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EXCERPTS  
FROM THE REMARKS OF  
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FOR  
THE FINANCIAL EXECUTIVE INSTITUTE DINNER

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During the 1960s, under Democratic administrations, Presidents Kennedy and Johnson exerted the moral force of their office to restrain extreme price and wage increases. In basic industry after basic industry this Presidential "jawboning" was successful. Steel, copper, aluminium, as well as other basic industry prices, were restrained. Both price and wage guideposts were established.

However, the current Republican Administration has repeatedly stated that it is not going to interfere with "natural market forces". As a result, we have witnessed the sky-

rocketing of prices. In the first 20 months of this Republican Administration, the rate of inflation is more than 30 percent higher than it was in 1968.

In my view, if the Administration won't exercise its prestige, moral force and high office to control inflation, then Congress must assume that responsibility. Irresponsible price increases must be subject to the public spotlight and the Court of Public Opinion.

Congress can call to the committee witness table all those who put their pocketbook before the national welfare. The only conscious economic policy this Administration is pursuing is tight money. This tight money policy has driven interest rates to a 110 year high and housing construction starts to a ten year low. To give you some idea of the severity of this downturn, let me point out that construction activity in the Twin Cities area this year is down almost 10 percent.

In September unemployment jumped to 5.5%, an increase of 375,000. Nationally unemployment has reached almost 4 1/2 million. This is the highest rate of unemployment in nearly seven years. 12,500 people a day are losing their jobs.

I find it particularly troublesome when one realizes that the unemployment rate amongst young men between the ages of 20 and 24 rose from an 8.5% rate in August to 11% in September. The rate for teenagers is now almost 17% and for blue collar workers it has soared to 7 1/2%.

In pursuing its tight money policy, the Administration has chosen to ignore the Employment Act of 1946, which requires the President to establish policies to ensure "maximum employment production and purchasing power".

With almost 2 million more unemployed today than was the case when the Republicans took office 20 months ago.



With a stagnating economy losing one billion dollars per week in productivity, and with the consumer price index 17 points during this Republican period, we have the evidence of the effect of callous Republican economic policies.

A promised Federal budget surplus has now been turned into a projected 10 to 14 billion Republican deficit.

We cannot accept this leaderless drift in the face of ever-increasing unemployment and mounting prices.

This Administration seeks to have us believe that the current recession is due to the winding down of the war in Southeast Asia. While painful adjustments may well be called for in certain industries because of the welcome de-escalation of conflict, our present unemployment and "no-growth" economy remains a direct result of Republican recession economics.

Our economy is slumping not because of cuts in defense spending, but because the Republicans are preventing reasonable expansion. Presidential vetoes of aid to education, health,

research construction - vetoes supported by my Republican opponent - as well as calculated Administration refusal to make Congressionally authorized expenditures for needed programs, are sapping our economic strength. Federal programs for housing, aid to education, hospital construction and health care are supported by Democrats because they are needed and also because they provide jobs and maintain a reasonable pace of economic growth.

National economic policies - both monetary and fiscal policies - must be coordinated by the President. This has not been done. It is not good enough just to rely on the powers of the Federal Reserve Board to raise interest rates and to adjust the money supply during this inflation period.

To date, despite the severity of the economic recession, the President has yet to call together in a single meeting the Cabinet officers and the Congressional leaders responsible for acting to support our economy. It is imperative that we re-evaluate the entire focus of our fiscal and monetary policy mechanisms.

Efforts to coordinate monetary and fiscal policy have failed. In too many cases they have pulled and are pulling our economy in opposite directions. Witness the fact that we continue to have climbing prices and rising unemployment.

Our President - Republican or Democrat - must have the tools to do the job that needs to be done for an economically sound America. But he must be willing to use those tools to get the job done.

When, as now, the President fails to act, Congress must assume the responsibility of restoring vigor to our sagging economy.

Given this season, as this political campaign heats up, you are going to hear increasingly that this is a Democratic inflation. Don't you believe it. This Administration has had 20 months to put its house in order.



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In 1968, at the end of the Democratic Administration, unemployment stood at less than 3.5%. Today, national unemployment figures are approaching 6%, with severe pockets of unemployment up to 12, 15 and even 25%.

In 1968, consumer prices, with full employment, and increasing productivity, rose by only 4.5%. Consumer prices today, with increasing unemployment and a stagnating economy, are rising at a rate in excess of 6%.

And this Administration and its supporters - like my Republican opponent - have to bear the responsibility for these facts too. In my view, our economy is basically healthy and powerful. The problem is that the current set of Republican witch doctors in Washington have been giving it the wrong medicine. Tight money, idle productive capacities, and unemployment are not sound, anti-inflation policies.

They are anti-people policies.

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