

REMARKS BY SENATOR HUBERT H. HUMPHREY

NATIONAL ASSOCIATION OF COUNTIES

Annual Convention

Miami, Florida

July 15, 1974

It is a privilege to be with you today as you begin your annual conference. As many of you know, I am no stranger to the National Association of Counties and, in fact, have addressed your convention many times in the past.

This morning I would like to discuss some of the goals we share for America and, more specifically, how to cope with the current economic crisis that so seriously undermines our ability to achieve them.

As I see it, the greatest current threat to a positive, supportive relationship between the Federal government and the States, Counties, Cities and Towns of America is the apparent inability of the Federal government to effectively manage the economy.

The most urgent problem facing our county officials, and public officials at every level of government, today is how to cope with a raging inflation that has resulted in a price surge of 10.7% in the past year.

Uncontrolled inflation is devastating to our people. It shakes the foundations of our institutions. It makes public decision making virtually impossible. And, as you in the counties who must administer our basic health programs; run our nation's welfare system; and manage our correctional system realize more than anyone else, inflation makes any serious effort to plan for the future of these essential activities an academic exercise.

Inflation is and must be an overriding concern to all of us. It affects the lives of every person in our country and every sector of our economy.

However, we must also recognize that inflation today is an international problem -- an international plague. And we are more entwined in its world-wide causes and effects than most nations.

As the largest single producer of consumer and capital goods, as the nation with the largest Gross National Product, and as the financial center of the world, what happens in the United States affects the entire world economy very directly.

At the same time, the tremendous appetite of our economy and demand for the goods we produce is greatly affected by what happens in other parts of the world.

One need only recall the impact at the cash registers of our grocery stores of the explosion in U.S. grain exports last year, or the surge in prices at the gas pumps when the Arabs shut-off exports of petroleum to us. These are but the most obvious examples.

In fact, the inflation that we find ourselves so seriously affected by is in large part the result of basic developments beyond our borders. The growing population of the world, the rising affluence in the developed nations of the world, the competition for scarce capital and even more scarce national resources, all contribute to the rising price levels of almost everything we buy here at home.

One of the principal reasons for our government's failure to anticipate the present economic crisis in America was a lack of attention by our economists to fundamental economic changes occurring throughout the world.

This failure has cost you and the American people greatly. Of course, we have some very serious and largely domestic problems that have fanned the flames of inflation.

First and foremost, we have not had strong and consistent economic leadership from the Administration. In fact, we have not had an economic policy at all. Rather, we have had an erratic series of freezes and phrases. It has been stop and go, on and off, up and down -- like a yo yo.

We have had an avalanche of "ad hoc" economic decisions. We have had a constantly revolving door to the offices of national economic leadership. But this baffling series of new faces and pronouncements has not resulted in a national economic policy.

This piecemeal non-policy has been, in itself, highly inflationary.

In times past, our country may have been able to get by, regardless of what happened in Washington. But today, public confidence in national leadership is of central importance. The Federal Government permeates the entire economy. Whether we like it or not, its \$300 billion plus budget, its huge borrowing and lending operations, its policy decisions, and its intervention in the money market, all have a tremendous impact on our economy.

And today, no one has the foggiest idea of what the government will do next.

A typical example is the recent statement by Dr. Stein, Chairman of the Council of Economic Advisors. In a national news interview show two weeks ago, Dr. Stein named the American people as the main villains in bringing about inflation.

He said that, "being so reluctant to have a tax increase, they created the conditions (for inflation)."

This is incredible. Every American who follows public affairs, even very generally, remembers that the Nixon Administration based its '68 and '72 campaigns on the promise not to raise taxes - that such action was totally unnecessary.

Frankly, I could not believe my ears when Dr. Stein made this charge. After telling us for years that taxes are too high, and that the Nixon Administration certainly wouldn't raise them, the Administration's chief economist had the gall to complain that the lack of public support for a tax increase was the root cause of inflation and thus, inflation was of our own creation.

But, that is not the end. The following day, the White House assured us, once again, that the President sees no need for higher taxes.

Is it any wonder that the people of this country have lost any confidence they may have had in the Administration's ability to manage the economy?

But while inflation is the number one problem, it is closely followed by the problems of excessively high unemployment and "recession".

By any definition, the period of declining output we have suffered, during the first six-months of this year, is a "recession" - and no amount of White House rhetoric will change that fact.

And, I find it incredible that the 5.2% rate of unemployment for June was hailed as "gratifying" by the White House.

But the question we must answer is, what do we do to get out of this economic mess. What do we do to provide the healthy national economic framework in which all levels of government can cooperate in solving the people's problems?

First, we need strong, positive, economic leadership from the executive branch. Congress, Labor, Business, and the Financial Sector, must be closely consulted and intimately involved in developing a national economic program and policy to which they can all commit themselves.

And, I don't mean any one day public relations party on the White House lawn. This may make the front pages, but it won't come up with the solution we need. That takes sweat and toil, give and take, and, most of all, strong Presidential leadership.

Phase II was hammered out this way, and it worked for a while. Of course, it was prematurely abandoned and replaced by a program that kept the brake on wages while it rationalized price increases.

And while I am on this point, the latest White House economic czar - Mr. Rush - talks a great deal about holding down wage settlements, but very little about holding back prices, profits and interest rates.

