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REMARKS OF SENATOR MIKE MANSFIELD (D., MONT.)

at the

14th ANNUAL CONVENTION OF THE MONTANA STATE AFL-CIO BANQUET

Holiday Inn, Helena, Montana

Friday, August 14, 1970 7:30 m.d.s.t.

Members of the Montana AFL-CIO, guests and friends all--I am delighted to be in Montana this weekend and, especially, to have an opportunity to visit with the Americans of the union movement in the Big Sky Country.

In the past few years the Congress has been an almost twelve-month, year-round proposition which makes it increasingly difficult to get out of Washington. So it is especially nice to be in Montana at this time of the year, away from the smog, heat and congestion of the East Coast.

Montana has never looked better. I wish the lovely veneer of our landscape might be converted into a rosy picture of the current state of our economy, both here and in the entire nation. But that cannot be.

Inflation, unemployment, fear of unemployment, shrinking work-weeks, and war--these are facts of life for the working men and women of today. We are in a recession. There is no other way to describe it. As I travel around Montana, I find the small businessmen grumbling, construction down, and the economic mood one of melancholy. For the first time in years, we have long lines at our State Employment Office in the larger cities. The promises of a radiant tomorrow ring hollow today.

The economy is in a slump. Inflation has taken over. Prices have been increasing at a rate of approximately six percent. Interest rates are higher than at any time in the past 100 years. Since July, 1969, unemployment has increased by 1.3 million, a figure which includes 725,000 adult men, 400,000 adult women and 200,000 teenagers. Specialists believe the unemployment rate will continue at five percent or go even higher. No end is yet in sight.

Even now, unemployment in our State is two percentage points above what it was last year. In June this year, unemployment in Montana

was 6.7 percent. In June of 1968, it was 4.9 percent. These figures are especially disturbing since they come at a time when Montana employment should be seasonally high. What is the reason? Look for an answer in what has happened in the lumber, sawmill, and construction industries. The slump in these industries relates to housing and the severe slump in housing, in turn, equals tight money. That is not accidental. It is the result of deliberate policies of tight money.

If basic industry in the State is having difficulty so is agriculture. The price the farmer is paid for his crops has declined sharply since 1968. His costs have increased by ten percent.

To sum it up, take-home pay is down; profits are down; and prices are up. Things which should be going up--homebuilding, take-home pay, farm income and real economic growth--are coming down. At the same time, the things that should be coming down--interest rates, the cost of living and unemployment--are going up.

There is a lot of talk about who is to blame for this economic situation. There is no certain reply, but I feel that the Congress is

responding as best it can and as it should. 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. Over-all spending for this ^{past} fiscal year was reduced by 6.4 billion dollars. I repeat, Congress did not increase the Administration's budget requests. Congress cut the Administration's over-all budget requests by \$6.4 billion last year and, in my judgment, it will make another cut this year.

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, if the legislation is unsatisfactory, why a legislative alternative to reduce mortgage rates has not been requested by the Administration. Congress is ready and willing to consider any proposal in this connection that the Administration may offer.

Acting on its own, Congress also passed last year a general Tax Reform and Reduction Act. Tax dodges costing \$6.4 billion were closed. I felt we could have gone further but this act, in which the President concurred, is still a significant step forward in ending some of the abuses of the tax laws, abuses which provided advantage to a few but whose burden fell on the many. These reforms were converted into lower taxes for all Americans. The savings will show up next January when you prepare your tax return for the current year. In fact, they are already beginning to be reflected in the slight reduction in withholding tax on wages which began on July 1.

Notwithstanding cuts in the budget, there is still a good deal of reckless and extravagant spending by government. We are still engaged in a war in Southeast Asia, which is costing us over \$26 billion a year, not to mention the unspeakable loss of many of our young men. My views on the Southeast Asian conflict are well known and need not be repeated

today. The human tragedy of that war to the nation is the loss of the energy and initiative of hundreds of thousands of young Americans which are needed here in our own country and the deep division which the war's prolongation has produced in our national life. The economic tragedy of this military involvement is the wastage of billions in tax resources while vital needs at home go unmet for want of funds.

Quite frankly, our federal spending priorities are completely out of line. They are priorities which are still being determined by yesterday's fears and falacies. Every citizen of this nation needs to take the time to look at these priorities--to see what gets the lion's share of the federal dollar and what gets the left-overs--to the end that we may bring about the necessary adjustments. It will not be easy. In fact, it is likely to be very painful. Yet, we must do it and do it soon if we are to provide a strong economy, safeguard the health of the nation's people and their livelihood in a livable environment.

When I speak of a change in national priorities, I refer to emphasis in the use of the federal tax dollar--your dollar and everyone else's. Each tax dollar can be and should be spent efficiently and it is up to the Administration to see that the Executive agencies function in that fashion. In addition, however, we should be spending more on programs which are attuned to the needs of the day and less on programs which are carry-overs from the needs of yesterday and, to a greater or lesser degree, are outdated by changes both at home and abroad. The fact is, however, that as a nation, we are still quick to spend large sums of money in foreign involvement but not here at home.

While we are defending security in Southeast Asia or Europe, what are we doing about the threats to security at home? What of the problems of our cities, the preservation of rural life, the education of our young people, crime, drug addiction, public health and national group tensions?

As a nation, we have become deeply concerned about the environment. It is late in the day but not too late to salvage the nation's habitat. In some parts of the country, however, the threat of pollution to sheer human survival is of such a magnitude that it is going to take a concentrated effort of science, engineering and industry and large expenditures of public funds to meet the situation.

Where are the resources to come from? We already live under a heavy tax burden at all levels--federal, state and local. There is no other place to find most of the necessary funds other than in savings which can result from a more effective and efficient administration of government and a reduction in inflated federal expenditures in the name of defense.

Throughout the history of our country, the American people have operated under the impression that we are a land of unlimited resources and that no situation or combination of situations was beyond the capacity of our financial affluence. We are now beginning to realize

that we can no longer pursue the nation's security all over the globe at unlimited and wasteful costs--\$14 billion for Europe, for example, 25 years after World War II in a time of peace--without endangering national security at home. There is a bottom to the money barrel. Our wealth is not endless. It is time that we realize it.

We are spending nearly forty percent of our national^{tax}/resources on military defense. An adequate defense posture is necessary and will be provided. Our prime concern, however, must be limited to the protection and security of the United States. We must not presume to take on the burden of defending the entire world in the name of defending this nation.

I stand ready to work for the readjustment of the nation's priorities, to try to bring them into line with the needs and realities of today. We should be spending more for pollution control, education, health and welfare and on fighting crime, and less for military activities and extravagances and foreign aid. That is a readjustment on which the Senate has been working for the past several years, sometimes with the

cooperation of the President, sometimes on its own initiative. We have made a beginning but only a beginning. The effort will go on until we do achieve a reasonable balance between expenditures for security abroad and for rebuilding the inner security and strength of this nation.

I want to close by saying that it is always a pleasure to have an opportunity to visit with the membership of the unions which make up the Montana State AFL-CIO. In the retrospect of other visits over the years, it is clear that great progress has been made in the union movement in Montana under a vigorous and thoughtful leadership. Our workers have extensive job protection and safeguards of their livelihood, many of which are incorporated into law. As your Senator, I have supported social and economic advances of this kind. I will continue to do what I can in the 1970's to see to it that the concerns of labor remain an effective factor in the processes of government. That is as essential to the stability and progress of this nation as it is to the well-being of the men and women who work for a living.