

REMARKS BY SENATOR HUBERT H. HUMPHREY

TORO ANNUAL DISTRIBUTORS' CONVENTION

MINNEAPOLIS, MINNESOTA

August 5, 1974

I am happy to be able to meet with you today. And I am glad you have asked me to speak with you about the problems of the American consumer, since these are problems we all share. Every one of us is a consumer, either when we buy food for our family, or when we buy a new car, or even when we buy equipment or supplies for our factory or business. And so we all share an interest in trying to make sure that the consumer gets what he pays for, that he gets a fair deal, and that he is able to find quality products.

Consumer affairs is a broad topic. There are some obvious things which fall under that label. We all know that we have to find ways to prevent the consumer from being the victim of fraud. None of us can possibly know whether all of the claims made for all of the goods which we buy day after day are legitimate.

We have to be able to place trust in most of what we buy. Trust is really central to the whole system of free enterprise which we have in this country. Too often we forget that. We talk about the struggle and the competition between this store and another store at the end of the block. But the truth of the matter is that the consumer has to be able to know that he can count on most things he buys being what they seem to be, and working the way they are supposed to work.

And we all share a vital interest in making sure the system stays that way. One salesman who sells his goods fraudulently, or one store or company which produces substandard goods, makes it that much more difficult for the thousands of able and honest businessmen, because such action endangers the relationship of trust which is central to the American marketplace.

This is one of the main reasons why most American businessmen have strongly supported laws against fraud in advertisement, and why individual industries have strongly supported controls and specifications relating to their own products. I remember, for example, that when I introduced legislation three years ago requiring more stringent safety controls for power lawn equipment, your company strongly supported the legislation.

Not all important consumer legislation seems to fare as well. I think the main reason is that there is a small group of misinformed individuals who think that their own interests will be threatened if the consumer has adequate protection.

That is a shortsighted view. It overlooks the importance of trust in our market system. And it neglects the fact that most errors in advertisement, or deficiencies in products, can be overcome with minimal effort if only they are pointed out soon enough. The consumer and the businessman share an interest in having a means by which the consumer can express his needs and make known his problems.

For the past several weeks the Senate has had before it a bill to create a Consumer Protection Agency. The powers of this Agency would be quite limited.

It would not be a regulatory agency, and would lack any power itself to make industries or businesses correct any flaws or misrepresentations of products.

It would serve primarily as an advocate when issues affecting the consumer come before existing regulatory agencies or, in some cases, before the courts. It would have limited access to information about businesses and industries, but would be restricted in the use of such information at least as tightly as any of the existing governmental agencies concerned with consumer affairs.

Some people wonder why we need such an agency. After all, there are millions of consumers. Can't they make their wishes known if there is a problem of great concern to them?

The problem, of course, is that few of us can individually afford either the time or the money to pursue cases of misrepresentation or poor quality. Producers, on the other hand, have a limited focus of concern and sufficient funds to legally defend themselves.

The effort to create a Consumer Protection Agency is an effort to provide for the consumer an organizational focus. And since we are all consumers as individuals, we all would benefit in the long run.

Unfortunately, a minority of the Senate, supported by a few very vocal lobbyists, may succeed in blocking action on this legislation this year through use of the filibuster.

I have strongly supported two motions to end this filibuster and close debate because I believe the Senate has a responsibility to come to an up-or-down, yes-or-no decision on this important issue. The elected representatives of the people should at least be permitted to cast their votes, let their constituents know where they stand, and get on with the business of enacting legislation of great importance to our citizens.

The House has already passed a Consumer Protection bill by a landslide margin. And they have done so before. The Senate should not, for the second time, be denied the opportunity to work its will.

There is, however, another dimension to consumer problems in this country -- the dimension of general economic stability and strength. And right now, as any housewife can tell you, it is here that we have the worst consumer problems.

Inflation is in double figures, with food and fuel, which everyone has to depend on, leading the way.

At the same time, real output is falling.

Interest rates have become prohibitive, with the prime lending rate surging over 12%. This not only bars the private individual from taking out loans, but it cripples investment by industry.

