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I speak with you today as the elected leader of the majority of the U.S. Senate and with the concurrence of the majority leadership of the House of Representatives. In recent days, you have heard from the President on the state of the Nation's economy. It is on the same matter that I ask you at this time today.

These words are not about the economic situation as such, but about the Nation's economy: inflation, unemployment, and war. Whether the term is used for the economic facts, the recent news is clear.

I should like you to consider this: the economy is directed at correcting the discouraging economic trends which started under previous administrations. To be sure, the Congress has not concurred completely in the President's approach to them. Nor has the President realized all of the actions the Congress. That is neither unprecedented nor undesirable. Each branch has its separate responsibilities even as each branch shares in a common obligation to the people of the Nation. When there are differences, insofar as the majority leadership is concerned, it will not waste time in political recrimination. It will commit itself, instead, on doing what can be done in the Congress.

In my judgment, much of what can readily be initiated by Congress to improve the economic situation has been forthcoming. Congress has required no prompting from any quarter, for example, to make cuts in the administration's budget as a counter to inflation. Overall spending for this fiscal year was reduced by $6.4 billion. To repeat: Congress did not increase the administration's budget for this fiscal year.

Acting on its own, Congress passed a selective credit control law last December. This law gives the administration authority which can be used to bring down home mortgage costs. I do not know why that authority has not been used by the administration; nor do I know, if the legislation is unsatisfactory, why a legislative alternative to reduce mortgage rates has not been requested by the administration.

Acting on its own, Congress last year passed a general Tax Reform and Reduction Act. Tax loopholes of $6.6 billion were closed. These savings were converted to lower taxes for all Americans. Millions of persons on low and fixed incomes will get the principal benefit of these changes, which will begin to take effect in the months immediately ahead. This initiative was, first, ridiculed as impossible to achieve, then, enactment was resisted. Now the Tax Reform and Reduction Act is embraced. The fact is that its benefits will be easier to accomplish as they begin to flow to persons dependent on moderate salaries or other fixed incomes.

Congress can cooperate with the administration in dealing with the problems of the economy. We have done so and we will continue to do so. We can provide the President with specific authority to take action. We have done so and we will continue to do so.

We can support the President if he wishes to use the persuasion of the Presidency, for example, as a means of discouraging excessive price and wage increases. That persuasive power has yet to be tried. It is not clear why it has not been tried. Its effectiveness was demonstrated in 1962 when prices were rolled back in a basic industry by the determined efforts of the President at that time. As a result, other industries held the price line, the economy made solid and dynamic progress. By contrast, without Presidential intervention, prices in that same basic industry have been raised four times already this year—and the year is only half over. Other industries

THE NATION'S ECONOMY AND THE CONGRESS

Mr. MANSFIELD. I should like to repeat in the Senate a statement I made at noon today over the NBC television network.

It is unusual for a Member of Congress to report in this fashion to the people of the Nation. I do so because the circumstances are unusual and so, too, are the times. The matters to which your attention is directed affect every American. They hang over every deliberation of the Congress.

The Congress, I might say, was established by the very first article of the Constitution. Along with the executive and the judiciary, it is a coequal branch of the Government of the United States. Your Representatives in Congress—Members of the House of Representatives and of the Senate—are there to do a job for you. In the main, it consists of writing the laws. You have a right to know how that job is being done.
follow suit. The dollar loses value both at home and abroad. Millions of Americans are caught in a vise of higher prices and declining incomes.

Congress has already given more authority to the President than he wishes, apparently, to use against the rise in prices. That is his option. I do not criticize his decision. But the record should be forthcoming from the administration to end the inflation and to check the slide into a deepening recession. We need concrete proposals for today. We can hardly act on either the administration's rejection of what was done yesterday or on the administration's assurances of what will emerge tomorrow.

