

REMARKS BY SENATOR HUBERT H. HUMPHREY

ANNUAL WASHINGTON CONFERENCE

THE ADVERTISING COUNCIL, Inc.

Washington, D.C.

April 23, 1975

I am pleased to meet with you today to discuss the economic outlook for our nation and my views on the appropriate course for economic policy at this time.

We are indeed in the midst of one of the most difficult and complex economic periods in our nation's history. But I do not share the gloom of those who harken back to the image of economics as the dismal science.

I believe that:

-- We have taken some positive steps to halt the recession;

-- We must take additional actions immediately to speed recovery; and

-- We should begin today to move toward some very basic reforms in economic policy that will move us toward balanced economic growth, high employment, and stable prices in the decade ahead.

Let me focus my remarks this evening on three areas:

-- First, the economic outlook;

-- Second, some additional actions that should be taken now to bring about economic recovery;

-- Third, the need for national economic planning.

The statistics that have just been released for the first quarter show a continuation of the deep recession that began in early 1974. The production of our economy plummeted to a 10.4 percent annual rate, the sharpest decline in 29 years. Unemployment has, as you all know, followed production downward. There are now eight million people "officially" unemployed.

Clearly, the nation is in the worst economic slump since the Great Depression.

The big question is where do we go from here? Although we are a long way from recovery, let me list a few hopeful signs that are appearing on the economic horizon:

-- Businessmen cleared their shelves of inventories in the first quarter.

-- Consumer spending showed faint signs of life in the first quarter.

-- The rate of inflation for the first quarter of this year fell to eight percent, compared to 14 percent for the previous quarter.

-- Federal Reserve efforts to reverse the restrictive monetary policy of the last half of 1974 have begun to yield results, with the money supply in the last two months increasing at an 11 percent annual rate.

These factors give us some hope that the recession is reaching bottom, and that we can expect some kind of economic recovery in the second half of this year.

But, before you all throw your hats in the air, let me say that there are no signs that the economic recovery will be strong, sustained, and adequate to reduce our dangerously high level of unemployment.

For several reasons, I am afraid the recovery faces some major obstacles.

First, it takes a great deal to turn a \$1.5 trillion economy around. Even if the economy grew at an eight percent rate for the next four years, it would take until 1979 for the economy to return to even a 4% rate of unemployment.

Second, unemployment can be expected to continue to rise to between nine and ten percent, even after modest economic recovery begins.

Third, state and local governments, suffering from rising costs and falling revenues, could further aggravate the recession by laying off government employees, reducing expenditures, and raising taxes.

Fourth, the fear of unemployment could continue to dampen consumer confidence.

These and other factors stand in the way of a full economic recovery.

There are additional government actions that, I believe, must be taken now, if we are to restore economic growth and reduce unemployment at an acceptable pace.

First, we must invest more in job creating activities that will directly reduce the unemployment rate. While I prefer private sector jobs and believe new ways for providing these must be found, the options today are public jobs or idleness. Given this choice, I'll take public jobs every time.

I, therefore, support an expansion of public service jobs through a federally administered program. This program should be designed to provide about 500,000 jobs at eight percent unemployment, and an additional 500,000 jobs for each percentage point by which the unemployment rate exceeds eight percent.

Second, the Federal Reserve must continue its expansion of the money supply to achieve an annual rate of increase of eight to ten percent in the first half of 1975. This is necessary to stimulate economic growth directly and to accommodate the heavy deficit financing that we will face this year, regardless of federal spending decisions.

Third, Congress and the Administration should increase economic assistance for housing, which remains in an economic depression. The principal way to do this is through a mortgage subsidy program to reduce interest rate costs to a maximum level of 6 percent for lower and middle-income families.

Finally, anti-recession grants should be provided to state and local governments. With high unemployment, state and local spending is growing, while receipts are declining. If they are forced to raise taxes now, this will seriously reduce the impact of the cut in federal taxes.

While I believe these short-run steps are essential to spur recovery and reduce unemployment, they are not, in themselves, adequate to restore our economy to balanced long-run economic growth.

We have entered a new era in which the economic theories that have served to guide policy in the past are no longer adequate.

Keynesian, economics, you will recall, was designed to halt depression and unemployment. Today, we have unemployment and inflation -- we have the crisis of "stagflation."