At the same time, mortgages have become so difficult to obtain even at ridiculous interest rates, that the home-building industry has been sharply reduced, and most people can't begin to afford to buy housing.

Of course there have been a few groups that have made a great profit out of the present chaos. Predominantly, they are the energy-producing industries. And yet, right at the time we need restraints on further price increases in petroleum products, and measures to continue the conservation and fair allocation of energy resources -- especially, with a hard, cold winter ahead of us -- the Federal Energy Administration is pursuing a plan to decontrol, phase out the program mandated by Congress through next February under the Emergency Petroleum Allocation Act.

To prevent this abrogation of Federal responsibility by the Administration, I introduced legislation to extend the authorities of this Act through June, 1976. Just last week, the Senate Interior Committee held hearings on my bill, and I am hopeful that legislative action will continue to be expedited.

I am also hopeful that the Administration is realizing the error of its ways. On Friday, in direct response to my question during hearings on the economy by the Joint Economic Committee, Mr. William Simon, ex-head of the FEA and now Secretary of the Treasury, reversed his previous position and agreed that the Allocation Act should be extended.

However, I would gladly welcome such repentance and reform by the Administration in its economic policies to address forthrightly the crucial issues of raging inflation, increasingly widespread recession, and a continuing high rate of unemployment.

Two weeks ago the President presented the country with a comprehensive statement on the state of the American economy and the future of American economic policy. But that statement was a great disappointment. Instead of providing for new initiatives, the President sought to place the burden of economic policy on the individual consumer. He explained that high interest rates must continue, and that the individual must increase his level of savings.

Unfortunately, there is very little that the average consumer can do. Most middle class or poor families have already had to restrict unnecessary purchases, and have been spending down for many months in their purchases of food.

For the poor, or for the elderly on fixed incomes, who were already on the borderline of adequate nutrition, inflation has caused severe problems. With prices of food and other necessities at their present levels, it is difficult to imagine where the President thought most Americans were going to discover the extra reserve for increasing savings.

There are in fact a number of actions which the Administration could take to deal with the present situation. If the President is unwilling to take the necessary leadership, then the Congress will have to do the job.

It is for this reason that Senator Roth and I will be introducing tomorrow a Senate Concurrent Resolution calling for the creation of a National Commission on Inflation.

The 17-member National Commission on Inflation would be composed of key Administration officials, members of Congress, and representatives of business, labor, agriculture, consumers, and State and local government.

The most urgent function given the Commission is the difficult task of hammering out an anti-inflation policy and program. Their recommendations would be made to the President and the Congress within 90 days of passage of this Resolution.

The Congressional member of the Commission would introduce its recommendations as a Concurrent Resolution with prompt action of both Houses agreed to in advance by the leadership.

I would hope that, in the course of its work, the Commission would consider a number of proposals which I strongly believe would do much to improve our present economic situation.

I have advocated a \$10 billion cut in the budget for Fiscal Year 1975. We must reduce unnecessary federal expenditures, starting with the surplus fat on our largest peacetime defense budget.

We need to close existing tax loopholes, such as those reflected in exorbitant energy profits, and transfer those savings in the form of a tax cut to those most severely hurt by inflation -- those with poor and moderate incomes.

The Federal Reserve should be encouraged to release some of the pressure on interest rates, in order not to starve our investment and building. And we need to establish a mechanism for credit allocation, in order that economically vital activities can receive preference in the lending market.

We should create a permanent Inflation Review Board, responsible directly to the Congress, which would monitor on a continuing basis the development of inefficiencies in our economy which could lead to renewed or continued inflation.

We also need to evaluate and study thoroughly the possibilities for more effective consumer savings, with higher returns.

A national food policy should be developed that provides for a stable and fair income to farmers, manages food exports so that domestic supplies are not threatened, ensures competition in the food distribution and marketing system, and protects consumers from low quality products and excessive price increases. Such a policy would include a system of strategic reserves of the major grains.

Long-range planning mechanisms should be developed to assist Congress and the Executive branch.

