

REMARKS BY SENATOR HUBERT H. HUMPHREY

MINNESOTA AFL-CIO CONVENTION

Duluth, Minnesota
September 25, 1974

"Double digit inflation," "deepening recession," "dangerously high unemployment." These have become household words as a result of 6 years of unpardonable economic mismanagement. But they also have damaged the economy and ravaged the family budget of every American worker.

For decades the economists told us that rising prices, falling incomes, and lengthening unemployment lines could not occur at the same time. But you and I -- and maybe even the economists -- now know better. The disastrous non-policies of the last several years have succeeded in bringing the American worker and his family into this unprecedented economic nightmare.

As a member of the Joint Economic Committee and a member of the Steering Committee for the Summit Conference on Inflation, I have devoted a great deal of time and effort to the nation's economic ills and what must be done to cure our ailing economy.

I have met with the Administration's economic "brain trust," questioned the most distinguished members of the nation's economic profession, and discussed the current economic mess with leaders from labor, agriculture, business, finance, and every other major sector of the economy.

I am convinced that, while there are no quick and easy answers to these complex problems, there are certain steps that can and must be taken now to begin to bring down prices, create jobs and get the economy moving ahead. And, just as important, there are measures that simply have to be taken now to guarantee to every citizen that the burden of resolving our economic problems will not fall more heavily on one family than on any other.

Our economic policy must be tough if it is to be effective. But it also must be fair to all our people.

Before outlining the combination of steps I feel are needed, let us look for a moment at why effective action -- now -- is indispensable.

We need action now because the prices you pay have exploded at a 12.9 per cent yearly rate in the last twelve months, the worst case of inflation in 27 years. And, the devastating increase in wholesale prices in the past three months, climbing at a 32.3 per cent annual clip, mean that consumer prices will rise even faster in the months ahead.

But even these alarming statistics don't tell the whole story. Inflation for the majority of American families has been much worse.

Eighty per cent of the take-home pay of the average family, and an even larger share of the income of the poor and the elderly, is spent on food, transportation, housing and medical care. And the prices of these essentials have increased even more rapidly than the overall rate of inflation.

I find it incredible that this basic fact of life is ignored by the Administration's chief economist, who expresses greater concern for the plight of the "poor" Wall Street broker, whose income is slashed down to \$30,000 or \$40,000 a year, than for the elderly and the working poor who simply cannot make ends

meet. Sure, we can sympathize with the income lost by the brokers, but we must be much more concerned with the millions of families who are simply going broke.

In the months ahead you can expect little relief.

As I see it, food prices will rise for the rest of this year, with bread, meat, canned vegetables and fruit all going up.

The entire housing industry is a disaster area. Housing starts have declined about 38 per cent since last July. At the same time, housing costs are up 11.4 per cent in the last year. Mortgage rates, when money is available at all, are commonly 9 or 10 per cent.

And, the housing "depression" affects a host of other areas; lumber, building materials, furniture, and appliances, to name a few. But most importantly the housing depression costs jobs. The construction industry suffered "double digit" unemployment of 11.1% in August. In some areas unemployment rates for the construction trades have topped 30%. "Double digit" inflation erodes income, but "double digit" unemployment destroys it.

Automobile prices also are going up. We have seen the prices on the 1975 models go up by \$400 to \$500. And you cannot escape by buying a used car; their values shot up by 35 per cent in the first half of this year.

Inflation has shrunk the paycheck of every American worker. Wages have not kept up with inflation. Our workers are on the job longer hours at higher wage rates, bringing home fatter paychecks than ever before. But the buying power of the take-home pay of the average worker dropped 4.6 per cent in July, when compared to the same month one year ago. In fact, the real value of the average worker's take home pay is back where it was at the end of 1970.

In other words, for four years America's workers have been on a treadmill, they have been running like blazes and getting nowhere. This is another reason why tough action on the economy is needed now.

In the past, the sting of inflation has been soothed by rising wages and full employment. But today the sting hurts all the more as our economy stagnates and unemployment steadily climbs upward.

In the first half of this year, the real Gross National Product declined at an incredible annual rate of 4 per cent. And, most forecasters predict little, if any, growth for the rest of 1974. This means in cold hard terms that we face a period of continuing serious recession.

