

REMARKS BY

SENATOR HUBERT H. HUMPHREY

SUMMIT CONFERENCE ON INFLATION

WASHINGTON HILTON HOTEL

SEPTEMBER 28, 1974

FOR RELEASE: 12:30 P.M.

THE MOST IMPORTANT FINDING OF THIS CONFERENCE  
IS THAT WE HAVE TWO PUBLIC ENEMIES, NOT ONE - INFLATION  
AND RECESSION.

ANY POLICY THAT BRINGS HIGHER UNEMPLOYMENT  
AND LOWER REAL INCOMES FOR OUR PEOPLE, IN THE NAME OF  
CONTROLLING INFLATION, IS SIMPLY UNACCEPTABLE.

THE EMPLOYMENT ACT OF 1946 ESTABLISHED THE BASIC  
ECONOMIC COVENANT BETWEEN THE AMERICAN PEOPLE AND THEIR  
GOVERNMENT. IT DECLARES THAT IT IS THE POLICY AND  
RESPONSIBILITY OF THE FEDERAL GOVERNMENT TO PROMOTE  
"MAXIMUM EMPLOYMENT, PRODUCTION, AND PURCHASING POWER."  
THIS IS THE LAW OF THE LAND AND JUST AS BINDING AS THE  
INTERNAL REVENUE CODE.

BUT, THE COVENANT HAS BEEN TRAMPLED UPON AND  
THE LAW HAS NOT BEEN ABIDED BY.

DO HIGH INTEREST RATES PROMOTE "MAXIMUM EMPLOYMENT,  
PRODUCTION, AND PURCHASING POWER?"

THEY DO NOT.

DOES TIGHT FISCAL POLICY PROMOTE "MAXIMUM EMPLOYMENT,  
PRODUCTION, AND PURCHASING POWER?"

IT DOES NOT.

DOES FAILURE TO ENFORCE ANTI-TRUST LAWS PROMOTE  
"MAXIMUM EMPLOYMENT, PRODUCTION, AND PURCHASING POWER?"

IT DOES NOT.

DO OUR INCREDIBLY UNFAIR TAX LAWS PROMOTE  
"MAXIMUM EMPLOYMENT, PRODUCTION, AND PURCHASING POWER?"

THEY DO NOT.

ANY POLICY TO DEAL WITH OUR ECONOMIC PROBLEMS  
MUST LIVE UP TO THE PROMISE OF THE EMPLOYMENT ACT OF  
1946 TO THE AMERICAN PEOPLE.

REGRETTABLY, WE HAVE HAD NO CONSISTENT ECONOMIC  
POLICY IN RECENT YEARS. THE FREEZES AND PHASES, AND  
GAME PLANS HAVE RESULTED IN UNCERTAINTY AND DOUBT WHICH  
IN THEMSELVES HAVE CONTRIBUTED SERIOUSLY TO INFLATION.  
THE PROPOSALS AND ACTIONS RESULTING FROM THIS ECONOMIC  
SUMMIT MUST RESULT IN AN ECONOMIC POLICY FAITHFUL TO THE  
COVENANT OF 1946, OR IT WILL HAVE FAILED.

IT IS SAID THAT INFLATION IS A THIEF IN THE NIGHT  
ROBBING EVERY AMERICAN EQUALLY. THIS IS WRONG. INFLATION  
DISCRIMINATES AGAINST THE POOR, THE OLD AND THE MINORITIES.

THE 12% INFLATION OF THE PAST YEAR IS MUCH HIGHER FOR LOW AND MIDDLE INCOME FAMILIES WHO SPEND 80% OR MORE OF THEIR INCOME ON FOOD, FUEL, HOUSING, TRANSPORTATION, CLOTHING, AND HEALTH CARE. YOU DON'T NEED TO BE AN ECONOMIST TO KNOW THAT THE REAL PRICE EXPLOSION HAS BEEN IN THESE ESSENTIALS OF LIFE. IT IS THE PRICE RISE ON THESE ESSENTIALS THAT MUST, ABOVE ALL, BE STOPPED.