They would look at requirements for the balanced growth and development of the American economy, at least five years into the future, and make proposals for meeting these needs. Special attention would be given to foreign developments that could seriously affect the U.S. economy. We need to plan today to avoid the repetition of the crises in fuels and food which we have recently experienced.

We should develop an export reporting system.

Such a system would serve as an "early warning system," when world demand for American commodities and products threatens the adequacy of these supplies for our own use at home. Agricultural exports and scrap iron are only the most obvious examples of where such a system was sorely missed in the past year. While a free trade policy is in the best interest of all nations, abrupt changes in supply and demand must be anticipated and responded to as responsible members of the world economic community.



There should also be developed a clearly understood energy pricing policy.

The response of energy production to increased profits and prices warrants a careful review. There is a serious question of whether or not the extraordinary price increases of the past year on domestic energy supplies have resulted in substantial new production.

The price-supply performance of this highly inflationary segment of the economy should be carefully analyzed and pricing recommendations made to Congress and the President.

These are just a few of the major actions that I feel should be incorporated into a comprehensive anti-inflation policy. We need such a policy because the country is in a major economic crisis and the Administration has no program to meet the crisis.

The consumer needs help. He needs the kind of legislation we are now considering in Congress to prevent activities which are specifically harmful to him.

But, more important, he needs a stable economy, responsibly managed. We have endured a zigzag policy of stops and starts, hesitation and confusion.

We are long past the time when we can continue to put up with such indecisiveness. We must embark on a carefully planned policy, implementing some of the recommendations I have offered. And we must then have the courage to stick with a single, consistent policy, regardless of political pressures, long enough to make it work, to reduce inflation, and to set our economy back on the road of genuine expansion.

I urge you to join me in addressing this agenda for national action. The need is urgent, but I have confidence that the American people when given the facts and clear recommend actions on what must be done, can and will do the job to get this Nation back on the road to economic stability and prosperity.

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*David Lilly - President:*

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GLAD YOU HAVE ASKED ME TO SPEAK WITH YOU ABOUT THE PROBLEMS  
OF THE AMERICAN CONSUMER, SINCE THESE ARE PROBLEMS WE ALL  
SHARE. / EVERY ONE OF US IS A CONSUMER, EITHER WHEN WE BUY  
FOOD FOR OUR FAMILY, OR WHEN WE BUY A NEW CAR, OR EVEN WHEN  
WE BUY EQUIPMENT OR SUPPLIES FOR OUR FACTORY OR BUSINESS.

AND SO WE ALL SHARE AN INTEREST IN TRYING TO MAKE SURE THAT  
THE CONSUMER GETS WHAT HE PAYS FOR, THAT HE GETS A FAIR DEAL,  
Consumer Awareness  
AND THAT HE IS ABLE TO FIND QUALITY PRODUCTS.

Consumer Affairs -  
/ CONSUMER AFFAIRS IS A BROAD TOPIC, / THERE ARE SOME  
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OF THE CLAIMS MADE FOR ALL OF THE GOODS WHICH WE BUY DAY  
AFTER DAY ARE LEGITIMATE.

Trust -2-

WE HAVE TO BE ABLE TO PLACE TRUST IN MOST OF WHAT WE

BUY. TRUST IS REALLY CENTRAL TO THE WHOLE SYSTEM OF FREE

ENTERPRISE, + our Pol. System ~~WHICH WE HAVE IN THIS COUNTRY.~~ / TOO OFTEN WE

FORGET THAT. / WE TALK ABOUT THE STRUGGLE AND THE COMPETITION

companies & distributors,  
~~BETWEEN THIS STORE AND ANOTHER STORE AT THE END OF THE BLOCK.~~

BUT THE TRUTH OF THE MATTER IS THAT THE CONSUMER HAS TO

BE ABLE TO KNOW THAT HE CAN COUNT ON MOST THINGS HE BUYS

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BUSINESSMEN HAVE ~~STRONGLY~~ SUPPORTED LAWS AGAINST FRAUD IN  
ADVERTISING, AND WHY INDIVIDUAL INDUSTRIES HAVE STRONGLY  
SUPPORTED CONTROLS AND SPECIFICATIONS RELATING TO THEIR OWN  
PRODUCTS. L I REMEMBER, FOR EXAMPLE, THAT WHEN I INTRODUCED  
LEGISLATION THREE YEARS AGO REQUIRING MORE STRINGENT SAFETY  
CONTROLS FOR POWER LAWN EQUIPMENT, YOUR COMPANY STRONGLY  
SUPPORTED THE LEGISLATION.

