONSUMER WILL AGAIN HAVE TO LOOK TO CONGRESS TO PROVIDE THE LEADERSHIP, AND THERE ARE ALREADY TWO BILLS IN THE SENATE -- S.1744 AND S.1282 -- WHICH WOULD CORRECT THE DEFICIENCIES I HAVE CITED IN THE ADMINISTRATION'S LEGISLATION.

BUT THE TIME HAS COME TO TAKE FURTHER STEPS TOWARD ASSURING EVERY AMERICAN THE RIGHT TO A GOOD HOME IN A DECENT ENVIRONMENT. IT IS RECOGNIZED, FOR EXAMPLE, THAT THE DEVELOPMENT OF A COMPREHENSIVE NATIONAL HOUSING STRATEGY MUST BE DOVETAILED WITH A NATIONAL GROWTH AND LAND USE POLICY. IN THE NEAR FUTURE, I WILL INTRODUCE MAJOR LEGISLATION TO ACCOMPLISH THIS TASK. AND I HAVE AGAIN INTRODUCED LEGISLATION -- THE NATIONAL DOMESTIC DEVELOPMENT BANK ACT -- TO PROVIDE THE FINANCING REQUIRED BY LOCAL GOVERNMENTS FOR URGENT PUBLIC PROJECTS TO BUILD A DECENT COMMUNITY ENVIRONMENT WITH EFFECTIVE PUBLIC SERVICES.

MORE IMMEDIATELY, WE SHOULD BE LOOKING TO SELECTIVE AND FLEXIBLE CREDIT CONTROLS, TO WELL-MANAGED FEDERALLY SUBSIDIZED HOUSING PROGRAMS, AND TO INCENTIVES AND REQUIREMENTS FOR NEW INVESTMENT SECTORS TO HELP MEET THE CRITICAL HOUSING NEEDS OF THE AMERICAN CONSUMER.

DENIAL OF HEALTH CARE TO ELDERLY

IT HAS BEEN MY PRIVILEGE OVER RECENT MONTHS TO CHAIR HEARINGS BY THE CONSUMER ECONOMICS SUBCOMMITTEE THAT HAVE EXAMINED IN DEPTH THE SERIOUS PROBLEM OF RISING FOOD COSTS, THE NIGHTMARE SITUATION IN HOUSING, AND THE FUEL SHORTAGE CRISIS IN OUR INLAND AREAS.

BUT HEARINGS BY THE SUBCOMMITTEE HAVE ALSO BEEN UNDERTAKEN TO FIND ANSWERS TO THE URGENT PROBLEMS OF ESCALATING HEALTH CARE COSTS AND THE INCREASING INACCESSIBILITY OF QUALITY HEALTH CARE FOR LARGE NUMBERS OF THE AMERICAN PEOPLE. THIS IS A PARTICULARLY SEVERE PROBLEM FOR ELDERLY PERSONS.

THE NATION'S ELDERLY ARE STRUGGLING TO MEET THE RISING COST OF LIVING ON FIXED AND LIMITED INCOMES. THE FURTHER INCREASE OF 5.9 PERCENT IN SOCIAL SECURITY BENEFITS, RECENTLY ENACTED BY CONGRESS BUT REGRETFULLY NOT TO BE EFFECTIVE UNTIL NEXT JUNE, IS STILL NOT SUFFICIENT TO MEET THEIR TOTAL INCOME REQUIREMENTS, BECAUSE INFLATION IS EATING AWAY, FOR EXAMPLE, THE FIXED AMOUNT OF THEIR PENSION BENEFITS.

BUT THE NIXON ADMINISTRATION WOULD LIKE TO TAKE EVEN THIS BENEFIT AWAY WITH THE OTHER HAND, PARTICULARLY IN THE AREA OF HEALTH CARE, AS WELL AS IN HOUSING, FOOD ASSISTANCE, AND SOCIAL SERVICES.

OLDER AMERICANS WERE STUNNED EARLY THIS YEAR BY NIXON ADMINISTRATION PLANS TO MAKE THEM PAY HIGHER MEDICARE COSTS.

UNDER PRESIDENT NIXON'S FISCAL 1974 BUDGET PROPOSALS, A MEDICARE PATIENT WOULD HAVE TO PAY A SIGNIFICANTLY HIGHER AMOUNT OF HOSPITAL CHARGES, AND A SHARPLY INCREASED PORTION OF THE DOCTOR'S BILL UNDER THE PART B VOLUNTARY INSURANCE PROGRAM.

THE ADMINISTRATION HAS FLATLY SUGGESTED THAT MEDICARE AND MEDICAID CUTBACKS CAN BE MADE PRECISELY BECAUSE OF THE SOCIAL SECURITY INCREASES ENACTED BY CONGRESS. BUT THESE INCREASES CAN BE WIPED OUT BY RISING HEALTH CARE COSTS ALONE. THE HARSH STATISTICS ARE THAT HEALTH CARE COSTS FOR OLDER AMERICANS ARE RISING TWICE AS FAST AS FOR YOUNG PERSONS. AND WITH THESE RISING COSTS, MEDICARE RIGHT NOW CAN ONLY COVER 42 PERCENT OF THE AVERAGE BENEFICIARY'S HOSPITAL AND MEDICAL BILLS.