As far as wages are concerned, there is a basic issue of social justice involved. America's workers have lost 5.6% of their purchasing power in the past year. Yes, they settled for less in 1973 on the good faith assumption that government would hold back on prices. Government did not live up to the bargain and justice demands that our workers now be allowed to "catch-up", to make up for the loss they and their families suffered.

More specifically, I believe we can and must do the following:

First, we must get serious in this country about increasing productivity. Productivity must be increased, if we are to meet the growing demands for goods and services of an increasingly affluent society. I have no ready answer for exactly how to do it, but we must put a premium on productivity. Our tax laws, for example, should not simply reward investment, but rather productivity improving investment.

Second, we must abandon the futile and inequitable attempt to control inflation by relying solely on exorbitantly high interest rates.

High interest rates, the only string in the Nixon economic fiddle, are not anti-inflationary in an economy like ours where prices are largely administered and not set in a competitive environment. High interest costs, in such an oligopolistic setting, are simply one more increment to be added to the cost of goods and services to the consumer.

In fact, high interest rates result in special favoritism to the big conglomerates and others who have control over their markets. When interest costs can be passed on, they do not dampen spending, they simply push prices higher. And, when a large segment of the private sector can pass on high interest costs with ease, the ability of the counties in America to borrow is greatly hurt.

Third, we need some plan of action regarding how we want our country to develop. We must begin to design our future, or be forced to resign ourselves to it.

We need to articulate a policy of Balanced National Growth and Development. Only in this way will we stop our endless shooting from the hip - the current method of economic policy-making. We have been playing a dangerous game of economic roulette - it must be stopped.

Fourth, we must do a much better job of allocating scarce resources. One important step is to develop a reasonable plan for allocating credit - developing an investment policy.

With capital in critically short supply, with urgent priority uses for capital forced to compete with all other claimants on capital, high interest rates cannot be the sole means of deciding where capital will be used. This is not in the best interest of most Americans.

The government ought to use its legal power to control interest rates to see to it that credit is available where its most needed at reasonable rates. Capital allocation is too important to be left to the bankers, those at the FED or those in the private sector.

Fourth, the entire tax structure - Federal to local - needs re-examination and reform.

Our tax structure has become progressively more regressive. Now, I don't mean to curb investment that we need, but we can get rid of tax shelters that serve no economic or socially desirable purpose. This is a matter of social justice and one that is essential in restoring public confidence.

Fifth, we need a National Domestic Development Bank to provide capital for important public projects at low rates of interest.

This bank would include a special section to provide low-cost housing money. The high interest rate policy pursued by the FED, with White House applause, has raised havoc with the housing market and the construction industry. It is a major stimulus to the inflation its proponents claim it will cure.

Sixth, we must continue to have revenue sharing. Certainly, this program needs a careful review. Perhaps we need to consider whether or not some guidelines are required. But, just as revenue sharing was needed during a time of recession, because local government could not raise the funds it required, it is now needed so that local government can meet its obligations in a time of raging inflation.



But how can we afford to do all these things? Well, you have to bite the bullet. You have to say that there are some things that we will no longer do, and other things that we simply must do.

A long list of questions on priorities immediately comes to mind.

For example, can we afford to continue Export-Import Bank loans to friendly and unfriendly countries alike at 6% or 7% interest, when we can't provide money at anywhere near these rates for housing in our own country?

Can we afford to continue to subsidize the sale of military hardware to foreign countries, while unable to provide the credit needs of our small, competitive, business sector?

Can we afford to continue providing huge tax breaks to highly profitable oil companies, billions of dollars lost each year that could be spent to revitalize communities across the land?

We have much to do that we can afford to do, but we will have to make some tough choices. But, as public officials we must make them. The people we represent demand this action - it is the price we must pay if public confidence in us is to be restored.

There are many things that we have done, and others that we've neglected, for which the American people are paying a terrible price today.

- We don't have a National Domestic Development Bank to provide the capital needed for public facilities and services - and we are paying the price.

- We don't have a Food Reserve System to stabilize food prices and assure supplies - and we are paying the price.

- We don't have a balanced national transportation system to preserve essential services at reasonable rates - and we are paying the price.

- We have concentrated our resources in a non-production budget - and we are paying the price.

- We have adopted a conservative economic policy, based almost entirely on high interest rates - and we are paying the price.

And we will continue to pay the price for our failures, until we take a long hard look at our resources and decide - how they will be allocated.

This requires the development of some consensus on where we are going as a nation and when we want to get there.

We need a system for developing goals and priorities for our nation. They need not be chiseled in marble for the adoration of the ages. In fact, if they are, they are doomed to irrelevance. They must be constantly evolving as needs and attitudes change.

But, it is the priority setting process, a process that provides the basis for public and private resource allocation decisions, that is sorely lacking today. We have made some progress in this direction with passage of the Congressional Budget Reform bill this year, but this is not enough.

We must create the instruments of government we sorely need to articulate national goals and priorities.

We must provide them with the capacity to plan for meeting these objectives and for anticipating basic changes that will affect this ability.

And, we must tightly tie together this process, from the local to the national level, in a system of supportive inter-governmental relations.