} X  
v

L NOT ALL IMPORTANT CONSUMER LEGISLATION SEEMS TO FARE  
AS WELL. I THINK THE MAIN REASON IS THAT THERE IS A SMALL  
GROUP OF MISINFORMED INDIVIDUALS WHO THINK THAT THEIR OWN  
INTERESTS WILL BE THREATENED IF THE CONSUMER HAS ADEQUATE  
PROTECTION.

~~THAT IS A SHORTSIGHTED VIEW. IT OVERLOOKS THE IMPORTANCE~~  
~~OF TRUST IN OUR MARKET SYSTEM, AND IT NEGLECTS THE FACT THAT~~  
~~MOST ERRORS IN ADVERTISEMENT, OR DEFICIENCIES IN PRODUCTS,~~  
~~CAN BE OVERCOME WITH MINIMAL EFFORT IF ONLY THEY ARE POINTED~~

*It is my judgment that*  
~~OUT SOON ENOUGH.~~ THE CONSUMER AND THE BUSINESSMAN SHARE

AN INTEREST IN HAVING A MEANS BY WHICH THE CONSUMER CAN

EXPRESS HIS NEEDS AND MAKE KNOWN HIS PROBLEMS.

*Consumer Protection Agency*

FOR THE PAST SEVERAL WEEKS THE SENATE HAS HAD BEFORE IT

A BILL TO CREATE A CONSUMER PROTECTION AGENCY, THE POWERS

OF THIS AGENCY WOULD BE QUITE LIMITED.

↳ IT WOULD NOT BE A REGULATORY AGENCY, AND WOULD LACK

ANY POWER ITSELF TO MAKE INDUSTRIES OR BUSINESSES CORRECT

ANY FLAWS OR MISREPRESENTATIONS OF PRODUCTS.

It would serve primarily as an advocate when issues affecting the consumer come before existing regulatory agencies or, in some cases, before the courts. It would have limited access to information about businesses and industries, but would be restricted in the use of such information at least as tightly as any of the existing governmental agencies concerned with consumer affairs.

Some people wonder why we need such an agency! After all, *can't the consumers make their* ~~there are millions of consumers. can't they make their~~

wishes known if there is a problem of great concern to them?

The problem, of course, is that *a relatively few* ~~few of us~~ can individually afford either the time or the money to pursue cases of misrepresentation or poor quality. Producers, on the other hand, have a limited focus of concern and sufficient funds to legally defend themselves.

THE EFFORT TO CREATE A CONSUMER PROTECTION AGENCY IS AN  
EFFORT TO PROVIDE FOR THE CONSUMER AN ORGANIZATIONAL FOCUS.  
AND SINCE WE ARE ALL CONSUMERS AS INDIVIDUALS, WE ALL WOULD  
BENEFIT IN THE LONG RUN.

*F. I. Hunter*

UNFORTUNATELY, A MINORITY OF THE SENATE, SUPPORTED BY A  
FEW VERY VOCAL LOBBYISTS, MAY SUCCEED IN BLOCKING ACTION ON  
THIS LEGISLATION THIS YEAR THROUGH USE OF THE FILIBUSTER.

*F. I. Hunter*

I HAVE STRONGLY SUPPORTED TWO MOTIONS TO END THIS  
FILIBUSTER AND CLOSE DEBATE BECAUSE I BELIEVE THE SENATE HAS  
A RESPONSIBILITY TO COME TO AN UP-OR DOWN, YES-OR-NO  
DECISION ON THIS IMPORTANT ISSUE. THE ELECTED REPRESENTATIVES  
OF THE PEOPLE SHOULD AT LEAST BE PERMITTED TO CAST THEIR  
VOTES, LET THEIR CONSTITUENTS KNOW WHERE THEY STAND, AND  
GET ON WITH THE BUSINESS OF ENACTING LEGISLATION OF GREAT  
IMPORTANCE TO OUR CITIZENS.