And recession means that men and women lose their jobs. The unemployment rate climbed from 4.6 per cent last October to 5.4 per cent in August, adding 800,000 people to the ranks of the unemployed. Today nearly 5 million Americans are unemployed. And millions of others simply have given up looking for work in frustration. These are not even counted in the statistics.

Many of the experts predict an unemployment rate of 6.5 per cent by this time next year. This would add another million workers to our unemployment rolls.

One more indication of just how serious a problem we face is the type of workers who now are beginning to lose their jobs.

Unemployment always is a personal tragedy. But it is doubly so when it hits the head of the household, or the older, more experienced worker. In this respect, the statistics of the past three months are profoundly disturbing. They show that the unemployment rate for adult male workers over age 55 has increased by 40 per cent in the last three months alone.

To round out this gloomy picture, let me add that:

-- the stock market has plunged to a 12 year low and no one on Wall Street will give you odds that the market won't go even lower;

-- businesses are failing at a dangerous rate, with a 40% rise in bankruptcies in the construction industry from May, 1973, to May of this year, and a 16% industry-wide failure increase from the last three months of 1973 to May of this year; and

-- rising production costs for fertilizer, machinery, fuel, feeds, and even barbed wire have put many of the nation's farmers in a financial tailspin that has put tens of thousands of family farmers out of business.

This is the nature of the economic crisis our nation faces.

What can we do to deal with this three-headed economic monster of inflation, recession, and unemployment?

Well, I admit that no one has all the answers. But, we can do much better than continuing the current policy of pushing interest rates ever higher, and thereby, creating an ever more serious recession. This policy is not working. We simply are putting the American worker through the wringer and pushing up prices and corporate profits at the same time.

And, while I am on this subject, let me give you a few statistics. Profits for big business are booming at unheard of rates, while workers' incomes lose ground to inflation.

Profits in the second quarter of this year were up 83 per cent in the fuel industry, 80 per cent in steel, 62 per cent in chemicals and 91 per cent in metals and mining, when compared to the second quarter of 1973.

And, the big city banks have been big winners under Republican Tight money policy. The profits of the five largest banks in the country jumped at a very healthy average of 22 per cent in the 12-month period ending on May 31st.

I propose a package of economic policies that can, I believe, reduce inflation, cut into unemployment and boost economic growth.

First, we must immediately close the oil depletion allowance and other glaring corporate tax loopholes and strengthen the minimum tax. This alone would raise about \$6 billion.

These revenues then should be returned as tax relief to the low and middle income families that have been hurt most by inflation.

Justice demands that the fight against inflation be carried equitably by all our people. This would be a move in that direction. The major oil companies, whose profits have soared an average 79 per cent from May, 1973, to the same month this year, are certainly healthy enough to survive with a little less gravy.

Second, a major Public Service Jobs Program should be enacted and implemented. The program proposed by Senator Javits and me would create about 500,000 jobs at a cost of about \$4 billion. This program should be funded by a \$6 billion cut in defense, foreign military assistance, and low priority programs so as to have a net reduction in the federal budget.

Third, we need a Credit Allocation Plan to assure the availability of reasonably priced capital for priority uses. Steps should be taken immediately to make mortgage money available at lower rates of interest. Our housing industry and construction trade jobs must be revived.

Fourth, a vigorous, tough anti-trust enforcement program should be mounted. Concentrated economic power in major sectors of our economy frustrates anti-inflation policies and results in killing competition and raising prices.

Fifth, energy pricing policies must be carefully reviewed. In particular, controls on the prices of old crude oil must be maintained. If not, the effectiveness of the entire anti-inflation effort will be seriously undermined. Moreover, without domestic controls, the Arabs will be calling all the shots. I don't want to see a handful of Arab shieks 5,000 miles from here deciding how much you pay at the gas pumps.

Sixth, a National Food Policy should be developed that provides stable and fair income to farmers and assures adequate supplies of food to consumers at reasonable prices. Such a policy should provide incentives for all-out production, and a National Food Reserve Program.

Seventh, a permanent Inflation Review Board, responsible not to the President, but directly to the Congress, should be established. It would monitor inflation in the economy, recommend reasonable price, profit and wage behavior patterns, hold public hearings and make investigations of excesses.