SOME HAVE CALLED FOR A BIG CUT IN THE BUDGET, AS IF THIS SIMPLE STEP WOULD SOLVE OUR INFLATION PROBLEM. OBVIOUSLY, IT WILL NOT. THERE ARE PLACES WHERE OUR BUDGET CAN AND SHOULD BE CUT, DEFENSE AND FOREIGN MILITARY AID, FOR EXAMPLE. BUT, THIS WON'T PUT FOOD ON THE TABLE, OR A PAYCHECK IN YOUR POCKET.

FISCAL DISCIPLINE YES, BUT WHOLESALÉ CUTS IN PEOPLE PROGRAMS, NO. WE MUST REMEMBER THAT WHILE INFLATION ERODES INCOME, RECESSION AND UNEMPLOYMENT DESTROY INCOME.

THE POLICIES OF TIGHT MONEY, APPROPRIATION IMPOUNDMENTS, AND HALF WAY CONTROLS HAVE NOT CURED OUR ECONOMIC ILLS. IN FACT, THE PATIENT'S FEVER IS RISING AND HIS PARALYSIS SPREADING. THE DOCTORS HAD BETTER CHANGE THE PRESCRIPTION, OR WE MAY LOSE THE PATIENT.

THERE ARE NO QUICK AND EASY ANSWERS TO THESE COMPLEX PROBLEMS BUT THERE ARE CERTAIN STEPS THAT CAN AND MUST BE TAKEN NOW TO BRING DOWN PRICES, CREATE JOBS, AND GET THE ECONOMY MOVING AGAIN.

FROM THIS CONFERENCE SHOULD COME AN AGENDA FOR ECONOMIC ACTION. THIS SHOULD TAKE THE FORM OF A LEGISLATIVE PROGRAM THAT YOU, MR. PRESIDENT, CAN PRESENT TO CONGRESS FOR ITS IMMEDIATE CONSIDERATION. AT THE SAME TIME, THERE ARE A NUMBER OF ADMINISTRATIVE ACTIONS THAT YOU CAN TAKE NOW, MR. PRESIDENT, BASED ON EXISTING LAW AND UPON THE PRESTIGE AND INFLUENCE OF YOUR HIGH OFFICE.

AS I SEE IT, THIS AGENDA FOR ECONOMIC ACTION SHOULD INCLUDE:

- A PROGRAM OF IMMEDIATE TAX RELIEF TO LOW AND MIDDLE INCOME AMERICANS, OFFSET BY CLOSING SOME OF THE MOST GLARING TAX LOOPHOLES AND INCREASING REVENUES FROM THE UPPER END OF THE INCOME SCALE;
- A MAJOR PUBLIC SERVICE JOBS PROGRAM;
- A NATIONAL ENERGY POLICY EMPHASIZING CONSERVATION, EXPANDED RESEARCH, AND LEADERSHIP AMONG THE OIL IMPORTING COUNTRIES IN DEALING WITH THE OPEC NATIONS;

- A NATIONAL FOOD POLICY THAT PROVIDES FAIR AND STABLE INCOMES TO FARMERS AND ASSURES ADEQUATE SUPPLIES OF FOOD AT REASONABLE PRICES TO THE AMERICAN CONSUMER AND A FOOD RESERVE PROGRAM TO PROTECT CONSUMERS AND FARMERS ALIKE.

- A CREDIT ALLOCATION SYSTEM TO ASSURE THE AVAILABILITY OF REASONABLY PRICED CREDIT FOR PRIORITY USES, SUCH AS HOUSING, LOCAL GOVERNMENT AND SMALL BUSINESS; INTEREST RATES MUST COME DOWN AND GOVERNMENT POLICY MUST BE DIRECTED TO THIS OBJECTIVE;

- A TOUGH NEW ANTI-TRUST ENFORCEMENT PROGRAM TO ELIMINATE THE ADMINISTERED PRICING SYSTEM THAT PUSHES PRICES EVER HIGHER.