THE HOUSE HAS ALREADY PASSED A CONSUMER PROTECTION BILL  
BY A LANDSLIDE MARGIN. AND THEY HAVE DONE SO BEFORE. THE  
SENATE SHOULD NOT, FOR THE SECOND TIME, BE DENIED THE  
OPPORTUNITY TO WORK ITS WILL.

Economy

THERE IS, HOWEVER, ANOTHER DIMENSION TO CONSUMER PROBLEMS  
IN THIS COUNTRY -- THE DIMENSION OF GENERAL ECONOMIC STABILITY  
AND STRENGTH. AND RIGHT NOW, AS ANY HOUSEWIFE CAN TELL YOU,  
IT IS HERE THAT WE HAVE THE WORST CONSUMER PROBLEMS.

INFLATION IS IN DOUBLE FIGURES, WITH FOOD AND FUEL, WHICH  
EVERYONE HAS TO DEPEND ON, LEADING THE WAY.

AT THE SAME TIME, REAL OUTPUT IS FALLING. CMP

INTEREST RATES HAVE BECOME PROHIBITIVE, WITH THE PRIME  
LENDING RATE SURGING OVER 12%. THIS NOT ONLY BARS THE PRIVATE  
INDIVIDUAL FROM TAKING OUT LOANS, BUT IT CRIPPLES INVESTMENT  
BY INDUSTRY.

Interest Rates

Housing

AT THE SAME TIME, MORTGAGES HAVE BECOME SO DIFFICULT  
TO OBTAIN EVEN AT very high INTEREST RATES, THAT THE HOME-BUILDING  
INDUSTRY HAS BEEN SHARPLY REDUCED, AND MOST PEOPLE CAN'T BEGIN  
TO AFFORD TO BUY HOUSING.

Energy

OF COURSE, THERE HAVE BEEN A FEW GROUPS THAT HAVE MADE  
GREAT PROFIT OUT OF THE PRESENT CHAOS. PREDOMINANTLY, THEY  
ARE THE ENERGY-PRODUCING INDUSTRIES. AND YET, RIGHT AT THE  
TIME <sup>when</sup> WE NEED RESTRAINTS ON FURTHER PRICE INCREASES IN PETROLEUM  
PRODUCTS, AND MEASURES TO CONTINUE THE CONSERVATION AND FAIR  
ALLOCATION OF ENERGY RESOURCES -- ESPECIALLY, WITH A HARD,  
COLD WINTER AHEAD OF US -- THE FEDERAL ENERGY ADMINISTRATION  
IS PURSUING A PLAN TO DECONTROL, PHASE OUT THE PROGRAM  
MANDATED BY CONGRESS THROUGH NEXT FEBRUARY UNDER THE  
EMERGENCY PETROLEUM ALLOCATION ACT.



TO PREVENT THIS ABROGATION OF FEDERAL RESPONSIBILITY  
BY THE ADMINISTRATION, I INTRODUCED LEGISLATION TO EXTEND  
THE AUTHORITIES OF THIS ACT THROUGH JUNE, 1976, Just  
LAST WEEK, THE SENATE INTERIOR COMMITTEE HELD HEARINGS ON  
MY BILL, AND I AM HOPEFUL THAT LEGISLATIVE ACTION WILL  
CONTINUE TO BE EXPEDITED.

I AM ALSO HOPEFUL THAT THE ADMINISTRATION IS REALIZING  
THE ERROR OF ITS WAYS. On Friday, IN DIRECT RESPONSE TO  
MY QUESTION DURING HEARINGS ON THE ECONOMY BY THE JOINT  
ECONOMIC COMMITTEE, MR. WILLIAM SIMON, EX-HEAD OF THE FEA  
AND NOW SECRETARY OF THE TREASURY, REVERSED HIS PREVIOUS  
POSITION AND AGREED THAT THE ALLOCATION ACT SHOULD BE  
EXTENDED.

