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Joint Economic Committee

Mike Mansfield 1903-2001

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Mr. Chairman: I appreciate this opportunity to appear before this Committee on what I regard as an issue of the most pressing national significance and concern. What you are embarking upon and what so many of us in the Congress, in the Executive and elsewhere in our national life have come to view with increasing alarm could be expressed no better than it has been framed by the enabling charter of this panel: A Subcommittee on Economic Growth: to think ahead, to think long range, to analyze in a very measured methodical way the full spectrum of problems that we as a nation confront in terms of capacity and employment needs, of raw materials and resource requirements. It is a charter, may I suggest, that has emerged out of a deep sense of frustration with the disjointed way government has tended for decades not so much to act but instead to react on a crash basis when a component of this gigantic, intricate machine of the American Economy gets out of whack in ways that impose both suffering and hardship upon great segments of the American public.

What we face may, in part, be characterized as follows: cartels, scarcity, diminishing sources, expanding usage, production restrictions, steep price rises and expedient remedies. What needs to be asked and what you, Mr. Chairman, and your committee with its new mandate are asking through these hearings, and what is being asked over in the Commerce Committee and in others is this: how are we as a nation equipped—or ill-equipped—to address the next crisis in resources or materials or commodities. Do we have at the highest
level of national life an effective capacity to look at all of the information; to identify all of the potential areas of crisis and to have the benefit of assessments as to all of the various remedies available to avert the next crisis or to minimize its impact on the American people.

These questions are answered by the very nature of what you are undertaking in this Committee, by what Senator Magnuson is undertaking in the Commerce Committee and by what others are doing in the Congress and in the Executive Branch, not to speak of the activities of private foundations and universities and corporate establishments. If I have read the signs correctly, therefore, what they point that to is the emergence of a firm resolve when it comes to basic economic needs, the nation must be better equipped and better able to provide more rational answers in the decision-making process.

For all of us, I think the issue was clarified a few months ago when long lines of automobiles accumulated to vie for short rations of gasoline. It is not only that a decision to build or not to build a new refinery or steel mill or chemical plant, or to start a mining operation can have major repercussions throughout a community, the nation or even abroad, it is also that a shortage of raw materials derived from petroleum can shut down auto plants in Detroit and manufacturers of recording tapes in Los Angeles.

It is not so much a lack of study or an absence of data and information. For a quarter century or more, experts have warned about coming crises with regard to vital basic materials and commodities. More important is that we simply have no systematized method of assessing information in order to determine our needs early enough and to move quickly enough to provide a reasoned answer, or even to make the attempt.
What if Government at any time in the past two decades had established a central information unit—a data bank so to speak—charged with compiling statistics on energy resources, analyzing on a continuing basis the status of supply and sources, projecting consumption rates, reporting refining capacity, evaluating current technology and future application and equipped to report anticipated deficiencies directly to Congress and to the President with specific recommendations. There is little doubt, I think, that had such an agency existed, there would have been no fuel crisis, and, certainly, no reason to have addressed the matter on a crash basis, establishing almost overnight a whole new federal bureaucracy so we could meet immediate requirements for heat, light and transportation.

And if it is energy today, of what will we as a nation be in dire need tomorrow? Three or four years ago, the Interior Department told us that there were at least thirteen basic minerals for most of which we depend upon sources outside the United States. The figure has grown to forty or more. They range from aluminum and chromium, to tin, lead, nickel and so on. For at least thirty of these materials, the nation has already become over 60% dependent upon other countries. In part, the dependence may be answered at some unknown future date by new technologies such as the recapture and recycling efforts that are just now barely more than an idea. For now, however, that dependence is with us and it is complicated by what happens when supplier nations gang together.

I realize full well that the President and Secretary Kissinger are trying to improve the bargaining strength of the consumer nations insofar as petroleum is concerned. But what happened with oil is very likely to happen with bauxite, or copper or nickel or zinc or tin or whatever, when the basic needs of heavy consumer societies must be met by sources beyond their national
boundaries. Secretary Kissinger has now gone to the United Nations to stress that interdependence of developed and developing nations with regard to key resources was essential to global stability. But the international instrumentalties he envisioned to accommodate cooperation between producer and consumer nations can be established, it seems to me, only after there is constructed within our own nation a mechanism able to grasp what is needed for our own people not only today but five or ten years hence. It is to this precise task that this Committee has addressed itself. And you are to be commended for your efforts.

As you know, the problem goes well beyond metals or minerals and does not relate only to those in which we are in a dependent status. In 1973, the nation experienced the biggest boost in the cost of groceries in over twenty-five years. Prices for fibers have risen 93 percent. The story of how inflation continues to wrack our people on every front was written graphically in the double digit figures released two or three weeks ago--10.2% from March of 1973 to March of 1974; 14.2% for the first three months of this year.

And while Americans are made to pay more let us not forget that in some areas of the world, the basic commodities are not even available. The problem is worse in Europe, Asia and Latin America. A whole corridor spanning the African Continent is now caught in a struggle for survival under the twin burdens of drought and famine.