AS ONE DIRECTLY RESPONSIBLE FOR THE ORIGINAL ENACTMENT OF THE MEDICARE PROGRAM, I AM DETERMINED THAT THESE ADMINISTRATION POLICIES SHOULD BE TOTALLY REVERSED. AND IT IS TO THIS END THAT I HAVE INTRODUCED THE SOCIAL SECURITY AND MEDICARE REFORM ACT OF 1973 (S.1143).

HOWEVER, IT IS ABUNDANTLY CLEAR THAT THERE IS AN URGENT NEED FOR THE ENACTMENT OF LEGISLATION TO ASSURE ALL OUR CITIZENS IMMEDIATE ACCESS TO QUALITY HEALTH CARE AND AT THE LOWEST POSSIBLE COST. THE TIME HAS COME TO ESTABLISH THE RIGHT OF ALL AMERICANS TO HEALTH.

TODAY, MORE THAN 30 MILLION AMERICANS ARE NOT EVEN COVERED BY ANY HEALTH PROGRAM OR PRIVATE INSURANCE PLAN. MEANWHILE, OVER

THE PAST 20 YEARS THE COST OF MEDICAL CARE HAS SOARED. IN 1950, PERSONAL HEALTH CARE SPENDING WAS \$12 BILLION. BUT IN FISCAL 1972, THE TOTAL BILL WAS \$83.4 BILLION.

THE PRESENT HEALTH CARE CRISIS IS ASSOCIATED WITH THE SHARP ESCALATION OF THESE COSTS IN THE LAST FEW YEARS. LAST YEAR ALONE, THE TOTAL HEALTH BILL ROSE BY 10.3 PERCENT OVER THE PREVIOUS FISCAL YEAR OF 1971.

MEANWHILE, ALL TOO MANY OF OUR CITIZENS CANNOT GET HEALTH CARE EVEN IF THEY HAVE THE DOLLARS TO PAY FOR IT. THERE ARE NO -- REPEAT. NO -- ACTIVE NON-FEDERAL PHYSICIANS IN 132 COUNTIES IN THE UNITED STATES. THIRTY-FOUR COUNTIES LOST THEIR LAST DOCTOR JUST SINCE 1963. TODAY, ALMOST HALF A MILLION PEOPLE IN A LAND AREA OF 140,699 SQUARE MILES HAVE NO PHYSICIAN.

IF A PATIENT IS FORTUNATE ENOUGH TO RECEIVE CARE IN A COMMUNITY HOSPITAL HE CONFRONTS AN AVERAGE DAILY COST WHICH HAD SOARED TO \$105 LAST YEAR -- A 115 PERCENT INCREASE SINCE 1964.

DESPITE AN EXPENDITURE FOR THE PROTECTION OF HEALTH THAT CONSUMED 7.4 PERCENT OF THE GROSS NATIONAL PRODUCT IN 1971 -- OR \$358 FOR EVERY MAN, WOMAN, AND CHILD IN THE UNITED STATES, WE REMAIN A NATION WITH MAJOR HEALTH PROBLEMS.

360 OUT OF EVERY 100,000 AMERICANS DIED FROM HEART DISEASE IN 1970 -- THE LEADING KILLER IN OUR NATION.

RESPIRATORY AILMENTS WERE THE LEADING CAUSE OF DAYS OF BED DISABILITY PER 100 PERSONS, ACCOUNTING FOR 207.4 OF THE TOTAL OF 381 DAYS.

THESE FACTS AND STATISTICS DEMONSTRATE BEYOND THE SHADOW OF A DOUBT THAT A NATIONWIDE REFORM OF OUR HEALTH CARE DELIVERY SYSTEM IS DEMANDED -- AND DEMANDED NOW.

I INTEND TO DO EVERYTHING POSSIBLE IN SUPPORT OF VITAL LEGISLATIVE MEASURES TO ACCOMPLISH THIS PRIORITY GOAL" AND I INTEND TO STRONGLY OPPOSE SERIOUS CUTBACKS IN ASSISTANCE FOR MAJOR HEALTH PROGRAMS THAT HAVE BEEN PROPOSED BY THE ADMINISTRATION.