Economy

HOWEVER, I WOULD GLADLY WELCOME SUCH REPENTANCE AND  
REFORM BY THE ADMINISTRATION IN ITS ECONOMIC POLICIES TO  
ADDRESS FORTHRIGHTLY THE CRUCIAL ISSUES OF RAGING  
INFLATION, INCREASINGLY WIDESPREAD RECESSION, AND A  
CONTINUING HIGH RATE OF UNEMPLOYMENT.  
/ TWO WEEKS AGO THE PRESIDENT PRESENTED THE COUNTRY WITH  
his ~~A COMPREHENSIVE~~ STATEMENT ON THE STATE OF THE AMERICAN  
ECONOMY AND THE FUTURE OF AMERICAN ECONOMIC POLICY. / BUT  
THAT STATEMENT WAS A GREAT DISAPPOINTMENT. INSTEAD OF  
PROVIDING FOR NEW INITIATIVES, THE PRESIDENT SOUGHT TO PLACE  
THE BURDEN OF ECONOMIC POLICY ON THE INDIVIDUAL CONSUMER.  
/ HE EXPLAINED THAT HIGH INTEREST RATES MUST CONTINUE, AND  
THAT THE INDIVIDUAL MUST INCREASE HIS LEVEL OF SAVINGS.

UNFORTUNATELY, THERE IS VERY LITTLE THAT THE AVERAGE  
CONSUMER CAN DO. MOST MIDDLE CLASS OR POOR FAMILIES HAVE  
ALREADY HAD TO RESTRICT ~~UNNECESSARY~~ PURCHASES, AND HAVE  
BEEN SPENDING DOWN FOR MANY MONTHS IN THEIR PURCHASES OF  
FOOD.

FOR THE POOR, OR FOR THE ELDERLY ON FIXED INCOMES, WHO  
WERE ALREADY ON THE BORDERLINE OF ADEQUATE NUTRITION,  
INFLATION HAS CAUSED SEVERE PROBLEMS. WITH PRICES OF FOOD  
AND OTHER NECESSITIES AT THEIR PRESENT LEVELS, IT IS DIFFICULT  
TO IMAGINE WHERE THE PRESIDENT THOUGHT MOST AMERICANS WERE  
GOING TO DISCOVER THE EXTRA RESERVE FOR INCREASING SAVINGS.

*But*

THERE ARE IN FACT A NUMBER OF ACTIONS WHICH THE

ADMINISTRATION COULD TAKE TO DEAL WITH THE PRESENT SITUATION.

*Need of Leadership - Presidential*  
IF THE PRESIDENT IS UNWILLING TO TAKE THE NECESSARY LEADERSHIP,  
*+ a Coordinated Policy*  
THEN THE CONGRESS WILL HAVE TO DO THE JOB.

↳ IT IS FOR THIS REASON THAT SENATOR ROTH AND I WILL BE

INTRODUCING TOMORROW A SENATE CONCURRENT RESOLUTION CALLING

FOR THE CREATION OF A NATIONAL COMMISSION ON INFLATION.

↳ THE 17-MEMBER NATIONAL COMMISSION ON INFLATION WOULD

BE COMPOSED OF KEY ADMINISTRATION OFFICIALS, MEMBERS OF CONGRESS,

AND REPRESENTATIVES OF BUSINESS, LABOR, AGRICULTURE,

CONSUMERS, AND STATE AND LOCAL GOVERNMENT.

THE MOST URGENT FUNCTION GIVEN THE COMMISSION IS THE  
DIFFICULT TASK OF HAMMERING OUT AN ANTI-INFLATION POLICY  
AND PROGRAM. ~~THE~~ RECOMMENDATIONS WOULD BE MADE TO THE  
PRESIDENT AND THE CONGRESS WITHIN 90 DAYS OF PASSAGE OF  
THIS RESOLUTION.

L THE CONGRESSIONAL MEMBER OF THE COMMISSION WOULD  
INTRODUCE ~~ITS~~ <sup>their</sup> RECOMMENDATIONS AS A CONCURRENT RESOLUTION  
WITH PROMPT ACTION OF BOTH HOUSES AGREED TO IN ADVANCE BY  
THE LEADERSHIP.