- A NATIONAL HEALTH INSURANCE PROGRAM TO ASSURE THAT HEALTH CARE IS AVAILABLE TO EVERY AMERICAN AND NOT AUCTIONED OFF TO THE HIGHEST BIDDER;

- A BALANCED NATIONAL GROWTH AND DEVELOPMENT POLICY TO PROVIDE THE NATIONAL ECONOMIC PLANNING NEEDED TO SET PRIORITIES AND GOALS, AND TO MAKE AVAILABLE THE INFORMATION AND ANALYSIS REQUIRED TO MAKE RATIONAL PUBLIC POLICY DECISIONS - WE HAVE BEEN IN THE DARK, RELYING ON GOOD LUCK, TOO LONG;

- A FULL EMPLOYMENT PROGRAM THAT WILL EFFECTIVELY GUARANTEE A JOB AT DECENT WAGES TO EVERY AMERICAN WHO IS ABLE AND WILLING TO WORK.

- A NATIONAL DOMESTIC DEVELOPMENT BANK TO PROVIDE LONG TERM LOANS FOR COMMUNITY FACILITIES, URBAN AND RURAL, AND TO PROMOTE INDUSTRIAL DEVELOPMENT;

- A STRONGER ROLE FOR THE WAGE-PRICE COUNCIL TO ASSURE THAT THEY HAVE THE POWER TO HOLD PUBLIC HEARINGS, SUBPOENA INFORMATION, ORDER PRICE ROLL-BACKS, AND MOUNT AN ALL OUT ATTACK ON ADMINISTERED PRICES;

- A FEDERAL ACTION COMMITTEE TO BREAK BOTTLENECKS OF RAW MATERIALS, FERTILIZER, FUEL, AND EQUIPMENT WHICH PREVENT AGRICULTURE AND INDUSTRY FROM OPERATING AT FULL CAPACITY;

- A SYSTEM OF PRODUCTIVITY COUNCILS OF LABOR AND MANAGEMENT IN EVERY PLANT AND IN EVERY INDUSTRY IN THE NATION; AND,

- A JUST AND DIGNIFIED INCOME MAINTENANCE SYSTEM; ONE THAT CONTINUALLY ADJUSTS PAYMENTS FOR SOCIAL SECURITY, SSI, AND FOOD STAMPS TO REFLECT THE NEEDS OF THOSE WHO RELY ON THESE PROGRAMS.

THESE PROPOSALS ARE IN LARGE MEASURE INCLUDED IN THE INTERIM REPORT ON INFLATION PREPARED BY THE

CONGRESSIONAL JOINT ECONOMIC COMMITTEE AT THE REQUEST OF PRESIDENT FORD. THESE RECOMMENDATIONS ALSO REFLECT A GREAT DEAL OF THE THINKING OF THE PARTICIPANTS IN THE BLACK ECONOMIC SUMMIT. I HIGHLY RECOMMEND BOTH OF THESE REPORTS TO YOU MR. PRESIDENT.

IF THERE WAS ONE PROBLEM THAT DID NOT RECEIVE ADEQUATE ATTENTION IN THIS CONFERENCE, IT WAS THE INTERNATIONAL ASPECTS OF OUR ECONOMIC PROBLEMS. IF THERE IS ONE LESSON WE SHOULD HAVE LEARNED FROM THE FUEL AND FOOD PRICE EXPLOSIONS, IT IS THAT WE ARE INTIMATELY TIED INTO A WORLD ECONOMY. AND, IN ECONOMICS AS WELL AS DIPLOMACY WE MUST REMEMBER THAT NEGOTIATION AND COMPROMISE ARE BETTER FOR ALL THAN CONFLICT AND CONFRONTATION.

MR. PRESIDENT, I WANT TO COMPLIMENT YOU FOR HOLDING THIS ECONOMIC SUMMIT. IT IS IN FACT A NATIONAL TOWN MEETING. IT IS OPEN GOVERNMENT. IT IS THE ESSENCE OF DEMOCRACY - DEBATE, DIALOGUE, DISCUSSION, DISSENT - AND THIS MUST LEAD TO DECISION.

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*as delivered*

REMARKS BY  
SENATOR HUBERT H. HUMPHREY  
SUMMIT CONFERENCE ON INFLATION

WASHINGTON HILTON HOTEL

SEPTEMBER 28, 1974

The most important finding of this Conference is that we have two public enemies, not one -- inflation and recession.