Certainly other elements could be included in such a package. But I believe the basic elements are here.

In sum, this package would:

- cut unnecessary federal spending,
- lower interest rates in key areas of the economy,
- provide jobs for the victims of recession,
- give some tax relief to the victims of inflation,
- begin a major effort to break up the price-controlling power of big business monopolies,
- and assure equitable food and energy policies for producers and consumers alike.

One critical element must be added to make this package work -- voluntary restraint on price, profit and wage increases by labor and business.

Without some restraint, if everyone goes all out to get everything possible, our economy will be in even worse trouble at this time next year and each of us will be personally less well off. Some restraint is, therefore, essential.

However, public officials and the general public must be aware of labor's extraordinary restraint in the face of soaring profits and prices last year.

In 1973, labor made a good faith effort to fight inflation and hold back on its demands, while business enjoyed a financial field day. Social justice demands that our workers be allowed to catch up with the explosion in prices. The long term interest of all our workers, however, lies in full cooperation in an even-handed national anti-inflation policy. It is time to help American workers climb off the "economic treadmill." Only with their full cooperation will that be possible.

The problem with the "old-time economic religion" preached by the Republicans since the era of Harding, Coolidge, and Hoover, is that only the "chosen few" get saved. What I have outlined today is the type of economic reform that has made "salvation" possible for the little guy since the days of Franklin Roosevelt and Harry Truman.

#

Pete Benzoni - Stalwarts com

John Blatnik

(X) David Roe

- Mondale
- Anderson
- DeLo

997. More -
I'll add the other 17.

REMARKS BY SENATOR HUBERT H. HUMPHREY

- Sheridan (Ext. Chair)

MINNESOTA AFL-CIO CONVENTION

DULUTH, MINNESOTA

SEPTEMBER 25, 1974

when you
elect a
President -
Judges,
D.A.
Regulatory
Fed Reserve
Fed Power

Phil Murray Green Award
AFL-CIO

- Charisma - Character
- Image - Substance
- P.R. Performance
- Promise - Action

Merchandizing
Politics

Campaign Reform

No Interest

"DOUBLE DIGIT INFLATION," "DEEPENING RECESSION," "DANGEROUSLY

& going up
"HIGH UNEMPLOYMENT," THESE HAVE BECOME HOUSEHOLD WORDS AS A

RESULT OF 6 YEARS OF UNPARDONABLE ECONOMIC MISMANAGEMENT. BUT

THEY ALSO HAVE DAMAGED THE ECONOMY AND RAVAGED THE FAMILY

BUDGET OF EVERY AMERICAN WORKER.

↳ FOR DECADES THE ECONOMISTS TOLD US THAT RIISING PRICES,
FALLING INCOMES, AND LENGTHENING UNEMPLOYMENT LINES COULD NOT
OCCUR AT THE SAME TIME. BUT YOU AND I -- AND MAYBE EVEN THE
ECONOMISTS -- NOW KNOW BETTER. THE DISASTROUS NON-POLICIES
OF THE LAST SEVERAL YEARS HAVE SUCCEEDED IN BRINGING THE AMERICAN
WORKER AND HIS FAMILY INTO THIS UNPRECEDENTED ECONOMIC NIGHTMARE.

2 AS A MEMBER OF THE JOINT ECONOMIC COMMITTEE AND A MEMBER
OF THE STEERING COMMITTEE FOR THE SUMMIT CONFERENCE ON INFLATION,

I HAVE DEVOTED A GREAT DEAL OF TIME AND EFFORT TO THE NATION'S
ECONOMIC ILLS AND WHAT MUST BE DONE TO CURE OUR AILING ECONOMY.

1 I HAVE MET WITH THE ADMINISTRATION'S ECONOMIC "BRAIN
TRUST," QUESTIONED THE MOST DISTINGUISHED MEMBERS OF THE NATION'S
ECONOMIC PROFESSION, AND DISCUSSED THE CURRENT ECONOMIC MESS
WITH LEADERS FROM LABOR, AGRICULTURE, BUSINESS, FINANCE, AND
EVERY OTHER MAJOR SECTOR OF THE ECONOMY,

1 I AM CONVINCED THAT, WHILE THERE ARE NO QUICK AND EASY
ANSWERS TO THESE COMPLEX PROBLEMS, THERE ARE CERTAIN STEPS
THAT CAN AND MUST BE TAKEN NOW TO BEGIN TO BRING DOWN PRICES,
CREATE JOBS AND GET THE ECONOMY MOVING AHEAD.