In a depression, the sole objective is to reduce unemployment. But today, we must reduce unemployment and restore economic growth in a way that will not push inflation back into the stratosphere.

To meet this new, more complicated challenge, I believe that two essential steps must be taken.

First, we must free ourselves from the economic dogmas of the past. We must develop new economic theories and ideas for new conditions. We must understand more completely, for example, how food and energy markets operate, how they relate to credit and fiscal policy and international trade flows.

Second, we must reexamine our public and private economic institutions to ensure that they encourage balanced economic growth. Many of today's economic problems, I am afraid, are the result of institutions that are either no longer accountable, or are suffering from old-age hardening of the arteries.

I believe, for example, that the nation lacks the means to provide the long-term economic policies needed to achieve balanced economic growth and development. In my view, it's time we dealt with this deficiency. It's time the federal government seriously considered the possibility of doing some kind of economic planning.

There are several reasons why we need to give serious thought to moving toward economic planning.

In the first place, the size and influence of the federal government on the economy is enormous, and it must be carefully managed.

How the government spends, when it spends, and how it finances this spending, all have a direct effect on the structure and pattern of national economic growth.

At the same time, the U.S. economy has grown larger and much more complicated. Our economy is now more closely linked to the world economy than ever before because of the growing internationalization of production and the explosion in global competition for resources. This has brought new uncertainties, as well as new markets.

The growth and complexity of the American and world economies have created a new economic environment. Yet our government's perception of these changes, and the development of new policies reflecting these changes, has been retarded.

The federal government is surprisingly ignorant about what is actually happening in particular sectors of the economy, the impact of government policies in each sector, and the relationship between the domestic and world economy.

The federal government has also failed to develop any significant long-range forecasting capability to anticipate future problems. This was clearly shown by the gas lines of '74 and unemployment lines of '75.

There is no adequate mechanism for bringing diverse government activities together in a coordinated way. Government activities often work at cross purposes, such as when the Agriculture Department maintained export subsidies while food shortages were developing in the United States.

To correct these deficiencies, I believe we need to consider seriously establishing an Office of National Economic Planning to focus on the long-run economic problems of the nation. Such an office would oversee the implementation of economic planning within the Executive Branch. It could be one of our most influential institutions in the formulation and execution of economic policy.

Every two years the Office could be required to prepare a six-year economic plan and submit it to the Planning Council for modification and approval. The Council, composed of top Administration officials, would provide for full coordination and debate on the national plan within the Executive Branch. Once approved by the Council, the plan would be transmitted to Congress.

What would be the nature of the plan submitted to Congress?

As I envision it -- and this proposal is only at the "idea stage" right now -- the national economic plan would be a coordination of economic trends, objectives, available resources, and policies over a six-year period.

In the light of long-term trends, objectives would be established with respect to the broad goals of full employment, price stability, the distribution of income, and so forth. At the same time, objectives would be set for specific sectors of the economy, such as food and energy.

The plan would also identify the resources required over the six-year period for achieving the objectives of the plan.

Finally, it would make recommendations on the legislative and Administrative actions necessary to achieve the objectives of the plan.

Congress would, of course, review and debate the plan submitted by the President. The Joint Economic Committee could be required to hold extensive hearings on the plan, receiving testimony from all sectors of the economy.

I would envision a full-scale debate on objectives, resource needs, and economic policies over a six-year period. This would be repeated every two years.

Although the formulation of the plan will be an important task, the use of the plan will determine its success. Living as we do in a democratic society, with a largely free enterprise economy, the planning process must complement these institutions, or it will undoubtedly fail.

Planning must, therefore, be flexible and advisory in nature, not rigid, and certainly not coercive. To be otherwise would be totally incompatible with our national heritage and our basic values.

The principal purpose of such a plan would be to serve as a blueprint of where the economy is headed, how government policies will influence the direction of the economy and the role of each segment of the private sector of the economy.

The plan would not in any way substitute for the action that takes place in the private sector of the economy. It would have no force of law. And, the planning process will not substitute for the millions of private decisions made in the market each day.

Implementation of the plan, in terms of any government actions that are called for, would occur through the normal legislative and executive process. If actions must be taken to ensure that the objectives of the economic plan are fulfilled, this would be done either through Executive orders, the revision of current laws and regulations, or the enactment of new legislation.

