

SENATOR'S COMMENTS ON
PRESIDENT FORD'S SPEECH OF OCT. 8, 1974
TO JOINT SESSION OF CONGRESS.

Well Al, I will be glad to go over it with you. On the plus side, at the ~~R~~ least the President came to us with the program, and this is a within itself. There are features that I thought were commendable. His National Commission on Regulatory Reform, the extended unemployment compensation benefits, increased penalties ^{law} on anti-trust/violators and his proposal for an energy policy board. Now those are things I believe are, that need to be done and I ~~a~~ imagine that he will get considerable support. But when it came to the prescription on the economic and social side, I am afraid that the medicine that was prescribed ~~was~~ not strong enough for the disease. The whole anti-inflation and recession - I remind that the President spoke very little of recession and we still have serious recession in this country. Fall short of ~~the~~ his description of the disease. Let me just detail what I mean. I thought his proposal and housing and mortgage money was token at best. It was token and inadequate. It doesn't deal with the disaster in the housing industry. There ~~was~~ were no specifics ~~xxxxxxxxxxxx~~ his message, that related to our savings institutions and what to do about them. None. The surtax applies to those who are already heavily taxed. After all a person with an income of \$7500 or a family with an income of \$15,000 already pays sales taxes, property taxes, income taxes, plus the high tax of inflation, the cost of what they buy. Now to add 5 percent onto ~~these~~ people is not anti-inflationary, it is further inflation. It is additional inflation and it is wrong. There is no justice in a 5 percent tax on a \$7500 income and a 5 percent tax on a \$100,000 income. That will never sell and that will ~~not~~ never pass in the Congress. ~~No~~ No sir. I was disappointed that the President did not give us more specifics on tax reform. Instead of closing loopholes, I am afraid that there have been some that have been endorsed. Now the President advocated 10 percent investment tax credit, but I did not notice any specifics on tax relief for low income and low middle income people. The public service job proposal was simply not -- let me put it this way -- there was no serious public service job proposal. To wait until you have 6 or 6 1/2 percent unemployment before a person is put to work just doesn't make sense. If people need jobs, they need them. ~~That~~

That is exactly right. He said that this is public enemy number one and that he wanted to declare war on inflation, and I am afraid that the artillery he is using, the arsenal that he has given us does not - is not adequate to the task.

By the way on the energy thing, Al, I thought that; I was disappointed that we didn't get more specifics. I had hoped that the President would outline/a massive, major research and development program. Instead of that, it was just a general reference. Project independence is fast becoming project dependence. That's a good enough line for you.

Thank you, bye, bye

His unemployment compensation suggestions were good. The extended unemployment compensation proposal was good. The increase in penalties for violators of anti-trust laws was surely need. His Energy Policy Board is something that we have needed, but quite frankly, I thought that some of the specifics on the economic side ^{and equal} to the task. For example, there was really no serious public jobs program. You can't wait until 6 percent of the population is unemployed before you ~~xxxx~~ put people to work. When people are unemployed period they ought to go to work. The housing and mortgage program is not only modest but inadequate. It doesn't get at the problem. There is a depression in the housing industry, and I am afraid that what the President prescribed was an economic alka-seltzer rather than any real treatment.

On the surtax, I could not support a 5 percent surtax on ~~xxxx~~ incomes of \$7,500 for an individual or \$15,000 for a family - that's a family of four I suppose it is talking about. These people are already taxed heavily by sales taxes, property taxes, income taxes and inflation. To add 5 percent tax on their incomes is merely adding more inflation on to them. Now there does need to be more revenue, but we should raise it from people on their ability to pay. It is not just or fair to have a 5 percent tax on a man or woman earning \$7,500 and a 5 percent tax on an individual earning \$100,000 or a corporation earning \$200,000,000. It just is not fair. I was disappointed in the President's tax proposals. They did not get at the heart of ~~the~~ tax equity and tax justice. ~~OK~~

On the regulation of natural gas, I would suggest that before that is ever contemplated that we have a full study of what ^{its} ~~xx~~ economic impact will be. How much will this raise the cost of living, and I think we ought to find out, too, whether the gas companies are holding back on production in order to raise the price. In the energy field other than that, I had hoped that the President would present us with a crash program or a massive program of energy research. I think this is essential. We are nibbling away. Project independence has become project dependence. Well, that's it. Well let me just say this, that at least we now have something to work on. I just feel that on the one hand the President dramatically emphasized the dangers of inflation but when it came to the government policies to combat it, the prescription was not strong enough. He relied a good deal upon his exhortation to

the public. . . .No,I do not, not at that level. I was surprised that the President didn't ... He came up with a 10 percent investment tax credit. He came up with the surtax on what I really consider low income, \$7500, and I didn't see any income help for the elderly and for the poor who are the real victims of inflation. And the burden of the new tax proposal falls most heavily on what we call middle income and what we call lower income people. They already are in trouble.

You bet you. Goodbye.

Yes, Senator Humphrey. Anybody there with a tape. Yeh, fine. Well, I will just give you a general comment. Yes, this is on his speech.

The President gave to us at least a program on which the Congress can go to work. I regret to say, however, that I believe that the treatment that the President has recommended, in other words the medicine for the disease of inflation is not adequate. The President suggested, for example, in food, that farmers produce more but he failed to say anything about what the ^{target} ~~fix~~ price or the floor price should be to assure the farmer that if he produces more he will not be victimized by surpluses which depress his price. The President's program on the surtax on incomes falls most harshly upon people of low income. It is just not fair to tax somebody 5 percent extra on \$7500 a year income and apply the same 5 percent to a person who has a \$100,000 a year income. People with \$7500 a year income or families with \$15,000 are already paying heavy taxes. They are paying sales taxes, property, state and federal income taxes. To add 5 percent more tax does not control inflation; all it does is take away money from people who are desperately in need of it as the prices continue to go up. I could not support the 5 percent tax on that level of income. I would have hoped that the President might have called for taxation of oil company profits. I would have hoped that he would have supported closing flagrant tax loopholes that permit people of wealth to avoid paying their taxes, and I would have hoped that the President would have come forward with a much better program for housing. The housing program that he announced is but a token. It doesn't meet the depression conditions of the housing construction industry. These are just a few of my observations. I want to say, however, that the President has spoken to us. I thought the tone of his message was good. He has called upon the country to help. He has called upon those of Congress to take a look at what he has proposed. ^{We will do that, and} We will do it in a most constructive manner, but we will have to do it looking at what effect our actions will have in terms of peoples' jobs and peoples' incomes.

Yes indeed, Congress of course will await the President's proposals now in specific legislative language and then we will work them over on the basis of what we think is best. I am sure that you could expect

that Congress will look very carefully at ~~every~~ every tax proposal that has been presented. I just want to make it clear again, a 5 percent increase in taxes on people with incomes of \$7500 does not control inflation. All in the world that it does is tax poor people and middle income people more than they have been taxed. This does not help. Inflation has already taken too much out of the family income pocketbook, and what ought to have been suggested was putting something back into the pocketbook rather than taking it out.

I would think he would just as he had in the Economic Conference. There is no necessity in all of us agreeing. There were features of the President's proposals that were good. His Regulatory Commission suggestions were good. His enforcement of anti-trust laws, good. His ^{extended} ~~extension~~ unemployment compensation, good. There are some features of the President's program that I liked. There are others I think need to be looked at carefully and some that I oppose.

Thank you dear. Bye, bye.



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