Any policy that brings higher unemployment and lower real incomes for our people, in the name of controlling inflation, is simply unacceptable.

The Employment Act of 1946 established the basic economic contract between the American people and their government. It declares that it is the policy and responsibility of the Federal Government to promote "maximum employment, production, and purchasing power." This is the law of the land and just as binding as the Internal Revenue Code.

But, the contract has been violated, ignored, and trampled upon.

Do high interest rates promote "maximum employment, production, and purchasing power?"

They do not.

Does tight money promote "maximum employment, production, and purchasing power?"

It does not.

Does failure to enforce anti-trust laws promote "maximum employment, production, and purchasing power?"

It does not.

Do our incredibly unfair tax laws that encourage mergers and extend special tax favors promote "maximum employment, production, and purchasing power?"

They do not.

Any policy to deal with our economic problems must live up to the promise of the Employment Act of 1946 to the American people.

Regrettably, we have had no consistent economic policy in recent years. The freezes and phases, and the variety of economic game plans have resulted in uncertainty and doubt which in themselves have contributed to inflation and recession!

The proposals and actions resulting from this Economic Summit must result in a reliable, consistent economic policy faithful to the goals of the Employment Act. or it will have failed.

It is said that inflation is a thief in the night robbing every American equally. This is wrong. Inflation discriminates against the poor, the disabled and the sick, the old and the minorities! It hits crippling blows to small business, housing, family farmers, and the majority of wage-earners.

The 12% inflation of the past year is much higher for low and middle income families who spend 80% or more of their income on food, fuel, housing, transportation, clothing, and health care. It is the price rise on these essentials that must, above all, be stopped or reduced.

Some have called for a big cut in the Federal Budget with little or no regard as to the effect on state and local government, where the people and the government meet. There can be, and there will be, budget reductions. But as Dr. Heller has noted in his article in the WALL STREET JOURNAL of September 27, there are myths on budget cutting and its relationship to inflation. He has listed nine of them. I commend these to your reading. A \$5 billion or a \$10 billion budget cut will not put food on the table nor will it put a paycheck in your pocket. This we need to know and to remember.

The watchwords in our battle against inflation and recession are fairness and discipline. Yes, fairness to all segments of the economy. Discipline in eliminating waste wherever it is to be found. Discipline in the work habits in private industry and in government. And discipline in the administration of governmental programs.

Fiscal discipline, yes; but wholesale cuts in people's programs, no. We must remember that, while inflation erodes income, recession and

unemployment destroy income. We have paid an unbelievable price for recession in lost revenues, in lost gross national product, in lost production, and in lost income to millions of our people. These losses must be measured against proposed budget cuts. It is the cut or the reduction in GNP, the cut or the reduction in personal income, and the cut or the reduction in Federal and local government revenues that has resulted from recession and unemployment. These are the losses that must be weighed against what we call tight fiscal policy.

Now it isn't so much the old-time religion that is our trouble or that bothers me as it is the revival of old-time sin. And those old-time sins are the policies of excessively tight money, high interest rates, appropriation impoundments, and half-way controls administered by people who have at best a half-hearted interest in their effective application. All of these have not cured our economic ills; in fact, the patient's fever is rising and his paralysis spreading. The doctors had better change the prescription or we may lose the patient -- and, may I add, the American family may change the doctors at both the Executive and the legislative levels.

There are no quick and easy answers to these complex problems but there are certain steps that can and must be taken now to bring down prices, reduce interest rates, conserve fuel, create jobs, and get the economy moving again.

From this Conference should come an Agenda for Economic Action. This should take the form of a legislative program that you, Mr. President, can present to Congress for its prompt consideration. And, there are a number of administrative actions that you can take now, Mr. President, based on existing law and upon the prestige and influence of your high office.