Only in this way will the priorities of the people of this country be truly reflected in the decisions of their government.

I urge you to join with me in working to establish this new agenda in policy making -- an agenda of vital importance to our counties, to creating a strong and stable economy, and to carrying through the promise of a better life for all the American people.

# # # # #

Mr Conder

(1) Gill Barrett - President  
Daugherty County  
Albany Georgia

(2) Conrad Fowler - Shelby County  
Columbiana Ala.

REMARKS BY SENATOR HUBERT H. HUMPHREY

NATIONAL ASSOCIATION OF COUNTIES

Kleason Chackasie -  
ANNUAL CONVENTION  
w. fe - Lorraine  
a MIAMI, FLORIDA

" Terry Dubbles

JULY 15, 1974

(X) (Rennie)  
Bernard  
~~Hillman~~  
Staff -  
Hillman

Miner Delegation

President Mahlon (Maylon)

(Cass  
County)

Swent Koske

Swent Koske (Swent-cough-  
ski)

Bill Konarski (Scott)

Ralph Keyes - (Scott District)

IT IS A PRIVILEGE TO BE WITH YOU TODAY AS YOU BEGIN  
YOUR ANNUAL CONFERENCE. AS MANY OF YOU KNOW, I AM NO  
STRANGER TO THE NATIONAL ASSOCIATION OF COUNTIES AND,  
IN FACT, HAVE ADDRESSED YOUR CONVENTION MANY TIMES IN  
THE PAST. *-you need a friend in congress*

THIS MORNING I WOULD LIKE TO DISCUSS SOME OF THE  
GOALS WE SHARE FOR AMERICA AND, MORE SPECIFICALLY, HOW  
TO COPE WITH THE CURRENT ECONOMIC CRISIS THAT SO SERIOUSLY  
UNDERMINES OUR ABILITY TO ACHIEVE THEM.

*L* AS I SEE IT, THE GREATEST CURRENT THREAT TO A POSITIVE,  
SUPPORTIVE RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND  
THE STATES, COUNTIES, CITIES AND TOWNS OF AMERICA IS THE  
APPARENT INABILITY OF THE FEDERAL GOVERNMENT TO EFFECTIVELY  
MANAGE THE ECONOMY.



THE MOST URGENT PROBLEM FACING OUR COUNTY OFFICIALS, AND  
PUBLIC OFFICIALS AT EVERY LEVEL OF GOVERNMENT, TODAY IS HOW TO  
COPE WITH A RAGING INFLATION THAT HAS ~~RESULTED IN A PRICE SURGE~~ *pushed prices up*

~~OF~~ 10.7% IN THE PAST YEAR *alone. and overall about 19% in the past 2 years*  
UNCONTROLLED INFLATION IS DEVASTATING TO OUR PEOPLE. */It*

SHAKES THE FOUNDATIONS OF OUR INSTITUTIONS. */* IT MAKES PUBLIC  
DECISION MAKING VIRTUALLY IMPOSSIBLE. AND, AS YOU IN THE COUNTIES

WHO MUST ADMINISTER OUR BASIC HEALTH PROGRAMS; RUN OUR NATION'S  
WELFARE SYSTEM; AND MANAGE OUR ~~CORRECTIONAL SYSTEM~~ *Department of Criminal Justice + Correctional Institutions* REALIZE MORE

THAN ANYONE ELSE, INFLATION MAKES ~~ANY SERIOUS EFFORT TO PLAN~~ *planning*

FOR THE FUTURE OF THESE ESSENTIAL ACTIVITIES AN ~~ALMOST~~ *almost*  
*impossible task.*

*Yes* INFLATION IS AND MUST BE AN OVERRIDING CONCERN TO  
ALL OF US. IT AFFECTS THE *Lives* OF EVERY PERSON IN OUR  
COUNTRY AND EVERY SECTOR OF OUR ECONOMY.

↳ HOWEVER, WE MUST ALSO RECOGNIZE THAT INFLATION TODAY  
IS AN INTERNATIONAL PROBLEM -- AN INTERNATIONAL PLAGUE. *Shortage*  
*of Commodities, Rising Population, Crop failures -*  
↳ WE ARE MORE ENTWINED IN ITS WORLD-WIDE CAUSES AND  
EFFECTS THAN MOST NATIONS.

↳ AS THE LARGEST SINGLE PRODUCER OF CONSUMER AND  
CAPITAL GOODS; AS THE NATION WITH THE LARGEST GROSS  
NATIONAL PRODUCT, AND AS THE FINANCIAL CENTER OF THE  
WORLD, WHAT HAPPENS IN THE UNITED STATES AFFECTS  
THE ENTIRE WORLD ECONOMY VERY DIRECTLY.

*U.S  
at the  
center.*

↳ AT THE SAME TIME, THE TREMENDOUS APPETITE OF OUR  
ECONOMY AND DEMAND FOR THE GOODS WE PRODUCE IS GREATLY  
AFFECTED BY WHAT HAPPENS IN OTHER PARTS OF THE WORLD.