AND, JUST AS IMPORTANT, THERE ARE MEASURES THAT SIMPLY HAVE TO
BE TAKEN NOW TO GUARANTEE TO EVERY CITIZEN THAT THE BURDEN OF
RESOLVING OUR ECONOMIC PROBLEMS WILL NOT FALL MORE HEAVILY ON
ONE FAMILY THAN ON ANY OTHER.

OUR ECONOMIC POLICY MUST BE TOUGH IF IT IS TO BE EFFECTIVE.

BUT IT ALSO MUST BE FAIR TO ALL OUR PEOPLE.

why
BEFORE OUTLINING THE COMBINATION OF STEPS I FEEL ARE NEEDED,
LET US LOOK FOR A MOMENT AT WHY EFFECTIVE ACTION -- NOW --
IS INDISPENSABLE.

WE NEED ACTION NOW BECAUSE THE PRICES YOU PAY HAVE EXPLODED
AT A 12.9 PER CENT YEARLY RATE IN THE LAST TWELVE MONTHS, THE
WORST CASE OF INFLATION IN 27 YEARS. *and going up!*

*15% inflation rate entirely possible.
(Wholesale Price Index)*

AND, THE DEVASTATING INCREASE IN WHOLESALE PRICES IN THE PAST
THREE MONTHS, CLIMBING AT A 32.3 PER CENT ANNUAL CLIP, MEAN THAT
CONSUMER PRICES WILL RISE EVEN FASTER IN THE MONTHS AHEAD.

BUT EVEN THESE ALARMING STATISTICS DON'T TELL THE WHOLE
STORY. INFLATION FOR THE MAJORITY OF AMERICAN FAMILIES HAS

BEEN MUCH WORSE.

*(For most American the
inflation rate is worse)*

EIGHTY PER CENT OF THE TAKE-HOME PAY OF THE AVERAGE FAMILY,

AND AN EVEN LARGER SHARE OF THE INCOME OF THE POOR AND THE

ELDERLY, IS SPENT ON FOOD, ^{clothing} TRANSPORTATION, HOUSING AND MEDICAL

CARE. AND THE PRICES OF THESE ESSENTIALS HAVE INCREASED

EVEN MORE RAPIDLY THAN THE OVERALL RATE OF INFLATION.

*For these people, inflation
rate is 25% or more*

Alan Greenspan -
"worried about Wall Street Brokers"

I FIND IT INCREDIBLE THAT THIS BASIC ^{FACT} ~~FACT~~ OF LIFE IS IGNORED
BY THE ADMINISTRATION'S CHIEF ECONOMIST, WHO EXPRESSES GREATER
CONCERN FOR THE PLIGHT OF THE "POOR" WALL STREET BROKER, WHOSE
INCOME IS SLASHED DOWN TO \$30,000 OR \$40,000 A YEAR, THAN FOR
THE ELDERLY AND THE WORKING POOR WHO SIMPLY CANNOT MAKE ENDS
MEET. SURE, WE CAN SYMPATHIZE WITH THE INCOME LOST BY THE BROKERS,
BUT WE MUST BE MUCH MORE CONCERNED WITH THE MILLIONS OF FAMILIES
WHO ARE SIMPLY GOING BROKE.

IN THE MONTHS AHEAD YOU CAN EXPECT LITTLE RELIEF.

AS I SEE IT, FOOD PRICES WILL RISE FOR THE REST OF THIS
YEAR, WITH BREAD, MEAT, CANNED VEGETABLES AND FRUIT ALL GOING
UP.

Housing -6-

L THE ENTIRE HOUSING INDUSTRY IS A DISASTER AREA. HOUSING

STARTS HAVE DECLINED ABOUT 38 PER CENT SINCE LAST JULY. AT THE

SAME TIME, HOUSING COSTS ARE UP 11.4 PER CENT IN THE LAST YEAR.