Thus, the planning process, as I see it, would simply provide that the federal government become better organized about what it is already doing.

I do not present planning as some panacea that can solve all of our problems. It will not provide a crystal ball for the future. And it will not reconcile conflicting interests within our society.

But planning might very well enable us to approach our problems in a more rational manner. It has the potential to spare us the waste, the frustration, and the human suffering that go hand in hand with an economy that drifts out of control from one crisis to another.

I urge you to join with me in pressing for the adoption of national economic planning measures. I firmly believe we must act now to grasp hold of the helm and bring our "economic ship of state" under control.

It is not enough to barely avoid the jagged reefs of economic crisis that still lie ahead of us. We must take command and steer a definite course toward restoring a strong and growing American economy.

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Don't be foolish!
True Conservation -
Shape up America - America
Beautiful?

Ch
Richard McCabe

Bob Keim Pres Ad
Council

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THE ADVERTISING COUNCIL, INC

WASHINGTON, D.C.

APRIL 23, 1975

John Britton, ^{Cryton}
Got Ad agencies
in 50th largest
cities.

Mr. Britton
Hudman
Kramer
H. Moray

2 yrs Ago asked your help on
youth opportunity Program
John Recreation

I AM PLEASED TO MEET WITH YOU TODAY TO DISCUSS THE
ECONOMIC OUTLOOK FOR OUR NATION AND MY VIEWS ON THE APPROPRIATE
COURSE FOR ECONOMIC POLICY AT THIS TIME,

unusual Period

WE ARE INDEED IN THE MIDST OF ONE OF THE MOST DIFFICULT
AND COMPLEX ECONOMIC PERIODS IN OUR NATION'S HISTORY. BUT I

DO NOT SHARE THE GLOOM OF THOSE WHO HARKEN BACK TO THE IMAGE
OF ECONOMICS AS THE DISMAL SCIENCE.

Inflation + Recession
Rep + Democ
Trillion's - yet high unemployment

I BELIEVE THAT:

-- WE HAVE TAKEN SOME POSITIVE STEPS TO HALT THE RECESSION;

-- WE MUST TAKE ADDITIONAL ACTIONS IMMEDIATELY TO SPEED

RECOVERY; AND

We have Resources, right,
Skilled Labor, Technology, a finance
& credit system - our troubles
are not unique to us.

-- WE SHOULD BEGIN TODAY TO MOVE TOWARD SOME VERY BASIC
REFORMS IN ECONOMIC POLICY THAT WILL MOVE US TOWARD BALANCED
ECONOMIC GROWTH, HIGH EMPLOYMENT, AND ⁺STABLE PRICES IN THE
DECADE AHEAD.

LET ME FOCUS MY REMARKS THIS EVENING ON THREE AREAS:

-- FIRST, THE ECONOMIC OUTLOOK;

-- SECOND, SOME ADDITIONAL ACTIONS THAT SHOULD BE TAKEN NOW
TO ~~BEING ABOUT~~ ^{hasten} ECONOMIC RECOVERY;

-- THIRD, THE NEED FOR NATIONAL ECONOMIC PLANNING.

THE STATISTICS THAT HAVE JUST BEEN RELEASED FOR THE FIRST
QUARTER SHOW A CONTINUATION OF THE DEEP RECESSION THAT BEGAN
IN EARLY 1974. THE PRODUCTION OF OUR ECONOMY PLUMMETTED AT
A 10.4 PERCENT ANNUAL RATE, THE SHARPEST DECLINE IN 29 YEARS.

*Rate of
Black youth
unemployment*

-3-

UNEMPLOYMENT HAS, AS YOU ALL KNOW, FOLLOWED PRODUCTION DOWNWARD.

THERE ARE NOW EIGHT MILLION PEOPLE "OFFICIALLY" UNEMPLOYED,

L Others too - 16.5 million - 11.7%

L CLEARLY, THE NATION IS IN THE WORST ECONOMIC SLUMP SINCE

THE GREAT DEPRESSION.

