

OUTLINE OF REMARKS  
E.F. HUTTON LUNCHEON  
MINNEAPOLIS - JANUARY 7

THREE IMPORTANT STEPS ARE CENTRAL TO IMPROVING  
THE AMERICAN ECONOMY AND WITH IT THE ECONOMIC EN-  
VIRONMENT FOR THE BUSINESS SECTOR.

FIRST, IT IS ESSENTIAL TO RESTORE ECONOMIC  
GROWTH, WHICH WILL INCREASE CONSUMER INCOME, CREATE  
JOBS, AND GENERALLY PROVIDE FOR THE DEMAND NECESSARY  
TO STIMULATE BUSINESS ACTIVITIES. IF WE STOP THE  
RECESSION, THE INCREASE IN PRODUCTIVITY WILL ALSO  
TEND TO REDUCE INFLATION. IN ADDITION, THE RESTORATION  
OF ECONOMIC GROWTH WOULD SHORE UP SAGGING CONSUMER CON-  
FIDENCE, WHICH WOULD STIMULATE CONSUMER BUYING.

SECOND, THE MONEY SUPPLY MUST BE INCREASED ENOUGH  
TO MAINTAIN ECONOMIC GROWTH AT SIX TO EIGHT PERCENT  
OVER THE NEXT COUPLE OF YEARS. THIS WOULD REDUCE IN-

INTEREST RATES AND PROVIDE FUNDS FOR ALL KINDS OF  
ECONOMIC ACTIVITY, ESPECIALLY BUSINESS INVESTMENT.  
THIRD, WE SHOULD CONTINUE TO SUPPORT EFFECTIVE  
TAX INCENTIVES SUCH AS THE INVESTMENT CREDIT, WHILE  
ELIMINATING INEFFECTIVE TAX LOOPHOLES LIKE DEPLETION  
ALLOWANCE SO THAT THE SAVED REVENUES CAN BE USED IN  
OTHER WAYS TO STIMULATE ECONOMIC GROWTH.

*In a few words!* WE MUST GET THE ECONOMY MOVING AGAIN IF WE  
ARE TO RESTORE THE NATION'S ECONOMIC HEALTH. IT IS  
NOT WELL UNDERSTOOD IN WASHINGTON, EVEN AMONG PRES-  
IDENTIAL ECONOMIC ADVISERS, THAT THE RECESSION ACTUALLY  
CONTRIBUTES TO THE CURRENT COST-PUSH INFLATION BY RE-  
DUCEING PRODUCTIVITY AND RAISING LABOR, MATERIAL, AND  
OVERHEAD COSTS. IN OTHER WORDS, AT THE PRESENT TIME  
THERE IS LITTLE IF ANY TRADE-OFF BETWEEN INFLATION AND

RECESSION. / WE HAVE GOT TO GET THE ECONOMY MOVING  
AGAIN, PRODUCTIVITY INCRASING, AND PEOPLE BACK TO  
WORK, IF WE ARE TO MAKE PROGRESS ON BOTH FRONTS.

It IS NOT WELL UNDERSTOOD HOW COSTLY THE CURRENT  
RECESSION IS AND HOW LONG IT WILL TAKE TO RESTORE EC-  
ONOMIC GRWOTH. h THE STAFF OF THE JEC ESTIMATES THAT IT  
MAY TAKE APPROXIMATELY 5 YEARS TO RETURN TO FULL EM-  
PLOYMENT, AND THAT THE NATION WILL LOSE \$500 BILLION  
IN PRODUCTION IN THE MEANTIME.

ALL OF THE ABOVE POINT TO THE URGENCY OF A NEW  
STIMULATIVE ECONOMIC POLICY.

FIRST, I THINK WE ARE GOING TO HAVE TO CUT TAXES  
BY \$10 BILLION, MAYBE EVEN MORE, IN 1975.

I WILL INTRODUCE LEGISLATION IN THE NEXT  
SESSION TO CUT TAXES PRIMARILY FOR LOW AND MODERATE

INCOME CONSUMERS BY: A) INCREASING THE LOW INCOME ALLOWANCE FROM \$1,300 TO \$1,800; B) BY INCREASING THE STANDARD DEDUCTION FROM 15 TO 17 PERCENT; AND C) RAISING THE PERSONAL EXEMPTION FROM \$750 TO \$850 OR \$900.