MORTGAGE RATES, WHEN MONEY IS AVAILABLE AT ALL, ARE COMMONLY 9 OR

10 PER CENT. but no mortgage money

AND, THE HOUSING "DEPRESSION" AFFECTS A HOST OF OTHER AREAS;

LUMBER, BUILDING MATERIALS, FURNITURE, AND APPLIANCES, TO NAME

A FEW. BUT MOST IMPORTANTLY THE HOUSING DEPRESSION ^{ON} COSTS JOBS.

THE CONSTRUCTION INDUSTRY SUFFERED "DOUBLE DIGIT" UNEMPLOYMENT OF

11.1% IN AUGUST. IN SOME AREAS UNEMPLOYMENT RATES FOR THE

CONSTRUCTION TRADES ^{HAVE} ~~WAS~~ TOPPED 30%. "DOUBLE DIGIT" INFLATION ERODES

INCOME, BUT "DOUBLE DIGIT" UNEMPLOYMENT DESTROYS IT.

Double digit Inflation erodes income

Double digit unemployment - destroys income

✓ AUTOMOBILE PRICES ALSO ARE GOING UP. WE HAVE SEEN THE PRICES
ON THE 1975 MODELS GO UP BY \$400 TO \$500. AND YOU CANNOT ESCAPE
~~BY BUYING A USED CAR; THEIR VALUES SHOT UP BY 35 PER CENT IN~~
THE FIRST HALF OF THIS YEAR.

worker income
✓ INFLATION HAS SHRUNK THE PAYCHECK OF EVERY AMERICAN WORKER.

WAGES HAVE NOT KEPT UP WITH INFLATION. ~~OUR WORKERS ARE ON~~

THE JOB LONGER HOURS AT HIGHER WAGE RATES, BRINGING HOME FATTER

PAYCHECKS THAN EVER BEFORE. BUT THE BUYING POWER OF THE TAKE-

HOME PAY OF THE AVERAGE WORKER DROPPED 4.6 PER CENT IN JULY,

WHEN COMPARED TO THE SAME MONTH ONE YEAR AGO. IN FACT, THE

REAL VALUE OF THE AVERAGE WORKER'S TAKE HOME PAY IS BACK WHERE

IT WAS AT THE END OF 1970.

*— you are back
to 1970*

IN OTHER WORDS, FOR FOUR YEARS AMERICA'S WORKERS HAVE BEEN
ON A TREADMILL, THEY HAVE BEEN RUNNING LIKE BLAZES AND GETTING
NOWHERE. ~~THIS IS ANOTHER REASON WHY TOUGH ACTION ON THE ECONOMY~~
~~IS NEEDED NOW.~~

L IN THE PAST, THE STING OF INFLATION HAS BEEN SOOTHED BY
RISING WAGES AND FULL EMPLOYMENT. BUT TODAY THE STING HURTS
ALL THE MORE AS OUR ECONOMY STAGNATES AND UNEMPLOYMENT STEADILY
CLIMBS UPWARD.

Stag-flation

IN THE FIRST HALF OF THIS YEAR, THE REAL GROSS NATIONAL
PRODUCT DECLINED AT AN INCREDIBLE ANNUAL RATE OF 4 PER CENT.

AND, MOST FORECASTERS PREDICT LITTLE, IF ANY, GROWTH FOR
THE REST OF 1974. THIS MEANS IN COLD HARD TERMS THAT WE FACE

A PERIOD OF CONTINUING SERIOUS RECESSION.

Recession

unemployment - 5.4 -
going up -

L AND RECESSION MEANS THAT MEN AND WOMEN LOSE THEIR JOBS.

THE UNEMPLOYMENT RATE CLIMBED FROM 4.6 PER CENT LAST OCTOBER

TO 5.4 PER CENT IN AUGUST, ADDING 800,000 PEOPLE TO THE RANKS

OF THE UNEMPLOYED. TODAY NEARLY 5 MILLION AMERICANS ARE UNEMPLOYED.

AND MILLIONS OF OTHERS SIMPLY HAVE GIVEN UP LOOKING FOR WORK IN

FRUSTRATION. THESE ARE NOT EVEN COUNTED IN THE STATISTICS.

MANY OF THE EXPERTS PREDICT AN UNEMPLOYMENT RATE OF 6.5

PER CENT BY THIS TIME NEXT YEAR. THIS WOULD ADD ANOTHER MILLION

WORKERS TO OUR UNEMPLOYMENT ROLLS.