*- yet we have a Tr economy of
1 1/2 Trillion -*

L THE BIG QUESTION IS, WHERE DO WE GO FROM HERE? ALTHOUGH

WE ARE A LONG WAY FROM RECOVERY, LET ME LIST A FEW HOPEFUL

SIGNS THAT ARE APPEARING ON THE ECONOMIC HORIZON:

Better & tighter mgmt.
L -- BUSINESSMEN CLEARED THEIR SHELVES OF INVENTORIES IN

THE FIRST QUARTER.

L -- CONSUMER SPENDING *has shown* SHOWED FAINT SIGNS OF *renewal* LIFE IN THE

FIRST QUARTER.

-- THE RATE OF INFLATION FOR THE FIRST QUARTER OF THIS

YEAR FELL TO EIGHT PERCENT, COMPARED TO 14 PERCENT FOR THE
PREVIOUS QUARTER.

-- FEDERAL RESERVE EFFORTS TO REVERSE THE RESTRICTIVE
MONETARY POLICY OF THE LAST HALF OF 1974 HAVE BEGUN TO YIELD
RESULTS, WITH THE MONEY SUPPLY IN THE LAST TWO MONTHS
INCREASING AT AN 11 PERCENT ANNUAL RATE.

✓ THESE FACTORS GIVE US SOME HOPE THAT THE RECESSION IS
REACHING BOTTOM, AND THAT WE CAN EXPECT SOME KIND OF
ECONOMIC RECOVERY IN THE SECOND HALF OF THIS YEAR.

✓ BUT, BEFORE ^{we} ~~you~~ ALL THROW ^{our} ~~your~~ HATS IN THE AIR, LET ME
SAY THAT THERE ARE NO SIGNS THAT THE ECONOMIC RECOVERY WILL
BE STRONG, SUSTAINED, AND ADEQUATE TO REDUCE OUR DANGEROUSLY
HIGH LEVEL OF UNEMPLOYMENT.

*Each Recession leaves us with
higher level of unemployment!*

FOR SEVERAL REASONS, I AM AFRAID THE RECOVERY FACES SOME
MAJOR OBSTACLES.

1 FIRST, IT TAKES A GREAT DEAL TO TURN A \$1.5 TRILLION
ECONOMY AROUND. EVEN IF THE ECONOMY GREW AT AN EIGHT PERCENT
RATE FOR THE NEXT FOUR YEARS, IT WOULD TAKE UNTIL 1979 FOR
THE ECONOMY TO RETURN TO EVEN A 4% RATE OF UNEMPLOYMENT.

2 SECOND, UNEMPLOYMENT CAN BE EXPECTED TO CONTINUE TO RISE
TO BETWEEN NINE ~~AND TEN~~ ^{or more} PERCENT, EVEN AFTER MODEST ECONOMIC
RECOVERY BEGINS.

3 THIRD, STATE AND LOCAL GOVERNMENTS, SUFFERING FROM RISING
COSTS AND FALLING REVENUES, COULD FURTHER AGGRAVATE THE
RECESSION BY LAYING OFF GOVERNMENT EMPLOYEES, REDUCING
EXPENDITURES, AND RAISING TAXES.

unemployment may not affect everyone
directly, but its impact ~~is~~ pervasive
(like Vietnam)

FOURTH, THE FEAR OF UNEMPLOYMENT COULD CONTINUE TO DAMPEN
CONSUMER CONFIDENCE.

L THESE AND OTHER FACTORS STAND IN THE WAY OF A FULL
ECONOMIC RECOVERY. ⑥

L THERE ARE ADDITIONAL GOVERNMENT ACTIONS THAT, I BELIEVE,
MUST BE TAKEN NOW, IF WE ARE TO RESTORE ECONOMIC GROWTH AND
REDUCE UNEMPLOYMENT AT AN ACCEPTABLE PACE.