You only need to remember

~~ONE NEED ONLY RECALL~~ THE IMPACT AT THE CASH REGISTERS  
in our Super-markets as U.S. grain exports  
~~OF OUR GROCERY STORES OF THE EXPLOSION IN U.S. GRAIN EXPORTS~~  
exploded;

~~LAST YEAR~~, OR THE SURGE IN PRICES AT THE GAS PUMPS WHEN THE

~~and suddenly high~~

ARABS SHUT-OFF EXPORTS OF PETROLEUM TO US. THESE ARE BUT THE

~~international market is impossible for many~~  
MOST OBVIOUS EXAMPLES. ~~wage controls buy a home~~

~~IN FACT, THE INFLATION THAT WE FIND OURSELVES SO~~  
~~SERIOUSLY AFFECTED BY IS IN LARGE PART THE RESULT OF BASIC~~  
~~DEVELOPMENTS BEYOND OUR BORDERS. THE GROWING POPULATION~~  
~~OF THE WORLD, THE RISING AFFLUENCE IN THE DEVELOPED~~  
~~NATIONS OF THE WORLD, THE COMPETITION FOR SCARCE CAPITAL~~  
~~AND EVEN MORE SCARCE NATIONAL RESOURCES, ALL CONTRIBUTE TO~~  
~~THE RISING PRICE LEVELS OF ALMOST EVERYTHING WE BUY HERE~~  
~~AT HOME.~~

ONE OF THE PRINCIPAL REASONS FOR OUR GOVERNMENT'S

FAILURE TO ANTICIPATE THE PRESENT ECONOMIC CRISIS IN AMERICA

*This Administration failed ~~to pay~~ <sup>attention</sup> to these and other basic economic*  
~~WAS A LACK OF ATTENTION BY OUR ECONOMISTS TO FUNDAMENTAL ECONOMIC~~  
CHANGES OCCURRING THROUGHOUT THE WORLD.

THIS FAILURE HAS COST ~~YOU AND~~ THE AMERICAN PEOPLE

*a heavy and burdensome price.*  
~~GREATLY. OF COURSE, WE HAVE SOME VERY SERIOUS AND LARGELY~~

~~DOMESTIC PROBLEMS THAT HAVE FANNED THE FLAMES OF INFLATION.~~

FIRST ~~AND FOREMOST~~, WE HAVE NOT HAD STRONG AND CONSISTENT

ECONOMIC LEADERSHIP FROM THE ADMINISTRATION. *In fact,* WE HAVE

NOT HAD AN ECONOMIC POLICY AT ALL. *Rather,* WE HAVE HAD AN ERRATIC

SERIES OF FREEZES AND PHASES. IT HAS BEEN STOP AND GO, ON

AND OFF, UP AND DOWN -- ~~LIKE A YO-YO~~

*freeze + thaw, -*  
*more like a yo-yo, ~~than~~*

↳ WE HAVE HAD AN AVALANCHE OF "AD HOC" ECONOMIC DECISIONS.

↳ WE HAVE HAD A CONSTANTLY REVOLVING DOOR TO THE OFFICES OF  
NATIONAL ECONOMIC LEADERSHIP. BUT THIS BAFFLING SERIES OF  
NEW FACES AND PRONOUNCEMENTS HAS NOT RESULTED IN A NATIONAL  
ECONOMIC POLICY.

↳ THIS PIECEMEAL NON-POLICY HAS BEEN, IN ITSELF, HIGHLY  
INFLATIONARY.

↳ IN TIMES PAST, OUR COUNTRY MAY HAVE BEEN ABLE TO GET  
BY, REGARDLESS OF WHAT HAPPENED IN WASHINGTON. BUT TODAY, PUBLIC  
CONFIDENCE IN NATIONAL LEADERSHIP IS OF CENTRAL IMPORTANCE.

↳ THE FEDERAL GOVERNMENT PERMEATES THE ENTIRE ECONOMY. WHETHER  
WE LIKE IT OR NOT, ITS \$300 BILLION PLUS BUDGET, ITS HUGE  
BORROWING AND LENDING OPERATIONS, ITS POLICY DECISIONS, AND ITS  
INTERVENTION IN THE MONEY MARKET, ALL HAVE A TREMENDOUS IMPACT  
ON OUR ECONOMY.



L AND TODAY, NO ONE HAS THE FOGIEST IDEA OF WHAT THE ~~Federal~~  
GOVERNMENT WILL DO NEXT. *Uncertainty brings instability.*  
*Fear brings panic buying and inflation.*  
A TYPICAL EXAMPLE IS THE RECENT STATEMENT BY DR. STEIN,

CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISORS, IN A NATIONAL

NEWS INTERVIEW SHOW TWO WEEKS AGO, DR. STEIN NAMED THE

AMERICAN PEOPLE AS THE MAIN VILLAINS IN BRINGING ABOUT

INFLATION. *He charged the Public with being*  
*unwilling to support a tax increase*  
*Being so reluctant to raise*  
~~HE SAID THAT, "BEING SO RELUCTANT TO HAVE A TAX INCREASE,  
*a tax increase, they created the conditions*  
*THEY CREATED THE CONDITIONS (FOR INFLATION)"*  
*and ~~the~~ so doing created the conditions for inflation."*~~

L THIS IS INCREDIBLE! EVERY AMERICAN WHO FOLLOWS PUBLIC

AFFAIRS, EVEN VERY GENERALLY, REMEMBERS THAT THE NIXON

ADMINISTRATION BASED ITS '68 AND '72 CAMPAIGNS ON THE PROMISE

NOT TO RAISE TAXES - THAT SUCH ACTION WAS TOTALLY UNNECESSARY.