ONE MORE INDICATION OF JUST HOW SERIOUS A PROBLEM WE

FACE IS THE TYPE OF WORKERS WHO NOW ARE BEGINNING TO LOSE

THEIR JOBS.

6%
acceptable
Ho!

6 1/2

*in last 3 months
older workers losing jobs
-10-
adult males over 55 -
unemploy increase 40%*

UNEMPLOYMENT ALWAYS IS A PERSONAL TRAGEDY, BUT IT IS DOUBLY

SO WHEN IT HITS THE HEAD OF THE HOUSEHOLD, OR THE OLDER, MORE

EXPERIENCED WORKER. IN THIS RESPECT, THE STATISTICS OF THE

PAST THREE MONTHS ARE PROFOUNDLY DISTURBING. THEY SHOW THAT THE

UNEMPLOYMENT RATE FOR ADULT MALE WORKERS OVER AGE 55 HAS INCREASED

BY 40 PER CENT IN THE LAST THREE MONTHS ALONE.

The Picture

TO ROUND OUT THIS GLOOMY PICTURE, LET ME ADD THAT:

-- THE STOCK MARKET HAS PLUNGED TO A 12 YEAR LOW AND NO ONE

ON WALL STREET WILL GIVE YOU ODDS THAT THE MARKET WON'T GO EVEN

LOWER;

average work week. 32 hrs

-11-

-- BUSINESSES ARE FAILING AT A DANGEROUS RATE, WITH A 40%
RISE IN BANKRUPTCIES IN THE CONSTRUCTION INDUSTRY FROM MAY, 1973,
TO MAY OF THIS YEAR, AND A 16% INDUSTRY-WIDE FAILURE INCREASE
FROM THE LAST THREE MONTHS OF 1973 TO MAY OF THIS YEAR; AND

-- RIISING PRODUCTION COSTS FOR FERTILIZER, MACHINERY, FUEL,
FEEDS, AND EVEN BARBED WIRE HAVE PUT MANY OF THE NATION'S FARMERS
IN A FINANCIAL TAILSPIN THAT HAS PUT TENS OF THOUSANDS OF FAMILY
FARMERS OUT OF BUSINESS. - *farm family down*
costs up 4,

THIS IS THE NATURE OF THE ECONOMIC CRISIS OUR NATION
FACES.

What to do

WHAT CAN WE DO TO DEAL WITH THIS THREE-HEADED ECONOMIC
MONSTER OF INFLATION, RECESSION, AND UNEMPLOYMENT.

Hi - Interest
-12-

WELL, I ADMIT THAT NO ONE HAS ALL THE ANSWERS. BUT, WE CAN DO
MUCH BETTER THAN CONTINUING THE CURRENT POLICY OF PUSHING INTEREST
RATES EVER HIGHER, AND THEREBY, CREATING AN EVER MORE SERIOUS
RECESSION. THIS POLICY IS NOT WORKING. WE SIMPLY ARE PUTTING THE
AMERICAN WORKER THROUGH THE WRINGER AND PUSHING UP PRICES AND
CORPORATE PROFITS AT THE SAME TIME.

Profits

AND, WHILE I AM ON THIS SUBJECT, LET ME GIVE YOU A FEW
STATISTICS. PROFITS FOR BIG BUSINESS ARE BOOMING AT UNHEARD OF
RATES, WHILE WORKERS' INCOMES LOSE GROUND TO INFLATION.

PROFITS IN THE SECOND QUARTER OF THIS YEAR WERE UP 83 PER
CENT IN THE FUEL INDUSTRY, 80 PER CENT IN STEEL, 62 PER CENT IN
CHEMICALS AND 91 PER CENT IN METALS AND MINING, WHEN COMPARED TO
THE SECOND QUARTER OF 1973.

AND, THE BIG CITY BANKS HAVE BEEN BIG WINNERS UNDER
REPUBLICAN TIGHT MONEY POLICY. THE PROFITS OF THE FIVE LARGEST
BANKS IN THE COUNTRY JUMPED AT A VERY HEALTHY AVERAGE OF 22
PER CENT IN THE 12-MONTH PERIOD ENDING ON MAY 31st.