RISING FUEL PRICES

I WANT TO CONCLUDE MY REMARKS BY FOCUSING ON ONE CONSUMER ECONOMIC PROBLEM OF PARTICULAR IMPORTANCE IN THE MIDWEST" SOME OF YOU MAY BE AWARE OF MY SUSTAINED EFFORTS IN RECENT MONTHS TO ACHIEVE EFFECTIVE ACTION IN CONGRESS ADDRESSED TO THE FUEL SHORTAGE CRISIS. THAT SHORTAGE HAS ALREADY ADVERSELY AFFECTED THE FARMER, THE LOCAL SCHOOL DISTRICT" AND THE INDEPENDENT PETROLEUM MARKETER AND SERVICE STATION OWNER IN OUR AREA. AND IT COULD HAVE SERIOUS REPERCUSSIONS THIS WINTER IF IMMEDIATE EFFORTS ARE NOT MADE TO AVERT A SHORTAGE IN HOME HEATING OIL,

ONLY RECENTLY THE ADMINISTRATION HAS BEGUN TO PROPOSE, THROUGH THE RECENTLY CREATED OFFICE OF ENERGY POLICY, THE TYPE OF MANDATORY ALLOCATIONS POLICY I HAVE BEEN INSISTING UPON TO ASSURE THE FAIR AND EQUITABLE DISTRIBUTION OF FUEL SUPPLIES ACROSS AMERICA, AND TO MAINTAIN ESSENTIAL PUBLIC SERVICES.

HOWEVER ASSOCIATED WITH THE FUEL OIL SHORTAGE HAS BEEN A STEEP RISE IN THE PRICE OF GASOLINE FUEL OIL AND OTHER PETROLEUM PRODUCTS. AT HEARINGS LAST JUNE IN MINNESOTA BY THE SUBCOMMITTEE ON CONSUMER ECONOMICS, PERSONS DIRECTLY INVOLVED IN PURCHASING FROM THE MAJOR OIL COMPANIES ADVISED ME THAT FUEL OIL AND GASOLINE PRICES HAD GONE UP BY 25 TO 50 PERCENT OVER PREVIOUS CONTRACT PRICES!

ALTHOUGH THE ADMINISTRATION'S COST OF LIVING COUNCIL ESTABLISHED SO-CALLED MANDATORY PETROLEUM PRICE INCREASE CONTROLS LAST MARCH, NO DOCUMENTATION WAS REQUIRED UNTIL JUNE OR JULY TO DEMONSTRATE WHETHER COMPANIES HAVE BEEN IN COMPLIANCE BECAUSE OF THIS DELAY, THE FIRST REPORTS OF THE CONTROLLED COMPANIES HAVE NOT BEEN EVALUATED -- LET ALONE ENFORCED

EVEN PUBLISHED NATIONWIDE WHOLESALE AND CONSUMER PRICE INDEX INCREASES FOR REFINED OIL PRODUCTS HAVE BEEN SUBSTANTIALLY IN EXCESS OF THE 1.5 PERCENT COST OF LIVING COUNCIL GUIDELINE.

I WAS SHOCKED BY THE INFORMATION I RECEIVED AT THE SUBCOMMITTEE HEARINGS, AND I REQUESTED THE CHAIRMAN OF THE

COST OF LIVING COUNCIL, JOHN DUNLOP, TO PROVIDE A COMPREHENSIVE ACCOUNT OF WHAT WAS BEING DONE, I REGRET TO SAY THAT THE COUNCIL'S REPLY, WHILE GOING INTO ENDLESS DETAIL ABOUT ITS BUREAUCRATIC PROCEDURES, FAILED TO PROVIDE ANY INFORMATION ABOUT RESULTS.

ACCORDINGLY, I HAVE BROUGHT ALL THIS TO THE ATTENTION OF THE SENATE, AND I INTEND TO CONTINUE PRESSING THIS ADMINISTRATION TO DEVELOP EFFECTIVE CONTROLS OVER PRICE INCREASES IN THE PETROLEUM INDUSTRY.

CONCLUSION

MY LENGTHY ANALYSIS OF THE MAJOR CONSUMER ECONOMIC ISSUES OF CRITICAL IMPORTANCE TODAY -- THE COSTS OF FOOD, OF HOUSING, OF HEALTH CARE, AND OF FUEL -- WILL HOPEFULLY BE OF HELP TO YOU IN FOCUSING YOUR AGENDA FOR THIS CONFERENCE.

BUT IF THERE IS ONE MESSAGE THAT SHOULD COME ACROSS TODAY, IT IS THIS. THE HALLOWED DOCTRINE IN AMERICAN LAW AND PRACTICE, "LET THE BUYER BEWARE," IS SIMPLY NOT GOING TO BE BLINDLY ACCEPTED BY THE PEOPLE ANY LONGER. INSTEAD "LET THE NIXON ADMINISTRATION BEWARE" THAT THE ISSUE OF SAFEGUARDING THE AMERICAN CONSUMER IS NOW OF PARAMOUNT IMPORTANCE, DEMANDING EFFECTIVE ACTION BY GOVERNMENT WITHOUT FURTHER DELAY.

#



Minnesota Historical Society

Copyright in this digital version belongs to the Minnesota Historical Society and its content may not be copied without the copyright holder's express written permission. Users may print, download, link to, or email content, however, for individual use.

To request permission for commercial or educational use, please contact the Minnesota Historical Society.



www.mnhs.org