FRANKLY, I COULD NOT BELIEVE MY EARS WHEN DR. STEIN MADE  
THIS CHARGE. AFTER TELLING US FOR YEARS THAT TAXES ARE TOO  
HIGH, AND THAT THE NIXON ADMINISTRATION CERTAINLY WOULDN'T RAISE  
THEM, THE ADMINISTRATION'S CHIEF ECONOMIST HAD THE GALL TO  
COMPLAIN THAT THE LACK OF PUBLIC SUPPORT FOR A TAX INCREASE  
WAS THE ROOT CAUSE OF INFLATION AND ~~THUS~~ <sup>therefore</sup> INFLATION WAS OF  
OUR OWN CREATION.

L BUT, THAT IS NOT THE END. L THE FOLLOWING DAY, THE WHITE  
HOUSE ASSURED US, ONCE AGAIN, THAT THE PRESIDENT SEES NO NEED  
FOR HIGHER TAXES.

IS IT ANY WONDER THAT THE PEOPLE OF THIS COUNTRY HAVE LOST  
ANY CONFIDENCE THEY MAY HAVE HAD IN THE ADMINISTRATION'S  
ABILITY TO MANAGE THE ECONOMY?

The devastating thing about this economic crisis is that the record ~~in~~ inflation and the all-time high interest rates prevail for the first time in the nation's history alongside recession and unacceptably high unemployment.  
CLOSELY FOLLOWED BY THE PROBLEMS OF EXCESSIVELY HIGH

UNEMPLOYMENT AND "RECESSION".

✓ BY ANY DEFINITION, THE PERIOD OF DECLINING OUTPUT WE HAVE  
SUFFERED, DURING THE FIRST SIX-MONTHS OF THIS YEAR, IS A

"RECESSION" - AND NO AMOUNT OF WHITE HOUSE RHETORIC WILL  
CHANGE THAT FACT.

✓ AND, I FIND IT INCREDIBLE THAT THE 5.2% RATE OF  
UNEMPLOYMENT FOR JUNE WAS HAILED AS "GRATIFYING" BY THE  
WHITE HOUSE.

BUT THE QUESTION WE MUST ANSWER IS, WHAT DO WE DO TO  
GET OUT OF THIS ECONOMIC MESS. ✓ WHAT DO WE DO TO PROVIDE THE  
HEALTHY NATIONAL ECONOMIC FRAMEWORK IN WHICH ALL LEVELS OF  
GOVERNMENT CAN COOPERATE IN SOLVING THE PEOPLE'S PROBLEMS?

FIRST, WE NEED STRONG, POSITIVE, ECONOMIC LEADERSHIP  
FROM THE EXECUTIVE BRANCH, CONGRESS, LABOR, BUSINESS, AND  
THE FINANCIAL SECTOR, MUST BE ~~CLOSELY~~ <sup>regularly</sup> CONSULTED AND  
INTIMATELY INVOLVED IN DEVELOPING A NATIONAL ECONOMIC  
PROGRAM AND POLICY TO WHICH THEY CAN ~~BE~~ COMMIT THEMSELVES.

AND, I DON'T MEAN ANY 'ONE DAY PUBLIC RELATIONS PARTY'  
ON THE WHITE HOUSE LAWN. ( THIS MAY MAKE THE FRONT PAGES,  
BUT IT WON'T COME UP WITH THE SOLUTIONS WE NEED. <sup>Sound planning</sup> ~~THAT TAKES~~

<sup>takes</sup> SWEAT AND TOIL, GIVE AND TAKE, AND, MOST OF ALL, STRONG  
PRESIDENTIAL LEADERSHIP.

PHASE II WAS HAMMERED OUT THIS WAY, AND IT WORKED FOR  
A WHILE. <sup>But</sup> ~~OF COURSE~~ IT WAS PREMATURELY ABANDONED AND  
REPLACED BY A PROGRAM THAT KEPT THE BRAKE ON WAGES WHILE  
~~IT RATIONALLY SET PRICE INCREASES.~~ <sup>Nothing prevents price rise.</sup>

We must have governmental policies that are fair. That can be accepted and supported by the ~~majority~~ majority of Americans because they are fair. Because they don't do favors for a special few; because they reward industry and effort; because they assign burdens ~~to~~ those most able to carry them not to those who ~~must~~ bear the oppression of unemployment and ~~short hours~~ low income.



AND WHILE I AM ON THIS POINT, THE LATEST WHITE HOUSE  
ECONOMIC CZAR - MR. RUSH - TALKS A GREAT DEAL ABOUT  
HOLDINGS DOWN WAGE SETTLEMENTS, BUT VERY LITTLE ABOUT HOLDING  
BACK PRICES, PROFITS AND INTEREST RATES.