OIL Companies - Profits & - up average 99%
I PROPOSE A PACKAGE OF ECONOMIC POLICIES THAT CAN, I BELIEVE,

REDUCE INFLATION, CUT INTO UNEMPLOYMENT AND BOOST ECONOMIC GROWTH.

Tax Reform - Budget cutting measures?
FIRST, WE MUST IMMEDIATELY CLOSE THE OIL DEPLETION ALLOWANCE

AND OTHER GLARING CORPORATE TAX LOOPHOLES AND STRENGTHEN THE

MINIMUM TAX. THIS ALONE WOULD RAISE ABOUT \$6 BILLION.

THESE REVENUES THEN SHOULD BE RETURNED AS TAX RELIEF TO THE
LOW AND MIDDLE INCOME FAMILIES THAT HAVE BEEN HURT MOST BY
INFLATION.

*Tax Relief - FICA
Justices*

② Budget cutting - yes - but substantial
be its effect - France
upon Budget cut - Social govt

JUSTICE DEMANDS THAT THE FIGHT AGAINST INFLATION BE

CARRIED EQUITABLY BY ALL OUR PEOPLE. THIS WOULD BE A MOVE IN

THAT DIRECTION. THE MAJOR OIL COMPANIES, WHOSE PROFITS HAVE

SOARED AN AVERAGE 79 PER CENT FROM MAY, 1973, TO THE SAME MONTH

THIS YEAR, ARE CERTAINLY HEALTHY ENOUGH TO SURVIVE WITH A LITTLE

LESS GRAVY.

Public Service Jobs

#2 SECOND, A MAJOR PUBLIC SERVICE JOBS PROGRAM SHOULD BE

ENACTED AND IMPLEMENTED. THE PROGRAM PROPOSED BY SENATOR

JAVITS AND ME WOULD CREATE ABOUT 500,000 JOBS AT A COST OF

ABOUT \$4 BILLION. THIS PROGRAM SHOULD BE FUNDED BY A \$6

BILLION CUT IN DEFENSE, FOREIGN MILITARY ASSISTANCE, AND

LOW PRIORITY PROGRAMS SO AS TO HAVE A NET REDUCTION IN THE

FEDERAL BUDGET.

*Pay for it
by cuts
in Defense
and
Social*

Credit Allocation - Push Down
-15- Interest Rates

3 THIRD, WE NEED A CREDIT ALLOCATION PLAN TO ASSURE THE

AVAILABILITY OF REASONABLY PRICED CAPITAL FOR PRIORITY USES.

STEPS SHOULD BE TAKEN IMMEDIATELY TO MAKE MORTGAGE MONEY AVAILABLE

AT LOWER RATES OF INTEREST. OUR HOUSING INDUSTRY AND CONSTRUCTION

TRADE JOBS MUST BE REVIVED.

X-M Bank - low interest

4 FOURTH, A VIGOROUS, TOUGH ANTI-TRUST ENFORCEMENT PROGRAM

SHOULD BE MOUNTED. CONCENTRATED ECONOMIC POWER IN MAJOR SECTORS

OF OUR ECONOMY FRUSTRATES ANTI-INFLATION POLICIES AND RESULTS

IN KILLING COMPETITION AND RAISING PRICES.

5 FIFTH, ENERGY PRICING POLICIES MUST BE CAREFULLY REVIEWED.

IN PARTICULAR, CONTROLS ON THE PRICES OF OLD CRUDE OIL MUST

BE MAINTAINED.

Emergency Fuel Allocation

Research - Solar Energy

IF NOT, THE EFFECTIVENESS OF THE ENTIRE ANTI-INFLATION EFFORT
WILL BE SERIOUSLY UNDERMINED. MOREOVER, WITHOUT DOMESTIC CONTROLS,
THE ARABS WILL BE CALLING ALL THE SHOTS. I DON'T WANT TO SEE
A HANDFUL OF ARAB SHIEKS 5,000 MILES FROM HERE DECIDING HOW MUCH
YOU PAY AT THE GAS PUMPS. 6