SECOND, THE FEDERAL GOVERNMENT HAS ~~NOT~~ TO DO A BETTER JOB OF GUARANTEEING JOBS.

INSTEAD OF A WIN BUTTON TO SYMBOLIZE OUR ECONOMIC POLICIES, MY POLICY IS WORK.

I AM HEARTENED BY THE CONGRESSIONAL LEADERSHIP IN INCREASING THE NUMBER OF PUBLIC SERVICE JOBS. BUT WE NEED TO GO MUCH FURTHER. THE PUBLIC SERVICE JOB PROGRAM SHOULD HAVE AN AUTOMATIC TRIGGER TO ADD 250,000 JOBS ~~FOR~~ EACH ADDITIONAL 1/2 PERCENTAGE POINT RISE IN THE UNEMPLOYMENT RATE.

State  
+  
local  
failures

THIRD, WE NEED A TOUGH AND SELECTIVE PROGRAM  
TO SHORT-CIRCUIT THE CURRENT WAGE-PRICE SPIRAL. THE  
CURRENT COUNCIL ON WAGE AND PRICE STABILITY IS A TOOTH-  
LESS TIGER. WE NEED AN AGENCY WITH SUBPEONA POWER,  
THE RESOURCES TO HOLD EXTENSIVE HEARINGS, THE AUTHORITY  
TO DELAY PRICE INCREASES UP TO 90 DAYS, AND, IN EXTREME  
CASES, THE AUTHORITY TO IMPOSE CONTROLS ON A SELECTIVE  
BASIS.

IN ADDITION, THERE ARE THREE SPECIFIC AREAS OF  
THE ECONOMY WHERE WE MUST DEVELOP COMPREHENSIVE NATIONAL  
POLICIES: FOOD, ENERGY, AND HOUSING.

FOOD. BASICALLY, WE MUST:

- 1) EXPAND PRODUCTION HERE AT HOME SO THAT WE  
CAN MAINTAIN OPEN MARKETS TO THE WORLD;
- 2) ESTABLISH A FOOD EXPORT MONITORING AND  
MANAGEMENT SYSTEM TO DEAL WITH FOOD SHORTAGES;

3) ESTABLISH A GRAIN RESERVE SYSTEM TO  
STABILIZE SUPPLIES; AND

4) INCREASE COMPETITION AND EFFICIENCY IN  
THE PROCESSING AND DISTRIBUTION SECTORS OF THE FOOD  
INDUSTRY.

HOUSING. IN THE AREA OF HOUSING, I BELIEVE WE  
MUST REDUCE HIGH INTEREST RATES AND MAKE CREDIT MORE  
AVAILABLE -- USING A CREDIT ALLOCATION SCHEME, IF  
NECESSARY.

ENERGY. I AM PREPARED TO CONSIDER ALL ALTER-  
NATIVES FOR REDUCING ENERGY CONSUMPTION. I DO NOT  
SUPPORT A GASOLINE TAX BECAUSE I DO NOT BELIEVE OTHER  
ALTERNATIVES HAVE BEEN ADEQUATELY EXPLORED. IN  
PARTICULAR, GREATER EFFORTS SHOULD BE MADE TO CONSERVE  
ENERGY, AND I INTEND TO INTRODUCE COMPREHENSIVE LEG-  
ISLATION TO ACCOMPLISH THAT IN THE NEXT SESSION OF

CONGRESS. AMONG THE CONSERVATION ACTIONS I WILL URGE  
ARE THE FOLLOWING:

A) MANDATORY FUEL ECONOMY STANDARDS FOR AUTOS  
BEGINNING IN 1978;

B) EXPANDED RESEARCH ON NEW ENGINE TYPES THAT  
ARE ECONOMICAL AND NON-POLLUTING;

C) MANDATORY CONVERSION BY REFINERIES AND  
UTILITIES TO COAL AND AWAY FROM HEAVY DEPENDENCE ON  
IMPORTED OIL;

D) EXTENSIVE RESEARCH AND STANDARDS REQUIRING  
DEVELOPMENT AND SALE OF MORE ENERGY-EFFICIENT APPLIANCES,  
LIGHTS AND SPACE HEATING SYSTEMS; AND

E) FEDERAL SUBSIDIES FOR THE DEVELOPMENT AND USE  
OF SOLAR AND GEOTHERMAL ENERGY.



# 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](http://www.mnhs.org)