L FIRST, WE MUST INVEST MORE IN JOB CREATING ACTIVITIES
THAT WILL DIRECTLY REDUCE THE UNEMPLOYMENT RATE. WHILE I
PREFER PRIVATE SECTOR JOBS AND BELIEVE NEW WAYS FOR PROVIDING
THESE MUST BE FOUND, THE OPTIONS TODAY ARE PUBLIC JOBS OR
IDLENESS. GIVEN THIS CHOICE, I'LL TAKE PUBLIC JOBS EVERY TIME.

h I, THEREFORE, SUPPORT AN EXPANSION OF PUBLIC SERVICE
JOBS THROUGH A FEDERALLY ADMINISTERED PROGRAM. THIS PROGRAM
SHOULD BE DESIGNED TO PROVIDE ABOUT 500,000 JOBS AT EIGHT
PERCENT UNEMPLOYMENT, AND AN ADDITIONAL 500,000 JOBS FOR EACH
PERCENTAGE POINT BY WHICH THE UNEMPLOYMENT RATE EXCEEDS EIGHT
PERCENT.

h SECOND, THE FEDERAL RESERVE MUST CONTINUE ITS EXPANSION
OF THE MONEY SUPPLY TO ACHIEVE AN ANNUAL RATE OF INCREASE OF
EIGHT TO TEN PERCENT IN THE FIRST HALF OF 1975. THIS IS
NECESSARY TO STIMULATE ECONOMIC GROWTH DIRECTLY AND TO
ACCOMMODATE THE HEAVY DEFICIT FINANCING THAT WE WILL FACE
THIS YEAR, REGARDLESS OF FEDERAL SPENDING DECISIONS.

(Deficit financing - & yet Deficit costs
Indebtedness, Revenues)

Housing Policy
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THIRD, CONGRESS AND THE ADMINISTRATION SHOULD INCREASE

ECONOMIC ASSISTANCE FOR HOUSING, WHICH REMAINS IN AN ECONOMIC

DEPRESSION. Lower interest Rates, for - but if not -
THE PRINCIPAL WAY TO DO THIS IS THROUGH A MORTGAGE

SUBSIDY PROGRAM TO REDUCE INTEREST RATE COSTS TO A MAXIMUM

LEVEL OF 6 PERCENT FOR LOWER AND MIDDLE-INCOME FAMILIES.

FINALLY, ANTI-RECESSION GRANTS SHOULD BE PROVIDED TO
STATE AND LOCAL GOVERNMENTS. WITH HIGH UNEMPLOYMENT, STATE AND

LOCAL SPENDING IS GROWING, WHILE RECEIPTS ARE DECLINING. IF

THEY ARE FORCED TO RAISE TAXES NOW, THIS WILL SERIOUSLY

REDUCE THE IMPACT OF THE CUT IN FEDERAL TAXES.

you cant have Fed Govt
cutting + providing jobs
& have state Govt raising taxes
+ laying off people!

2 WHILE I BELIEVE THESE SHORT-RUN STEPS ARE ESSENTIAL TO
SPUR RECOVERY AND REDUCE UNEMPLOYMENT, THEY ARE NOT, IN
THEMSELVES, ADEQUATE TO RESTORE OUR ECONOMY TO BALANCED LONG-
RUN ECONOMIC GROWTH.

2 WE HAVE ENTERED A NEW ERA IN WHICH THE ECONOMIC THEORIES
THAT HAVE SERVED TO GUIDE POLICY IN THE PAST ^{may} ~~ARE~~ NO LONGER ^{be}
ADEQUATE.

2 KEYNESIAN ECONOMICS, ~~YOU WILL RECALL~~, WAS DESIGNED TO
^{but}
HALT DEPRESSION AND UNEMPLOYMENT. TODAY, WE HAVE UNEMPLOYMENT
AND INFLATION -- WE HAVE THE CRISIS OF "STAGFLATION."

I'm afraid Keynes never
envisaged this strange
Economic malady--

in Munich
IN A DEPRESSION, THE SOLE OBJECTIVE IS TO REDUCE UNEMPLOY-
MENT. BUT TODAY, WE MUST REDUCE UNEMPLOYMENT AND RESTORE
ECONOMIC GROWTH *and* IN A WAY THAT WILL NOT PUSH INFLATION BACK
INTO THE STRATOSPHERE. (*no easy task*)

TO MEET THIS NEW, MORE COMPLICATED CHALLENGE, I BELIEVE
So it seems quite evident
THAT TWO ESSENTIAL STEPS MUST BE TAKEN.

That
FIRST, WE MUST FREE OURSELVES FROM THE ECONOMIC DOGMAS
OF THE PAST. WE MUST DEVELOP NEW ECONOMIC THEORIES AND IDEAS
FOR NEW CONDITIONS. WE MUST UNDERSTAND MORE COMPLETELY, FOR
EXAMPLE, HOW FOOD AND ENERGY MARKETS OPERATE, HOW THEY RELATE
TO CREDIT AND FISCAL POLICY AND INTERNATIONAL TRADE FLOWS.