Late Wednesday, President Nixon announced the formation of a National Commission on Productivity. It is a welcomed initiative. The commission will gather the information on the basis of which wage and price changes can be measured—guidelines for control of inflation. The concept of guidelines, however, may still have its advocates. Moreover, at what point will the commission's recommendations be acted on? If it is not, then for what purpose will the Commission function? What is the value of a commission in control of inflation if its work is subject to use as a yardstick to persuade all who require persuasion to stay within established limits?

Congress can do very well to call the attention of particular business and labor leaders the consequences of excessive price and wage increases. But the Congress can and, I am confident, will support the President should he decide to do so.

Congress cannot itself draw up and administer a set of guidelines for reasonable and proportionate wage and price increases. The top priority of the administration is national security. To be sure, we are strong, militarily, and we use by far the greatest share of the taxpayers' resources to maintain our National Defense Establishment which provides that strength. But while the security of a nation depends on a sophistication of arms, it depends, too, on the inner stability and unity of the nation.

M thing the President can do to balance the coalitio is to persuade all who require persuasion to stay within established limits.

Nations may be attacked from within. They may also crumble from within. For 5 or 6 years we have fought a great emphasis on protecting the Nation from the inhabitants of Vietnam, Laos, and now Cambodia. In the meantime, what of the attack on the inhabitants of our cities and their surrounding suburbs? What of the growing pollution of the environment? What of the mounting array of domestic difficulties? Crime? Transportation? Housing? Education? Water pollution? Power shortages? Educational needs? Racial tensions? Health? Have any of these difficulties yet been brought under reasonably secure control? Will they stand still, awaiting some undefined solution to the war in Vietnam when, presumably, sufficient resources will be released to permit them to deal with without inflation? Will they remain quiescent, to the end that the United States may first be enclosed in a web of antiballistic missiles at a cost of billions of dollars which we may not act to protect us from a missile attack which may or may not come before the system is in operation.

Every dollar spent by Government whether for Vietnam or for weapons or whatever comes from you, the taxpayer. For every man, woman, and child in the United States, Congress is now receiving requests about $1,000 in spending. How and where each $1,000 is spent, sets the Nation's priorities.

For the coming year, of each $1,000:

About $7 is requested for health and mental health research;
About $7.50 for elementary and secondary education;
About $5 for urban renewal for our cities;
About $4.50 for air and water pollution;
About $1.40 for vocational education;
About $0.50 for education for the handicapped.

Consider that just the cost overrun—what was actually paid above what was quoted to the Congress as the initial price tag—for a single airplane—the C-5A cargo plane—has cost each American $10. Consider as well that it costs every American today $70 a year to back and maintain in Europe the several hundred thousand U.S. forces and their dependents who are still there—25 years after World War II.

These illustrative examples clearly demonstrate where the emphasis in Federal spending has been placed for many years. For too long, we have pursued the Nation's security all over the globe. For too long, we have forgotten that national security begins at home. It has taken the tragic war in Indochina to show us that our resources are not unlimited. Our armed forces, not endless nation and recession are a part of the price of this overdue insight.

As I have noted, Congress has begun to deal with the realities of our limited resources by reducing Federal spending by $6.4 billion. I must say, also, that the President reduced expenditures by $3 billion and I commend him. By far, the greatest share of the congressional cuts was taken for defense spending and the foreign aid program. Foreign aid alone was cut by $1 billion. Of the $32 saved for each American, Congress attempts to reallocate $5 to pressing needs in health, education, and the protection of the environment.

In this has been labeled in some quarters as inflationary and irresponsible. Let the most be made of the labels. For those reallocations, there will be no argument from the congressional leadership. Nor will the Congress be deterred from trying to meet essential domestic needs of this kind by charges of isolation or neo-isolationism. There is not a Member of the Senate who believes this Nation can turn away from the international problems of peace without devoting our resources to some effective solutions.

Throughout the past 5 years—well over 50,000 American lives has been lost, a total of 331,000 casualties overall, and well over $100 billion in resources and lives.

