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 perculate 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 fitcal relief to state and local governments. 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.

They come only after the national recession reached truly critical proportions and after public confidence in the Administration 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.

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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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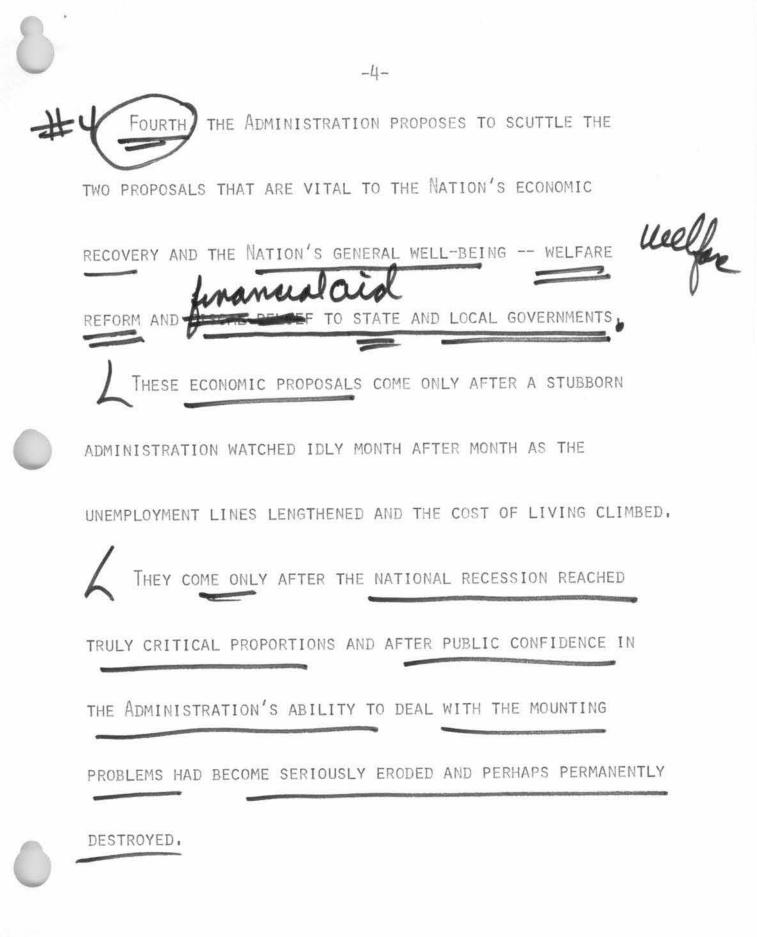
arito - P Peter B ble Worter PED HIS OLD ECONOMIC GAME PLAN THE PRESIDENT HAS -m. Tom S AND ADOPTED A NEW ONE. BUT, THE EVIDENCE STRONGLY SUGGESTS IT IS STILL NOT Gen aliver O' Kaya zge Marinek (Irene) A WINNER. LET ME TELL YOU WHY: AT THE HEART OF THE SO-CALLED NEW POLICY IS THE OLD CONSERVATIVE ECONOMIC 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. & but THIS THEORY IS AN OLD ONE. SIMPLY DOES NOT WORK. -1-

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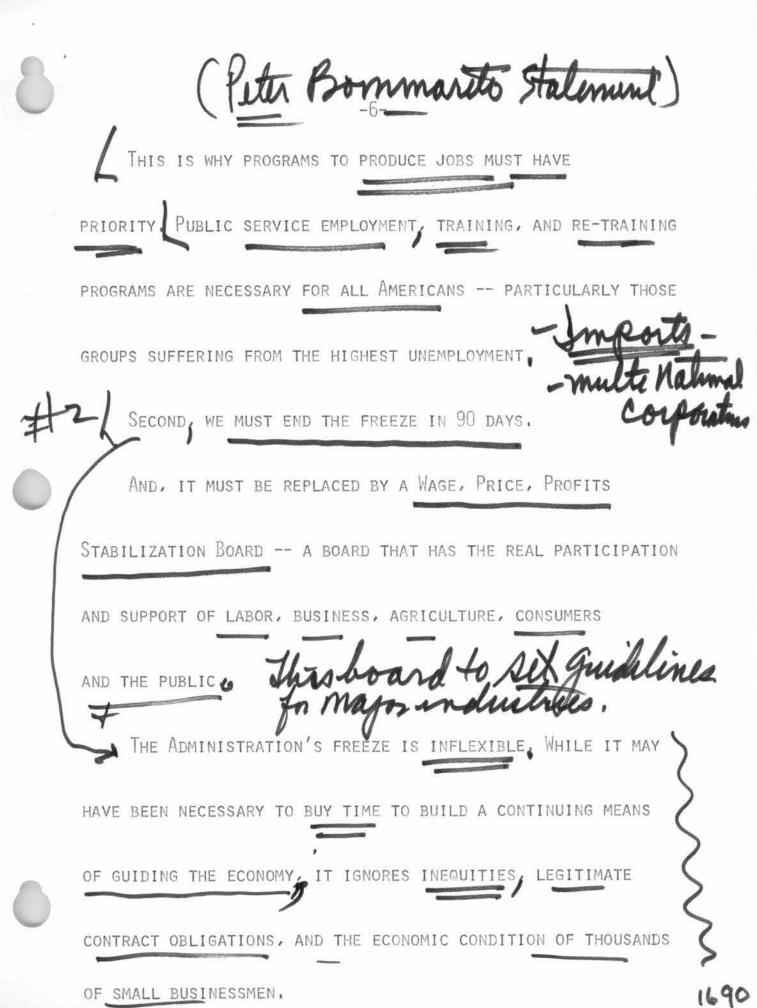
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NO CEILING ON INTEREST RATES MA LIMITATION ON PROFITS, MO Dividendo - Yes -- PRICES OF LAND, CAPITAL GAINS, AND DIVIDENDS, EXEMPT FROM THE FREEZE. -- BUSINESS GETS TAX RELIEF OF NEARLY \$9 BILLION DOLLARS. The INDIVIDUAL IS LIMITED TO A ONE TIME ONLY TAX BENEFIT OF LESS THAN ONE-THIRD THAT GIVEN CORPORATE BUSINESS. THIRD ALL DECISION MAKING 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



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THE CONSUMER.

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