*We must also begin to realize that
commodity prices - long low in
cost - may be considerably higher
+ scarce!*

Also,
SECOND, WE MUST REEXAMINE OUR PUBLIC AND PRIVATE ECONOMIC
INSTITUTIONS TO ENSURE THAT THEY ENCOURAGE BALANCED ECONOMIC
GROWTH. MANY OF TODAY'S ECONOMIC PROBLEMS, I AM AFRAID, ARE
THE RESULT OF INSTITUTIONS THAT ARE EITHER NO LONGER ACCOUNTABLE,
OR ARE SUFFERING FROM OLD-AGE HARDENING OF THE ARTERIES.

L I BELIEVE, FOR EXAMPLE, THAT THE NATION LACKS THE MEANS
TO PROVIDE THE LONG-TERM ECONOMIC POLICIES NEEDED TO ACHIEVE
BALANCED ECONOMIC GROWTH AND DEVELOPMENT. *L* IN MY VIEW, IT'S
TIME WE DEALT WITH THIS DEFICIENCY. *L* IT'S TIME THE FEDERAL
GOVERNMENT SERIOUSLY CONSIDERED THE POSSIBILITY OF DOING SOME
KIND OF ECONOMIC PLANNING.

THERE ARE SEVERAL REASONS WHY WE NEED TO GIVE SERIOUS
THOUGHT TO MOVING TOWARD ECONOMIC PLANNING.

L IN THE FIRST PLACE, THE SIZE AND INFLUENCE OF THE
FEDERAL GOVERNMENT ON THE ECONOMY IS ENORMOUS, AND IT MUST
BE CAREFULLY MANAGED.

L HOW THE GOVERNMENT SPENDS, WHEN IT SPENDS, AND HOW IT
FINANCES THIS SPENDING, ALL HAVE A DIRECT EFFECT ON THE STRUCTURE
AND PATTERN OF NATIONAL ECONOMIC GROWTH. (JEC)

L AT THE SAME TIME, THE U.S. ECONOMY HAS GROWN LARGER AND
MUCH MORE COMPLICATED. OUR ECONOMY IS NOW MORE CLOSELY LINKED
TO THE WORLD ECONOMY THAN EVER BEFORE BECAUSE OF THE GROWING
INTERNATIONALIZATION OF PRODUCTION AND THE EXPLOSION IN GLOBAL
COMPETITION FOR RESOURCES. THIS HAS BROUGHT NEW UNCERTAINTIES,
AS WELL AS NEW MARKETS. (access to Supply)

International Monetary Policy
multinational Cooperation
International Carrels
Non-tariff Trade Barriers

2 THE GROWTH AND COMPLEXITY OF THE AMERICAN AND WORLD

ECONOMIES HAVE CREATED A NEW ECONOMIC ENVIRONMENT ^{YET OUR}

GOVERNMENT'S PERCEPTION OF THESE CHANGES, AND THE DEVELOPMENT

OF NEW POLICIES REFLECTING THESE CHANGES, HAS BEEN ~~RETAINED~~ ^{slowly increasing}

and THE FEDERAL GOVERNMENT IS SURPRISINGLY ^{insensitive} ~~IGNORANT~~ ABOUT

WHAT IS ACTUALLY HAPPENING IN PARTICULAR SECTORS OF ^{our}

^{own} ECONOMY, ^{including} THE IMPACT OF GOVERNMENT POLICIES ^{on} EACH SECTOR,

AND THE RELATIONSHIP BETWEEN THE DOMESTIC AND WORLD ECONOMY.

Then to

~~that~~ THE FEDERAL GOVERNMENT HAS ALSO FAILED TO DEVELOP ANY

SIGNIFICANT LONG-RANGE FORECASTING CAPABILITY TO ANTICIPATE

FUTURE PROBLEMS | THIS WAS CLEARLY SHOWN BY THE GAS LINES OF

'74 AND UNEMPLOYMENT LINES OF '75.