AS FAR AS WAGES ARE CONCERNED, THERE IS A BASIC  
ISSUE OF SOCIAL JUSTICE INVOLVED. AMERICA'S WORKERS HAVE  
LOST 5.6% OF THEIR PURCHASING POWER IN THE PAST YEAR. ~~YES~~

THEY SETTLED FOR LESS IN 1973 ON THE GOOD FAITH ASSUMPTION  
THAT GOVERNMENT WOULD HOLD BACK ON PRICES. GOVERNMENT DID

NOT LIVE UP TO THE BARGAIN AND JUSTICE DEMANDS THAT OUR

WORKERS NOW BE ALLOWED TO "CATCH-UP", TO MAKE UP FOR THE

LOSS THEY AND THEIR FAMILIES HAVE SUFFERED. (Insert)

~~MORE SPECIFICALLY, I BELIEVE WE CAN AND MUST DO THE~~

~~FOLLOWING:~~

*Let me suggest some steps  
we might take.*

FIRST, WE MUST GET SERIOUS IN THIS COUNTRY ABOUT

INCREASING PRODUCTIVITY / PRODUCTIVITY MUST BE INCREASED,

IF WE ARE TO MEET THE GROWING DEMANDS FOR GOODS AND

SERVICES OF AN INCREASINGLY AFFLUENT SOCIETY. I HAVE NO

READY ANSWER FOR EXACTLY HOW TO DO IT, BUT WE MUST PUT A

PREMIUM ON PRODUCTIVITY ~~by tax incentives and other~~  
~~OUR TAX LAWS. FOR EXAMPLE,~~  
~~rewards of profits, wages, & working conditions,~~  
~~SHOULD NOT SIMPLY REWARD INVESTMENT, BUT RATHER PRODUCTIVITY~~

~~Premium on productivity. We can~~  
~~improving investment~~  
~~and must get rid of tax shelters that serve~~  
~~no useful economic or social purpose.~~

SECOND, WE MUST ABANDON THE FUTILE AND INEQUITABLE

ATTEMPT TO CONTROL INFLATION BY RELYING SOLELY ON

EXHORBITANTLY HIGH INTEREST RATES.

~~In fact, our entire tax structure~~  
~~needs to be examined - The first principle~~  
~~for an effective tax system is fairness.~~

HIGH INTEREST RATES, ~~THE ONLY STRING IN THE NIXON~~  
*add to inflation*  
~~ECONOMIC FIDDLE, ARE NOT ANTI-INFLATIONARY~~ IN AN ECONOMY

LIKE OURS WHERE PRICES ARE LARGELY ADMINISTERED AND NOT  
SET IN A COMPETITIVE ENVIRONMENT */* HIGH INTEREST COSTS,

IN ~~SUCH AN OLIGOPOLISTIC SETTING,~~ ARE SIMPLY ONE MORE  
*cost item added to the Price of*  
~~INCREMENTS TO BE ADDED TO THE COST OF~~ GOODS AND SERVICES  
*for* THE CONSUMER. o

IN FACT, HIGH INTEREST RATES RESULT IN SPECIAL FAVORITISM  
TO THE BIG CONGLOMERATES AND OTHERS WHO HAVE CONTROL OVER  
THEIR MARKETS. */* WHEN INTEREST COSTS CAN BE PASSED ON, THEY  
DO NOT DAMPEN SPENDING */* THEY SIMPLY PUSH PRICES  
HIGHER. AND, WHEN A LARGE SEGMENT OF THE PRIVATE SECTOR

CAN PASS ON HIGH INTEREST COSTS WITH EASE, THE ABILITY OF THE  
*county government and all government to borrow is*  
~~COUNTIES IN AMERICA TO BORROW IS GREATLY HURT~~  
*impaired. New York City recently rejected*

its only bid for its long term bonds  
because the rate was 8% - Tax Free.

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3 (THIRD, WE NEED SOME PLAN OF ACTION REGARDING HOW WE WANT

OUR COUNTRY TO DEVELOP. WE MUST BEGIN TO DESIGN OUR FUTURE,

OR BE FORCED TO RESIGN OURSELVES TO IT.

*U.S. only modern  
industrialized nation with no planning.*

WE NEED TO ~~ARTICULATE~~ A POLICY OF BALANCED NATIONAL

GROWTH AND DEVELOPMENT. ONLY IN THIS WAY WILL WE STOP OUR

ENDLESS SHOOTING FROM THE HIP - THE CURRENT METHOD OF ECONOMIC

POLICY-MAKING. WE HAVE BEEN PLAYING A DANGEROUS GAME OF ECONOMIC

ROULETTE. ~~IT MUST BE STOPPED.~~

#4 (FOURTH, WE MUST DO A MUCH BETTER JOB OF ALLOCATING

SCARCE RESOURCES. ONE IMPORTANT STEP IS TO DEVELOP A

REASONABLE PLAN FOR ALLOCATING CREDIT. ~~DEVELOPING AN INVESTMENT~~

~~POLICY.~~

WITH CAPITAL IN CRITICALLY SHORT SUPPLY, ~~WITH URGENT~~  
~~PRIORITY USES FOR CAPITAL FORCED TO COMPETE WITH ALL OTHER~~  
~~CLAIMANTS ON CAPITAL~~, HIGH INTEREST RATES CANNOT BE THE

SOLE MEANS OF DECIDING WHERE CAPITAL WILL BE USED, THIS IS

NOT IN THE BEST INTEREST OF MOST AMERICANS. *It perverts  
our social policy - a policy that ought to  
to put a premium on the livelihood and living  
standards of American families.*  
THE GOVERNMENT OUGHT TO USE ITS LEGAL POWER TO CONTROL

INTEREST RATES TO SEE TO IT THAT CREDIT IS AVAILABLE WHERE

ITS MOST NEEDED AT REASONABLE RATES. CAPITAL ALLOCATION IS

TOO IMPORTANT TO BE LEFT TO THE BANKERS, THOSE AT THE

FED OR THOSE IN THE PRIVATE SECTOR.