The congressional majority seeks to cooperate with the President in an effort to readjust the Nation's budgetary priorities in terms of today's needs. It must be stated in all frankness that there are still differences to be reconciled if that cooperation is to be possible. It is difficult, for example, to understand how a congressional effort to divert
about $1 billion of the $6.4 billion savings in the budget to pollution control, education, health, and welfare is struck down by a veto as inflationary but at the same time the Senate is urged not to foreclose a future expansion of military and foreign aid spending in Cambodia.

When you consider, moreover, that $2.50 a person was all that was allocated by the administration during this past year to combat rising crime—one wonders whether it is rhetoric or results that count.

The Senate has passed all but two of the major 13 administration crime proposals. In addition, Congress has originated and passed seven additional anti-crime laws which have been endorsed by the administration. Even the enactment of these laws will be insufficient, however, if we do not devote greater resources to the causes of crime, to reform of penal institutions, and to providing assistance to enforcement officials. Two dollars and fifty cents per person for crime control is simply not enough.

These issues which I have been discussing are of the utmost seriousness. Every American is affected directly or indirectly by an economy in distress and the war from which, to a great extent, the difficulties are derived. Every American has a stake in the way the Government makes broad commitments of national resources abroad and at home.

It was for this reason that I was asked by colleagues in the Senate and the majority leadership of the House of Representatives to address you this afternoon.

We hold the view that the economic problems of this Nation will not disappear at a date uncertain in the future; if only they are left alone by Government, especially in the light of our continuing involvement in the war in Indochina.

We do not accept the view that a little unemployment is good for the Nation any more than we can believe that a lot of inflation is good for the Nation.

Within these premises, the majority in the Congress will give the most respectful consideration to whatever the President may propose to halt the inflation and high interest rates, to reduce unemployment, and terminate our involvement in Vietnam. To that end, the President has had the cooperation of the Congress in the past. He has it now. He will have it in the future. He has it in good conscience—without ifs, ands, or buts.

The Republic deserves no less.
June 24, 1970

STATEMENT OF SENATOR MIKE MANSFIELD (D., MONTANA)

THE NATION'S ECONOMY AND THE CONGRESS

Ladies and Gentlemen:

It is unusual for a Member of Congress to report in this fashion to the people of the nation. I do so because the circumstances are unusual and so, too, are the times. The matters to which your attention is directed affect every American. They hang over every deliberation of the Congress.

The Congress, I might say, was established by the very First Article of the Constitution. Along with the Executive and the Judiciary, it is a co-equal branch of the government of the United States. Your representatives in Congress—Members of the House of Representatives and of the Senate—are there to do a job for you. In the main, it consists of writing the laws. You have a right to know how that job is being done.

I speak with you today as the elected leader of the Majority of the United States Senate and with the concurrence of the Majority Leadership of the House of Representatives. In recent days, you have heard from the President on the state of the nation's economy. It is on the same matter that I ask your attention.
Three words say a great deal about the nation's economy: inflation, unemployment, and war. Whether the term is used or not, these words spell recession. That is today's fact. It is not a political fact. It is an economic fact. References to the mistakes of the past cannot paper over it. The rhetoric of a radiant tomorrow does not alter it. To be sure, much of what transpires now began in an earlier time. We may regret it but we cannot undo it. To be sure, the basic strength of the American economy promises a great deal. But that is for the future. What of today? What of the now?

Inflation is still with us; it is still rising. Three years ago prices were up by 3%; two years ago by 4.6%. Last year they rose 6.1%. In recent months the increase has been at a rate of 6.3%. Interest rates have climbed to highs not seen in over 100 years. Today it costs a builder 10% to 11% in borrowing costs to finance the construction of a home. To finance its purchase, home buyers put up another 9% or more in interest charges. Even at those inflated rates, mortgages are often impossible to obtain.
Five years ago the typical monthly payment on a $20,000 house was $115.00. To buy the same house today takes an outlay of $205.00 a month. Inflated costs and higher interest rates represent the difference. Recently the Administration's Secretary of Housing and Urban Development put it bluntly: he said that 80% of the American people cannot afford to buy a new home.