Food Policies
These limitations apply to both the Exec + Legial

Committee Structure of Congress

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1 THERE IS NO ADEQUATE MECHANISM FOR BRINGING DIVERSE
GOVERNMENT ACTIVITIES TOGETHER IN A COORDINATED WAY.

2 GOVERNMENT ACTIVITIES OFTEN WORK AT CROSS PURPOSES, SUCH AS
WHEN THE AGRICULTURE DEPARTMENT MAINTAINED EXPORT SUBSIDIES
WHILE FOOD SHORTAGES WERE DEVELOPING IN THE ~~UNITED STATES~~ ^{world}

3 TO CORRECT THESE DEFICIENCIES, I BELIEVE WE NEED TO
CONSIDER SERIOUSLY, ESTABLISHING AN OFFICE OF NATIONAL ECONOMIC

PLANNING TO FOCUS ON THE LONG-RUN ECONOMIC PROBLEMS OF THE

National Growth & Development
NATION. SUCH AN OFFICE WOULD OVERSEE THE IMPLEMENTATION OF

ECONOMIC PLANNING WITHIN THE EXECUTIVE BRANCH. IT COULD BE

ONE OF OUR MOST INFLUENTIAL INSTITUTIONS IN THE FORMULATION

AND EXECUTION OF ECONOMIC POLICY.

Coordinating Council of Economic Advisors
O M B

Then a
Congressional
Joint Committee
on
National Growth & Development

National Growth + Development to be tied into State & Regional Development

EVERY TWO YEARS THE OFFICE COULD BE REQUIRED TO PREPARE
A SIX-YEAR ECONOMIC PLAN AND SUBMIT IT TO THE PLANNING
COUNCIL FOR MODIFICATION AND APPROVAL. THE COUNCIL, COMPOSED
OF TOP ADMINISTRATION OFFICIALS, WOULD PROVIDE FOR FULL
COORDINATION AND DEBATE ON THE NATIONAL PLAN WITHIN THE
EXECUTIVE BRANCH. ONCE APPROVED BY THE COUNCIL, THE PLAN
WOULD BE TRANSMITTED TO CONGRESS.

WHAT WOULD BE THE NATURE OF THE PLAN SUBMITTED TO CONGRESS?

AS I ENVISION IT -- AND THIS PROPOSAL IS ONLY AT THE
"IDEA STAGE" RIGHT NOW -- THE NATIONAL ECONOMIC PLAN WOULD BE
A COORDINATION OF ECONOMIC TRENDS, OBJECTIVES, AVAILABLE
RESOURCES, AND POLICIES OVER A SIX-YEAR PERIOD.

IN THE LIGHT OF LONG-TERM TRENDS, OBJECTIVES WOULD BE ESTABLISHED WITH RESPECT TO THE BROAD GOALS OF FULL EMPLOYMENT, PRICE STABILITY, THE DISTRIBUTION OF INCOME, AND SO FORTH. AT THE SAME TIME, OBJECTIVES WOULD BE SET FOR SPECIFIC SECTORS OF THE ECONOMY, SUCH AS FOOD AND ENERGY.

THE PLAN WOULD ALSO IDENTIFY THE RESOURCES REQUIRED OVER THE SIX-YEAR PERIOD FOR ACHIEVING THE OBJECTIVES OF THE PLAN.

FINALLY, IT WOULD MAKE RECOMMENDATIONS ON THE LEGISLATIVE AND ADMINISTRATIVE ACTIONS NECESSARY TO ACHIEVE THE OBJECTIVES OF THE PLAN.

CONGRESS WOULD, OF COURSE, REVIEW AND DEBATE THE PLANS, *forecasts,*
and proposals
SUBMITTED BY THE PRESIDENT, THE JOINT ECONOMIC COMMITTEE

COULD BE REQUIRED TO HOLD EXTENSIVE HEARINGS ON THE PLANS, *forecasts*
+ proposals
RECEIVING TESTIMONY FROM ALL SECTORS OF THE ECONOMY.

I WOULD ENVISION A FULL-SCALE DEBATE ON OBJECTIVES,
RESOURCE NEEDS, AND ECONOMIC POLICIES OVER A SIX-YEAR
PERIOD. THIS WOULD BE REPEATED EVERY TWO YEARS.