~~FOURTH, THE ENTIRE TAX STRUCTURE - FEDERAL TO LOCAL -~~  
~~NEEDS RE-EXAMINATION AND REFORM.~~



OUR TAX STRUCTURE HAS BECOME PROGRESSIVELY MORE  
REGRESSIVE. NOW, I DON'T MEAN TO CURB INVESTMENT THAT WE  
NEED, BUT WE CAN GET RID OF TAX SHELTERS THAT SERVE NO  
ECONOMIC OR SOCIALLY DESIRABLE PURPOSE. THIS IS A MATTER OF SOCIAL  
JUSTICE AND ONE THAT IS ESSENTIAL IN RESTORING PUBLIC  
CONFIDENCE.

(5) FIFTH, WE NEED A NATIONAL DOMESTIC DEVELOPMENT BANK  
TO PROVIDE CAPITAL FOR IMPORTANT PUBLIC PROJECTS AT LOW  
RATES OF INTEREST.

↳ THIS BANK WOULD INCLUDE A SPECIAL SECTION TO PROVIDE  
LOW-COST HOUSING MONEY. ↳ THE HIGH INTEREST RATE POLICY  
PURSUED BY THE FED, WITH WHITE HOUSE APPLAUSE, HAS RAISED  
HAVOC WITH THE HOUSING MARKET AND THE CONSTRUCTION INDUSTRY.

↳ ~~IT IS A MAJOR STIMULUS TO THE INFLATION ITS PROponents CLAIM~~

IT WILL CURE.

*Fully 2/3 of the American families  
cannot afford to buy new homes today.*

(7) Rural Development -  
Needs to be fully funded  
Urban-Rural Balance

(8) Community Development  
legislation - we want  
the large Urban Counties  
to be able to share with  
the large cities.

America's one Country  
Urban-Rural

Key issue!  
(Woody Sumner)  
17-

Revenue Sharing

6 SIXTH, WE MUST CONTINUE TO HAVE REVENUE SHARING.

CERTAINLY, THIS PROGRAM NEEDS A CAREFUL REVIEW. PERHAPS

WE NEED TO CONSIDER WHETHER OR NOT SOME GUIDELINES ARE

REQUIRED. BUT, JUST AS REVENUE SHARING WAS NEEDED DURING

A TIME OF severe RECESSION, when ~~BECAUSE~~ LOCAL GOVERNMENT COULD NOT RAISE

THE FUNDS IT REQUIRED, IT IS NOW NEEDED SO THAT LOCAL GOVERNMENT

CAN MEET ITS OBLIGATIONS IN A TIME OF RAGING INFLATION.

← BUT HOW CAN WE AFFORD TO DO ALL THESE THINGS? WELL,

YOU HAVE TO BITE THE BULLET. YOU HAVE TO SAY THAT THERE ARE

SOME THINGS THAT WE WILL NO LONGER DO, AND OTHER THINGS

THAT WE SIMPLY MUST DO.

*Can't do everything!*

← A LONG LIST OF QUESTIONS ON PRIORITIES IMMEDIATELY COMES  
TO MIND.

*Fight for it!*

*one way to Reduce Property Taxes*

FOR EXAMPLE, CAN WE AFFORD TO CONTINUE EXPORT-IMPORT

BANK LOANS TO FRIENDLY AND UNFRIENDLY COUNTRIES ALIKE AT 6% OR 7%

INTEREST, WHEN WE <sup>don't</sup> ~~CAN~~ PROVIDE MONEY AT ANYWHERE NEAR THESE

RATES FOR HOUSING <sup>for business expansion, or agriculture</sup> ~~ON OUR OWN COUNTRY?~~ <sup>in our own country.</sup>

✓ CAN WE AFFORD TO CONTINUE TO SUBSIDIZE THE SALE OF

MILITARY HARDWARE TO FOREIGN COUNTRIES, WHILE UNABLE TO

PROVIDE THE CREDIT NEEDS <sup>for our own small</sup> ~~OF OUR SMALL~~ COMPETITIVE, BUSINESS

enterprises

✓ CAN WE AFFORD TO CONTINUE PROVIDING HUGE TAX BREAKS TO

HIGHLY PROFITABLE OIL COMPANIES, BILLIONS OF DOLLARS LOST

EACH YEAR THAT COULD BE SPENT TO REVITALIZE COMMUNITIES

ACROSS THE LAND?