As I see it, this Agenda for Economic Action should include:

- A program of immediate tax relief to low and middle income Americans, offset by closing some of the most glaring tax loopholes and increasing revenues from the upper end of the income scale;
- A National Energy Policy emphasizing conservation, expanded research, and leadership among the oil importing countries in dealing with the OPEC nations;
- A National Food Policy that expands production and provides fair and stable incomes to farmers and assures adequate supplies of food at reasonable prices to the American consumer;
- An export licensing system for agricultural commodities determined to be in critically short supply;
- And a Food Reserve Program to protect consumers and farmers alike. All of this we can do ~~and~~ must do.
- A Credit Allocation System to assure the availability of reasonably priced credit for priority uses, such as housing, local government and small business; interest rates must come down and government policy

must be directed to this objective;

- A tough new anti-trust enforcement program to eliminate the administered pricing system that pushes prices ever higher;

- A National Health Insurance program to assure that health care is available to every American and not auctioned off to the highest bidder;

- A Balanced National Growth and Development Policy to provide the national economic planning needed to set priorities and goals, and to make available the information and analysis required to make rational public policy decisions and their impact on the economy.

- A Full Employment Program that will effectively guarantee a job at decent wages to every American who is able and willing to work. These jobs should primarily be in the private sector, and every effort of government should be made to make this possible. But the government must be the employer of last resort, and this means a major public service jobs program ready and available. The American people ought to be at work. It is always in the public interest to have people producing and being self-reliant rather than relying on welfare and unemployment compensation. The loss of income and production, the loss of tax revenue due to unemployment runs into the hundreds of billions of dollars. No program of employment is as costly as having 5 to 6 million of our fellow Americans unproductive, without work, and needing government welfare assistance.

- A National Domestic Development Bank to provide long-term loans at reasonable rates of interest for rural and urban community facilities; to assist industries that are presently in financial difficulty, such as we did with the RFC, and to promote industrial development. Surely if we can have low rates of interest for Export-Import Bank loans, we can have equally reasonable interest rates for the development needs of our own people here at home.

- A stronger role for the Wage-Price Council -- yes, a Wage-Price Council with some teeth, the ability to expose excesses in prices and in wages, to assure that it has the power to hold public hearings, subpoena information, order roll-backs, and above all, to mount an all-out attack on administered prices.

- A Federal Action Office to break bottlenecks of raw materials, fertilizer, fuel, and equipment which prevent agriculture and industry from operating at full capacity;

- A system of Productivity Councils of labor and management in every plant and in every industry in the nation; and a system of productivity incentives in all levels of government.

- A just and dignified income maintenance system; one that continually adjusts payments for Social Security, Security Supplemental Income, and food stamps to reflect the needs of those who rely on these programs.

These proposals and others are included in the Interim Report on Inflation prepared by the Congressional Joint Economic Committee at the request of President Ford. These recommendations also reflect a great deal of the thinking of the participants in the Black Economic Summit. I recommend both of these reports to you, Mr. President.

If there was one problem that did not receive adequate attention in this Conference, it was the international aspects of our economic problems. The fuel and food price explosions tell us painfully that we are intimately tied into a world economy. And, in economics as well as diplomacy, we must remember that negotiation and compromise are better for all than conflict and confrontation.

Mr. President, I want to compliment you for holding this Economic Summit. To be sure, there have been differences of opinion. This is as natural in our democracy as life itself. There are differences -- political, economic, and social -- in our country. Those differences ought to be exposed and ventilated in a conference such as this. How tragic it would be if we were all of one mind and one opinion. The strength of our country and of our political and economic system is its diversity, its openness.

We have had, in these past weeks as we prepared for the Economic Summit Conference, a series of town meetings. And these past two days it has been as if we had a national town meeting, with people being able

to express their points of view without fear of reprisals or necessity of agreement. This is open government. It is the essence of democracy -- debate, dialogue, discussion, dissent.

But all of this requires that we arrive at decisions. Those decisions will come not at this conference but as we review and analyze the many proposals and suggestions that have been offered. The conference is a preparation for the decision-making that is yet to come. But those decisions must be timely and soon. The time to act is now. Action delayed is remedy denied.

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AND RECESSION. - *Stagflation - Prices too high, Production too low, unemployment too high*

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BUT, THE <sup>*contract*</sup> ~~COVENANT~~ HAS BEEN <sup>*Violated and ignored and*</sup> TRAMPLED UPON, AND  
THE ~~LAW~~ HAS NOT BEEN ABIDED BY.