Unemployment climbs steadily, from 3½% a year ago to 5% last month. There are over 1 million more people out of work now than there were last year. In farming, there are a quarter of a million fewer people employed. The price the farmer is paid for his crops has actually declined since 1968 but his costs have increased by 10%. The take-home pay of factory workers has fallen. Corporate profits are $10 billion lower than they were a year ago. Stock prices have slumped.

Homebuilding was at the low rate of 1.5 million new units a year ago. It has slipped still further to 1.2 million. That is less than half the 2½ million new homes needed each year to keep up with the growth of new families. It is less than half of what this nation set as its housing goal to replace substandard housing two years ago.
In short, the things which should be going up—home building, take-home pay, and real economic growth—are coming down. At the same time, the things that should be coming down—such as interest rates, the cost of living, and unemployment—are going up.

Congress shares the responsibility for correcting these discouraging economic trends. To be sure, the Congress has not concurred completely in the President’s approach to them. Nor has the President responded to all of the actions of the Congress. That is neither unprecedented nor undesirable. Each branch has its separate responsibilities even as each branch shares in a common obligation to the people of the nation. When there are differences, insofar as the Majority Leadership is concerned, it will not waste time in political recriminations. It will concentrate, instead, on doing what can be done in the Congress.

In my judgment, much of what can readily be initiated by Congress to improve the economic situation has been forthcoming. Congress has required no prompting from any quarter, for example, to make cuts in the Administration’s budget as a counter to inflation. Overall spending
for this fiscal year was reduced by $6.4 billion. To repeat: Congress did not increase the Administration's budgetary requests; Congress made a $6.4 billion reduction.

Acting on its own, Congress passed a selective credit control law last December. The law gives the Administration authority which can be used to bring down home mortgage costs. I do not know why that authority has not been used by the Administration. Nor, do I know, if the legislation is unsatisfactory, why a legislative alternative to reduce mortgage rates has not been requested by the Administration.

Acting on its own, Congress last year passed a general Tax Reform and Reduction Act. Tax loopholes of $6.6 billion were closed. These savings were converted into lower taxes for all Americans. Millions of persons on low and fixed incomes will get the principal benefit of these changes, which will begin to take effect in the months immediately ahead.

This initiative was, first, ridiculed as impossible to achieve. Then, enactment was resisted. Now the Tax Reform and Reduction is embraced. The fact is that its benefits will be no laughing matter as they begin to flow to persons dependent on moderate salaries or other fixed incomes.
Congress can cooperate with the Administration in dealing with
the problems of economy. We have done so and we will continue to do so.

We can provide the President with specific authority to take action. We
have done so and we will continue to do so.

We can support the President if he wishes to use the persuasion
of the Presidency, for example, as a means of discouraging excessive price
and wage increases. That persuasive power has yet to be tried. It is not
clear why it has not been tried. Its effectiveness was demonstrated in
1962 when prices were rolled back in a basic industry by the determined
efforts of the President at that time. As a result, other industries held
the price line, the economy avoided inflation and experienced a sound and
dynamic growth. By contrast, without Presidential intervention, prices in
that same basic industry have been raised four times already this year--
and the year is only half over. Other industries follow suit. The dollar
loses value both at home and abroad. Millions of Americans are caught in
a vise of higher prices and declining incomes.
Congress has already given more authority to the President than he wishes, apparently, to use against the rise in prices. That is his option. I do not criticize his decisions. But the record should be clear. Congress has been ready and stands ready to cooperate with the President. We are prepared to move on any proposals which may be forthcoming from the Administration to end the inflation and to check the slide into a deepening recession. We need concrete proposals for today. We can hardly act on either the Administration's rejection of what was done yesterday or on the Administration's assurances of what will emerge tomorrow.