6 SIXTH, A NATIONAL FOOD POLICY SHOULD BE DEVELOPED THAT
PROVIDES STABLE AND FAIR INCOME TO FARMERS AND ASSURES
ADEQUATE SUPPLIES OF FOOD TO CONSUMERS AT REASONABLE PRICES.
SUCH A POLICY SHOULD PROVIDE INCENTIVES FOR ALL-OUT PRODUCTION,
AND A NATIONAL FOOD RESERVE PROGRAM. Reserve

(7) SEVENTH, A PERMANENT INFLATION REVIEW BOARD, RESPONSIBLE

NOT TO THE PRESIDENT, BUT DIRECTLY TO THE CONGRESS, SHOULD BE

ESTABLISHED. IT WOULD MONITOR INFLATION IN THE ECONOMY,

RECOMMEND REASONABLE PRICE, PROFIT AND WAGE BEHAVIOR PATTERNS,

HOLD PUBLIC HEARINGS AND MAKE INVESTIGATIONS OF EXCESSES,

~~(8) Fiscal Restraint~~
CERTAINLY OTHER ELEMENTS COULD BE INCLUDED IN SUCH A PACKAGE.

BUT I BELIEVE THE BASIC ELEMENTS ARE HERE.

IN SUM, THIS PACKAGE WOULD:

-- CUT UNNECESSARY FEDERAL SPENDING. — *Office for Aid*

-- LOWER INTEREST RATES IN KEY AREAS OF THE ECONOMY,

-- PROVIDE JOBS FOR THE VICTIMS OF RECESSION,

-- GIVE SOME TAX RELIEF TO THE VICTIMS OF INFLATION,

-- BEGIN A MAJOR EFFORT TO BREAK UP THE PRICE-CONTROLLING

anti Trust law enforcement

POWER OF BIG BUSINESS MONOPOLIES,

-- AND ASSURE EQUITABLE FOOD AND ENERGY POLICIES FOR

PRODUCERS AND CONSUMERS ALIKE.

ONE CRITICAL ELEMENT MUST BE ADDED TO MAKE THIS PACKAGE
WORK -- VOLUNTARY RESTRAINT ON PRICE, PROFIT AND WAGE INCREASES
BY LABOR AND BUSINESS.

WITHOUT SOME RESTRAINT, IF EVERYONE GOES ALL OUT TO GET
EVERYTHING POSSIBLE, OUR ECONOMY WILL BE IN EVEN WORSE
TROUBLE AT THIS TIME NEXT YEAR AND EACH OF US WILL BE PERSONALLY
LESS WELL OFF. SOME RESTRAINT IS, THEREFORE, ESSENTIAL.

HOWEVER, PUBLIC OFFICIALS AND THE GENERAL PUBLIC MUST
BE AWARE OF LABOR'S EXTRAORDINARY RESTRAINT IN THE FACE OF
SOARING PROFITS AND PRICES LAST YEAR.

IN 1973, LABOR MADE A GOOD FAITH EFFORT TO FIGHT INFLATION
AND HOLD BACK ON ITS DEMANDS, WHILE BUSINESS ENJOYED A FINANCIAL
FIELD DAY. SOCIAL JUSTICE DEMANDS THAT OUR WORKERS BE ALLOWED
TO CATCH UP WITH THE EXPLOSION IN PRICES. THE LONG TERM INTEREST
OF ALL OUR WORKERS, HOWEVER, LIES IN FULL COOPERATION IN AN
EVEN-HANDED NATIONAL ANTI-INFLATION POLICY. IT IS TIME TO HELP
AMERICAN WORKERS CLIMB OFF THE "ECONOMIC TREADMILL." ONLY WITH
THEIR FULL COOPERATION WILL THAT BE POSSIBLE.

*Oldtime
Sinner*

*old
time
Religion*

THE PROBLEM WITH THE "OLD-TIME ECONOMIC RELIGION" PREACHED
BY THE REPUBLICANS SINCE THE ERA OF HARDING, COOLIDGE, AND
HOOVER, IS THAT ONLY THE "CHOSEN FEW" GET SAVED. WHAT I HAVE
OUTLINED TODAY IS THE TYPE OF ECONOMIC REFORM THAT HAS MADE

"SALVATION" POSSIBLE FOR THE LITTLE GUY SINCE THE DAYS OF
FRANKLIN ROOSEVELT AND HARRY TRUMAN.



Minnesota Historical Society

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