ALTHOUGH THE FORMULATION OF THE PLAN WILL BE AN IMPORTANT
TASK, THE USE OF THE PLAN WILL DETERMINE ITS SUCCESS. LIVING

AS WE DO IN A DEMOCRATIC SOCIETY, WITH A LARGELY FREE ENTER-
PRISE ECONOMY, THE PLANNING PROCESS MUST COMPLEMENT THESE
INSTITUTIONS, OR IT WILL UNDOUBTEDLY FAIL.

L PLANNING MUST, ~~therefore~~, BE FLEXIBLE AND ADVISORY IN NATURE, NOT RIGID, AND CERTAINLY NOT COERCIVE. To BE OTHERWISE WOULD BE TOTALLY INCOMPATIBLE WITH OUR NATIONAL HERITAGE AND OUR BASIC VALUES.

L THE PRINCIPAL PURPOSE OF SUCH ~~a plan~~ ^{a planning} WOULD BE TO SERVE ^{as guide as to} ~~AS BLUEPRINT~~ OF WHERE THE ECONOMY IS HEADED, HOW GOVERNMENT POLICIES WILL INFLUENCE THE DIRECTION OF THE ECONOMY, AND THE ROLE OF EACH SEGMENT OF THE PRIVATE SECTOR OF THE ECONOMY.

L THE PLAN WOULD NOT IN ANY WAY SUBSTITUTE FOR THE ACTION THAT TAKES PLACE IN THE PRIVATE SECTOR OF THE ECONOMY. IT WOULD HAVE NO FORCE OF LAW.

✓ Capital accumulation - Estimates
✓ + How - taxes etc
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AND, THE PLANNING PROCESS WILL NOT SUBSTITUTE FOR THE MILLIONS OF PRIVATE DECISIONS MADE IN THE MARKET EACH DAY.

IMPLEMENTATION OF THE PLAN, IN TERMS OF ANY GOVERNMENT ACTIONS THAT ARE CALLED FOR, WOULD OCCUR THROUGH THE NORMAL LEGISLATIVE AND EXECUTIVE PROCESS. IF ACTIONS MUST BE TAKEN TO ENSURE THAT THE OBJECTIVES OF THE ECONOMIC PLAN ARE FULFILLED, THIS WOULD BE DONE EITHER THROUGH EXECUTIVE ORDERS, THE REVISION OF CURRENT LAWS AND REGULATIONS, OR THE ENACTMENT OF NEW LEGISLATION.

THUS, THE PLANNING PROCESS, AS I SEE IT, WOULD SIMPLY PROVIDE THAT THE FEDERAL GOVERNMENT BECOME BETTER ORGANIZED

ABOUT WHAT IT IS ALREADY DOING

and more precisely
define its relationship not only with
the private economy, but with State &
Local Governments.

I DO NOT PRESENT PLANNING AS SOME PANACEA THAT CAN SOLVE
ALL OF OUR PROBLEMS. IT WILL NOT PROVIDE A CRYSTAL BALL FOR
THE FUTURE, AND IT WILL NOT RECONCILE CONFLICTING INTERESTS
WITHIN OUR SOCIETY.

BUT PLANNING MIGHT VERY WELL ENABLE US TO APPROACH OUR
PROBLEMS IN A MORE RATIONAL MANNER. IT HAS THE POTENTIAL TO
SPARE US THE WASTE, THE FRUSTRATION, AND THE HUMAN SUFFERING
THAT GO HAND IN HAND WITH AN ECONOMY THAT DRIFTS OUT OF CONTROL
FROM ONE CRISIS TO ANOTHER.

I URGE YOU TO JOIN WITH ME IN PRESSING FOR THE ADOPTION
OF NATIONAL ECONOMIC PLANNING MEASURES.

I FIRMLY BELIEVE WE MUST ACT NOW TO GRASP HOLD OF THE HELM
AND BRING OUR "ECONOMIC SHIP OF STATE" UNDER CONTROL.

IT IS NOT ENOUGH TO BARELY AVOID THE JAGGED REEFS OF
ECONOMIC CRISIS THAT STILL LIE AHEAD OF US. WE MUST TAKE
COMMAND AND STEER A DEFINITE COURSE TOWARD RESTORING A STRONG
AND GROWING AMERICAN ECONOMY.

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Minnesota Historical Society

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