Last Wednesday, President Nixon announced the formation of a National Commission on Productivity. It is a welcomed initiative. The Commission will gather the information on the basis of which wage and price changes can be measured—guidelines for control of inflation. The concept of guidelines, however, has not yet been accepted by the Administration. If it is not, then for what purpose will the Commission function? What is the value of a Commission in controlling inflation if its work is not subject to use as a yardstick to persuade all who require persuasion to stay within established limits?
Congress cannot very well call to the attention of particular business and labor leaders the consequences of excessive price and wage increases. But the Congress can and, I am confident, will support the President should he decide to do so.

Congress cannot itself draw up and administer a set of guidelines for reasonable wage and price behavior on the part of industry and labor. But Congress can and, I am confident, will support the President if he chooses to do so.

In short, Congress can and, I am confident, will support initiatives of the Administration which are designed to reverse the whole psychology of inflation.

For its part, Congress, as I have noted, cut $6.4 billion from the Administration's budgetary requests last year. Further cuts below the President's spending requests are to be anticipated this year.

For its part, Congress is attempting to assist the housing industry. The Senate began work last February on the Emergency Home Finance Act, a measure conceived by Congressman Patman and Senator Sparkman which
now has the support of the President. It has passed the Senate unanimously.

The House has scheduled action on the measure tomorrow.

Congress will provide funds for expanded manpower training programs to equip the unemployed and the disadvantaged for jobs. The President has requested it. It will be forthcoming.

The Congress will enact improved unemployment compensation, as the President has requested. Indeed, both Houses of Congress have already acted, and final passage of this authority awaits only the formal approval of details to be worked out between the two Houses.

The willingness of the Congress to work with the President downward reaches beyond efforts to stop the drift in the economy. The fact is that the economic uncertainty today is only a reflection of a deeper concern.

The root of our economic difficulties lies in the distorted use of the nation's resources. We are casting vast quantities of these resources, for example, into the continuing war in Southeast Asia--the estimates are over $26 billion a year, not to speak of the tragic loss of young lives.
We are using our resources at a reckless rate and with dubious wisdom in other places and in other ways.

Government spending, to put it bluntly, is seriously out of date. It is not how much is being spent. It is how it is being spent. Priorities are still determined largely by yesterday's fears and fallacies. They scarcely meet today's urgencies. They only begin to perceive tomorrow's needs.

If there is an overriding imperative, it is to readjust these national priorities--these allocations of government expenditures. It will take a great and painful effort to make the changes. Yet, they must be made, if this nation is to have a strong economy, a healthy people and a livable environment. It is a matter of emphasis.

How we choose has much to do with what we conceive to be threats against the national security. To be sure, we are strong, militarily, and we use by far the greatest share of the taxpayers resources to maintain the Defense establishment which provides that strength. But while the security
of a nation depends on a sophistication of arms, it depends, too, on the inner stability and unity of the nation.

Nations may be attacked from without. They may also crumble from within. For five years, we have put great emphasis on protecting the nation from the inhabitants of Viet Nam, Laos and now Cambodia. In the meantime, what of the attacks on the very livability of our cities and their surrounding suburbs? What of the growing pollution of the environment? What of the mounting array of domestic difficulties? Crime? Transportation? Railroads? Drug addiction? Power shortages? Educational needs? Racial tensions? Have any of these difficulties yet been brought under reasonably secure control? Will they stand still, awaiting some undefined solution to the war in Viet Nam when, presumably, sufficient resources will be released to permit them to be dealt with without inflation? Will they remain quiescent, to the end that the United States may first be enclosed in a web of anti-ballistics missiles at a cost of billions of dollars which may or may not act to protect us from a missile attack which may or may not come before the system is obsolete?
Every dollar spent by government whether for Viet Nam or for weapons or whatever comes from you, the taxpayer. For every man, woman and child in the United States, the Administration now requests about $1,000 in spending. How and where each $1,000 is spent sets the nation's priorities.