DO HIGH INTEREST RATES PROMOTE "MAXIMUM EMPLOYMENT,  
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THEY DO NOT.

DOES TIGHT <sup>*Money*</sup> ~~FISCAL POLICY~~ PROMOTE "MAXIMUM EMPLOYMENT,  
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*and extend special tax favours to promote*  
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THEY DO NOT.

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IN THEMSELVES HAVE CONTRIBUTED ~~SUBSTANTIALLY~~ TO INFLATION *and Recession!*

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*It hits crippling blows to small business, housing, families, farmers, and the majority wage-earners.*



THERE ARE NO QUICK AND EASY ANSWERS TO THESE  
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 CAN AND MUST BE TAKEN NOW TO BRING DOWN PRICES, GREATE  
*create* JOBS, AND GET THE ECONOMY MOVING AGAIN. *reduce interest rates*  
*conserve fuel*

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CONSERVATION, EXPANDED RESEARCH, AND LEADERSHIP AMONG  
 THE OIL IMPORTING COUNTRIES IN DEALING WITH THE OPEC  
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*Critical*

→ an export licensing system for agricultural commodities determined to be in critically short supply

*expands production,*

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- A NATIONAL FOOD POLICY THAT PROVIDES

FAIR AND STABLE INCOMES TO FARMERS AND ASSURES ADEQUATE SUPPLIES OF FOOD AT REASONABLE PRICES TO THE AMERICAN CONSUMER, *and* A FOOD RESERVE PROGRAM TO PROTECT CONSUMERS AND FARMERS ALIKE. *all of this we can do.*

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POLICY DECISIONS. *and their impact on the economy.* ~~WE HAVE BEEN IN THE DARK, RELYING ON~~

~~GOOD LUCK, TOO LONG.~~

*Loss of 7% of Revenue + Production*

*Unemployment + to strengthen*

*but primarily in the private sector*

- A FULL EMPLOYMENT PROGRAM THAT WILL EFFECTIVELY GUARANTEE A JOB AT DECENT WAGES TO EVERY AMERICAN WHO IS ABLE AND WILLING TO WORK, *including a major Public Service Jobs program.*

*Effect. Input Bank-Rates*

- A NATIONAL DOMESTIC DEVELOPMENT BANK TO PROVIDE LONG TERM LOANS FOR *Rural + Urban* COMMUNITY FACILITIES; *to assist industries in financial difficulty* URBAN AND RURAL, AND TO PROMOTE INDUSTRIAL DEVELOPMENT;

- A STRONGER ROLE FOR THE WAGE-PRICE COUNCIL *yes somewhat* TO ASSURE THAT *it has* THEY HAVE THE POWER TO HOLD PUBLIC HEARINGS, SUBPOENA INFORMATION, ORDER PRICE ROLL-BACKS, AND MOUNT AN ALL OUT ATTACK ON ADMINISTERED PRICES, *and defense on prices*

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- A JUST AND DIGNIFIED INCOME MAINTENANCE SYSTEM; ONE THAT CONTINUALLY ADJUSTS PAYMENTS FOR SOCIAL SECURITY, SSI, AND FOOD STAMPS TO REFLECT THE NEEDS OF THOSE WHO RELY ON THESE PROGRAMS, *Security Supplemental Income for the needy, the aged*

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IF THERE WAS ONE PROBLEM THAT DID NOT RECEIVE ADEQUATE ATTENTION IN THIS CONFERENCE, IT WAS THE INTERNATIONAL ASPECTS OF OUR ECONOMIC PROBLEMS.

~~THERE IS ONE LESSON WE SHOULD HAVE LEARNED FROM THE~~

*The* FUEL AND FOOD PRICE EXPLOSIONS, ~~IT IS THAT WE ARE~~ *tell us painfully that we*

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*Action delayed, is remedy denied*

# # # # #

~~There are sharp differences among~~  
~~us, us, us.~~

*of course there are differences  
Political,  
econ,  
social.*



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