I WOULD HOPE THAT, IN THE COURSE OF ITS WORK, THE COMMISSION  
WOULD CONSIDER A NUMBER OF PROPOSALS WHICH I ~~STAND~~ BELIEVE COULD  
DO MUCH TO IMPROVE OUR PRESENT ECONOMIC SITUATION.

First

I HAVE ~~ADVOCATED~~ <sup>Voted for</sup> A \$10 BILLION CUT IN THE BUDGET FOR FISCAL

~~\$5 billion~~ <sup>more realistic.</sup>

YEAR 1975, WE MUST REDUCE ~~UNNECESSARY~~ FEDERAL EXPENDITURES,

STARTING WITH THE SURPLUS FAT ON OUR LARGEST PEACETIME DEFENSE

BUDGET - + Foreign Assistance

< Tax Reform - oil depletion,  
minimum tax  
WE NEED TO ~~CLOSE EXISTING TAX LOOPHOLES~~, SUCH AS THOSE

REFLECTED IN EXORBITANT ENERGY PROFITS, AND TRANSFER THOSE SAVINGS

IN THE FORM OF A TAX CUT TO THOSE MOST SEVERELY HURT BY

INFLATION -- THOSE WITH POOR AND MODERATE INCOMES.

< THE FEDERAL RESERVE SHOULD BE ENCOURAGED TO RELEASE SOME OF

THE PRESSURE ON INTEREST RATES, IN ORDER NOT TO STARVE OUR

INVESTMENT AND BUILDING < AND WE NEED TO ESTABLISH A

MECHANISM FOR CREDIT ALLOCATION, IN ORDER THAT ECONOMICALLY

VITAL ACTIVITIES CAN RECEIVE PREFERENCE IN THE LENDING MARKET.



# Wage - Price Review Board at Exec level.

-15-

WE SHOULD CREATE A PERMANENT INFLATION REVIEW BOARD,

~~Wage-Price Review -~~

RESPONSIBLE DIRECTLY TO THE CONGRESS, WHICH WOULD MONITOR

ON A CONTINUING BASIS THE DEVELOPMENT OF INEFFICIENCIES IN

OUR ECONOMY WHICH COULD LEAD TO RENEWED OR CONTINUED INFLATION.

~~Productivity Councils -~~

WE ALSO NEED TO EVALUATE AND STUDY THOROUGHLY THE

POSSIBILITIES FOR MORE EFFECTIVE CONSUMER SAVINGS, WITH HIGHER

RETURNS.

↳ A NATIONAL FOOD POLICY SHOULD BE DEVELOPED THAT PROVIDES FOR

A STABLE AND FAIR INCOME TO FARMERS, MANAGES FOOD EXPORTS

SO THAT DOMESTIC SUPPLIES ARE NOT THREATENED, ENSURES

COMPETITION IN THE FOOD DISTRIBUTION AND MARKETING SYSTEM,

AND PROTECTS CONSUMERS FROM LOW QUALITY PRODUCTS AND EXCESSIVE

PRICE INCREASES., SUCH A POLICY WOULD INCLUDE A SYSTEM OF

STRATEGIC RESERVES OF THE MAJOR GRAINS.

Planning

-16-

LONG-RANGE PLANNING MECHANISMS SHOULD BE DEVELOPED TO

ASSIST CONGRESS AND THE EXECUTIVE BRANCH.

THEY WOULD LOOK AT REQUIREMENTS FOR THE BALANCED GROWTH AND DEVELOPMENT OF THE AMERICAN ECONOMY, AT LEAST FIVE YEARS INTO THE FUTURE, AND MAKE PROPOSALS FOR MEETING THESE NEEDS. SPECIAL ATTENTION WOULD BE GIVEN TO FOREIGN DEVELOPMENTS THAT COULD SERIOUSLY AFFECT THE U.S. ECONOMY. WE NEED TO PLAN TODAY TO AVOID THE REPETITION OF THE CRISES IN FUELS AND FOOD WHICH WE HAVE RECENTLY EXPERIENCED.