For this coming year, of each $1,000:

-- about $7 is requested for health and mental health research;
-- about $7.50 for elementary and secondary education;
-- about $5 for urban renewal for our cities;
-- about $4.50 for air and water pollution;
-- about $1.40 for vocational education;
-- about 50¢ for education for the handicapped;
-- about $2.40 to assist state and local government in their fight against crime;
-- over $375 for military defense.

Consider that just the cost overrun—that is, what was actually paid above what was quoted to the Congress as the initial price tag—for a single airplane (the C5-A cargo plane) has cost each American $10. Consider
as well that it costs every American today $70 a year to back and maintain in Europe the several hundred thousand U. S. forces and their dependents who are still there—25 years after World War II.

These illustrative examples clearly demonstrate where the emphasis in federal spending has been placed for many years. For too long, we have pursued the nation’s security all over the globe. For too long, we have forgotten that national security begins at home. It has taken the tragic war in Indochina to show us that our resources are not unlimited. Our wealth is not endless. Inflation and recession are a part of the price of this overdue insight.

As I have noted, Congress has begun to deal with the reality of our limited resources by reducing federal spending by $6.4 billion. By far, the greatest share of this cut was taken from defense spending and the Foreign Aid program. Foreign Aid alone was cut by $1 billion. Of the $32 saved for each American, Congress attempted to re-allocate $5 to pressing needs in health, education and the protection of the environment.
That is what has been labeled in some quarters as inflationary and irresponsible. Let the most be made of the labels. For those re-allocations, there will be no apology from the Congressional leadership. Nor will the Congress be deferred from trying to meet essential domestic needs of this kind by charges of isolation or neo-isolation. There is not a member of the Senate who believes this nation can turn away from the international problems of peace without devastating consequences to this nation and the world. By the same token, the neglect of needs at home will no longer be accepted in the name of some vapid internationalism such as we have witnessed on the mainland of Asia during the past five years--well over 50,000 American lives later, well over $100 billion in resources later.

The Congressional Majority seeks to cooperate with the President in an effort to readjust the nation's budgetary priorities in terms of today's needs. It must be stated in all frankness, however, that there are still differences to be reconciled if that cooperation is to be possible. It is difficult, for example, to understand how a Congressional effort to divert about one billion of the $6.4 billion savings in the budget to
pollution control, education, health and welfare is struck down by a veto as inflationary but at the same time the Senate is urged not to foreclose a future expansion of military and foreign aid spending in Cambodia.

When you consider, moreover, that $2.50 a person was all that was allocated by the Administration during this past year to combat rising crime--one wonders whether it is rhetoric or results that count.

The Senate has passed all but two of the major 13 Administration crime proposals. In addition, Congress has originated and passed seven additional anti-crime laws which have been endorsed by the Administration. Even the enactment of these laws will be insufficient, however, if we do not devote greater resources to the causes of crime, to reform of penal institutions, and to providing assistance to enforcement officials. Two dollars and fifty cents per person for crime control is simply not enough.

These issues which I have been discussing are of the utmost seriousness. Every American is affected directly or indirectly by an economy in distress and the war from which, to a great extent, the difficulties are derived. Every American has a stake in the way the government
makes broad commitments of national resources abroad and at home. It was for this reason that I was asked by colleagues in the Senate and the Majority Leadership of the House of Representatives to address you this afternoon.

We hold the view that the economic problems of this nation will only not disappear at a date uncertain in the future, if they are left alone by government, especially in the light of our continuing involvement in the war in Indochina.

We do not accept the view that a little unemployment is good for the nation any more than we can believe that a lot of inflation is good for the nation.

Within these premises, the Majority in the Congress will give the most respectful consideration to whatever the President may propose to halt the inflation and high interest rates, to reduce unemployment and terminate our involvement in Viet Nam. To that end, the President has had the cooperation of the Congress in the past. He has it now. He will have it in the future. He has it in good conscience—without ifs, ands, or buts.