(Back of Page)

Can we tolerate policies  
that result in a  
failure

⑩ ~~The failure~~ to Keep our economy  
at a full employment  
level. ~~It has~~ Cost us over  
\$500 Billions of gross national  
product measured in 1970  
dollar - a loss of about  
\$130 Billions in Public  
revenues - and 11 million  
years of employment -  
We have Paid an awful  
price for inaction.



can we afford to go along without a national income  
policy - wage price guidelines - balanced monetary  
fiscal -

WE HAVE MUCH TO DO THAT WE CAN AFFORD TO DO, BUT WE

WILL HAVE TO MAKE SOME TOUGH CHOICES, ~~But~~ **AS** PUBLIC

OFFICIALS WE MUST MAKE THEM, **L** THE PEOPLE WE REPRESENT DEMAND

~~THIS~~ ACTION - IT IS THE PRICE WE MUST PAY IF PUBLIC CONFIDENCE

*in government*  
~~the~~ **US** IS TO BE RESTORED.

THERE ARE MANY THINGS THAT WE HAVE DONE, AND OTHERS

THAT WE'VE NEGLECTED, FOR WHICH THE AMERICAN PEOPLE ARE

PAYING A TERRIBLE PRICE TODAY.

~~But~~  
- WE DON'T HAVE A NATIONAL DOMESTIC DEVELOPMENT BANK

TO PROVIDE THE CAPITAL NEEDED FOR PUBLIC FACILITIES AND

SERVICES - AND WE ARE PAYING THE PRICE.

- WE DON'T HAVE A FOOD RESERVE SYSTEM TO STABILIZE

FOOD PRICES AND ASSURE SUPPLIES - AND WE ARE PAYING THE

PRICE.

**L** We don't have a national  
comprehensive health insurance  
and we are paying a terrible price

*We don't have a national energy policy -  
and we are paying the price*

↳ - We DON'T HAVE A BALANCED NATIONAL TRANSPORTATION

POLICY TO PRESERVE ESSENTIAL SERVICES AT REASONABLE RATES -

AND WE ARE PAYING THE PRICE.

↳ - WE HAVE CONCENTRATED OUR RESOURCES IN A NON-PRODUCTION

DEFENSE BUDGET - AND WE ARE PAYING THE PRICE.

↳ - WE HAVE ADOPTED A CONSERVATIVE ECONOMIC POLICY, BASED

ALMOST ENTIRELY ON HIGH INTEREST RATES - AND WE ARE PAYING

THE PRICE.

*We haven't closed glaring tax  
loopholes which could raise  
20 to 25 B.I.I. on - and provide some  
tax relief to low & middle income.*

AND WE WILL CONTINUE TO PAY THE PRICE FOR OUR FAILURES, P

UNTIL WE TAKE A LONG HARD LOOK AT OUR RESOURCES AND DECIDE, -

HOW THEY WILL BE ALLOCATED.

↳ THIS REQUIRES THE DEVELOPMENT OF SOME CONSENSUS ON

WHERE WE ARE GOING AS A NATION *how and* AND WHEN WE WANT TO GET THERE.

WE NEED A SYSTEM FOR DEVELOPING GOALS AND PRIORITIES

FOR OUR NATION. THEY NEED NOT BE CHISELED IN MARBLE FOR

THE ADORATION OF THE AGES. / IN FACT, IF THEY ARE, THEY

ARE DOOMED TO IRRELEVANCE. THEY MUST BE CONSTANTLY EVOLVING

AS NEEDS AND ATTITUDES CHANGE.

BUT, IT IS THE PRIORITY SETTING PROCESS, A PROCESS THAT

PROVIDES THE BASIS FOR PUBLIC AND PRIVATE RESOURCE ALLOCATION

DECISIONS, THAT IS SORELY LACKING TODAY. / WE HAVE MADE SOME

PROGRESS IN THIS DIRECTION WITH PASSAGE OF THE CONGRESSIONAL

BUDGET REFORM BILL THIS YEAR, BUT THIS IS NOT ENOUGH.

*no Land  
use bill*

/ WE MUST CREATE THE INSTRUMENTS OF GOVERNMENT WE SORELY

NEED TO ARTICULATE NATIONAL GOALS AND PRIORITIES.

*my Balanced  
National growth + Development  
Program*

-22-  
*all levels of government*

WE MUST PROVIDE ~~THEM~~ WITH THE CAPACITY TO PLAN FOR

MEETING THESE OBJECTIVES AND FOR ANTICIPATING BASIC CHANGES

THAT WILL AFFECT ~~THIS ABILITY~~ *them*.

AND, WE MUST TIGHTLY TIE TOGETHER THIS PROCESS, FROM  
THE LOCAL TO THE NATIONAL LEVEL, IN A SYSTEM OF SUPPORTIVE  
INTER-GOVERNMENTAL RELATIONS.

*and let's make County*  
ONLY IN THIS WAY WILL THE PRIORITIES OF THE PEOPLE OF

*Government Modern - Effective*  
THIS COUNTRY BE TRULY REFLECTED IN THE DECISIONS OF THEIR

*Planning - County Administration*  
GOVERNMENT.

I URGE YOU TO JOIN WITH ME IN WORKING TO ESTABLISH

THIS NEW AGENDA IN POLICY MAKING -- AN AGENDA OF VITAL

IMPORTANCE TO OUR COUNTIES, TO CREATING A STRONG AND STABLE

ECONOMY, AND TO CARRYING THROUGH THE PROMISE OF A BETTER

LIFE FOR ALL THE AMERICAN PEOPLE.

# # # # #



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