*a much better*  
L WE SHOULD DEVELOP <sup>1</sup> AN EXPORT REPORTING SYSTEM.

L SUCH A SYSTEM WOULD SERVE AS AN "EARLY WARNING SYSTEM," WHEN WORLD DEMAND FOR AMERICAN COMMODITIES AND PRODUCTS THREATENS THE ADEQUACY OF THESE SUPPLIES FOR OUR OWN USE AT HOME.

AGRICULTURAL EXPORTS AND SCRAP IRON ARE ONLY THE MOST OBVIOUS

EXAMPLES OF WHERE SUCH A SYSTEM WAS SORELY MISSED IN THE PAST

YEAR. ( WHILE A FREE TRADE POLICY IS IN THE BEST INTEREST OF ALL

NATIONS, ABRUPT CHANGES IN SUPPLY AND DEMAND MUST BE ANTICIPATED

AND RESPONDED TO AS RESPONSIBLE MEMBERS OF THE WORLD ECONOMIC

COMMUNITY.

*Energy Policy*

THERE SHOULD ALSO BE DEVELOPED A CLEARLY UNDERSTOOD ENERGY

PRICING POLICY.

*new sources*

THE RESPONSE OF ENERGY PRODUCTION TO INCREASED PROFITS  
AND PRICES WARRANTS A CAREFUL REVIEW. THERE IS A SERIOUS  
QUESTION OF WHETHER OR NOT THE EXTRAORDINARY PRICE INCREASES  
OF THE PAST YEAR ON DOMESTIC ENERGY SUPPLIES HAVE RESULTED  
IN SUBSTANTIAL NEW PRODUCTION.

THE PRICE-SUPPLY PERFORMANCE OF THIS HIGHLY INFLATIONARY SEGMENT OF THE ECONOMY SHOULD BE CAREFULLY ANALYZED AND PRICING RECOMMENDATIONS MADE TO CONGRESS AND THE PRESIDENT.

THESE ARE JUST A FEW OF THE MAJOR ACTIONS THAT I FEEL SHOULD BE INCORPORATED INTO A COMPREHENSIVE ANTI-INFLATION POLICY. WE NEED SUCH A POLICY BECAUSE THE COUNTRY IS IN A MAJOR ECONOMIC CRISIS AND THE ADMINISTRATION HAS NO PROGRAM TO MEET THE CRISIS.

THE CONSUMER NEEDS HELP. HE NEEDS THE KIND OF LEGISLATION WE ARE NOW CONSIDERING IN CONGRESS TO PREVENT ACTIVITIES WHICH ARE SPECIFICALLY HARMFUL TO HIM.

BUT, MORE IMPORTANT, HE NEEDS A STABLE ECONOMY, RESPONSIBLY MANAGED. WE HAVE ENDURED A ZIGZAG POLICY OF STOPS AND STARTS, HESITATION AND CONFUSION.

WE ARE LONG PAST THE TIME WHEN WE CAN CONTINUE TO PUT UP  
WITH SUCH INDECISIVENESS. WE MUST EMBARK ON A CAREFULLY  
PLANNED POLICY, IMPLEMENTING SOME OF THE RECOMMENDATIONS  
I HAVE OFFERED. AND WE MUST THEN HAVE THE COURAGE TO STICK  
WITH A SINGLE, CONSISTENT POLICY, REGARDLESS OF POLITICAL  
PRESSURES, LONG ENOUGH TO MAKE IT WORK, TO REDUCE INFLATION,  
AND TO SET OUR ECONOMY BACK ON THE ROAD OF GENUINE EXPANSION.

I URGE YOU TO JOIN ME IN ADDRESSING THIS AGENDA FOR  
NATIONAL ACTION. THE NEED IS URGENT, BUT I HAVE CONFIDENCE  
THAT THE AMERICAN PEOPLE WHEN GIVEN THE FACTS AND CLEAR  
RECOMMENDations ON WHAT MUST BE DONE, CAN AND WILL DO THE  
JOB TO GET THIS NATION BACK ON THE ROAD TO ECONOMIC STABILITY  
AND PROSPERITY.



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