In the United States, however, I believe it is largely the question of basic shortages and related matters which will mandate the crises. And the crises, one after another, will pounce on us most assuredly unless and until as a nation we are prepared to adjust our government apparatus here in the Congress, as this Committee is doing, and in the Executive to meet the fundamental problem.
Let me say again, however, that this problem is not really so much one of the absence of information. At last report, more than fifty federal agencies and administrations were collecting and compiling relevant data and that was before any apparatus was set up to address environmental concerns or to monitor product safety or to perform a host of other recently legislated activities.

Take a specific example. In the Commerce Department there are some 160 professionals in the Office of Business Research and Analysis and twenty or thirty of them alone are dealing with information on industrial commodities. Look at it in broader terms. We find that for data on imports and exports, we can turn to the Agriculture, Treasury and Commerce Departments, the Council on Economic Policy, FEO, the Special Trade Representative and more; for production, there are the Interior and Agriculture Departments, HUD, FEO and more; for basic regulatory decisions, there are DOT, ICC, FTC, EPA, the Federal Reserve and more; and so it goes. While the Commerce Department appears to be tightening up on the exports of materials, Treasury is endeavoring to stimulate exports through the DISC incentives. In some instances, two or three different agencies with overlapping responsibilities arrive at contradicting appraisals of the present state and future prospects of the same industry.

The situation is not very different here in the Congress, except in magnitude. When it comes to our diverse and seemingly insatiable appetites for economic information, our Committees reflect the same fractured state as the Executive in terms of who is keeping track of what with regard to such matters as minerals, pesticides, fertilizers, timber and wood materials, tax policy, strategic materials, stockpiles, export policy, foreign trade, production, recycling, resource development, materials allocation, commodity controls, importation, mining and all the rest. It is, therefore, with enormous gratitude that I greet
this Committee's efforts to look ahead and help us all to coordinate our efforts and actions in terms of long range implications regarding any one of these or a host of other concerns and actions we may take with respect thereto.

It is to this specific issue that I, along with the Republican Leader, Hugh Scott, and others, have endeavored to address ourselves recently. Before getting into these efforts, let me say that all of us, I believe, seek similar objectives. To that end, Hugh Scott and I are exploring whether or not on the basis of all of the studies and recommendations, there can be created as a part of our national life an instrumentality that would serve to coordinate and to interpret all information, to forecast upcoming problems in terms of shortages or other adversities and to provide meaningful assessments of courses that might be followed to avert catastrophe or help us to endure adversity as painlessly as possible.

After all, it was twenty-two years ago that the Paley Commission, after exhaustive analysis, recommended such a high-level agency to provide a continuing and coordinated analysis of the interdependence of government actions with respect to basic economic decisions. The adverse effects of the government's failure to provide such a capacity has been confirmed a number of times since—most recently by the report of the National Commission on Materials Policy filed last year and by the GAO report released a week or so ago.

It was on the basis of this record that has been so well documented, that the Senate Republican Leader and I put the question in these words in a letter to the President last February:

It is our suggestion that we consider bringing together representatives of the Legislative and Executive Branches of the government on a regular basis with those of industry and labor and
other areas of our national life for the purpose of thinking through our national needs, not only as they confront us, today, but as they are likely to be five, ten or more years hence and how they are best to be met. If the government is to intervene in these matters, as it is now doing, an effort ought to be made to put that intervention, as far as possible, on a rational and far-sighted basis.

I think all of us here sense that there exists some kind of requirement to deal with questions of this kind or, I daresay, this Committee would not have undertaken for itself the task of long-range thinking. In the context of the current dialogue on the issue, insofar as my own participation is concerned, I would like to set forth certain questions which have occurred to me.

The first is: What kind of instrumentality, if any, might meet this requirement? To me, it should be one that is freely representative of the nation if it is to be effective; one, therefore, that would embrace representatives not only of the Legislative and Executive Branches but elements of industry, labor, agriculture and other significant segments of our national life. It should be a continuing instrumentality equipped, first, to draw on information from all sources on the status of resources, materials and commodities and other aspects of our economy--tasks performed now by dozens of agencies and organizations across the spectrum of national life, both public and private. Secondly, it must have the means to forecast the problems by drawing information out of the present massive but fragmented system. Thirdly, it must have the capacity to convert its projections into recommended policy options that might embrace such measures as conservation, research, stockpiling, allocation, modernization, manpower, export controls and whatever else may be necessary to keep vital, the nation's economy. Finally, it must be in a position to report its findings
and an analysis of proposed remedies to the President and the Congress—the ultimate arbiters of policy and the sources of action for the federal government. In turn, the work product of such an instrumentality could be weighed and evaluated by this and other interested Committees and by the agencies concerned downtown to the end that our overall approach is the most comprehensive and rational that can be devised.

In my view, what the nation needs and needs vitally is a full-fledged Council on Domestic Needs and Economic Foresight, staffed sufficiently and equipped fully to give the President and the Congress and the public the kind of integrated perception of our national requirements now and in the future which has heretofore been lacking.

I should stress, here, Mr. Chairman, that what the Joint Leadership of the Senate is pursuing in concert with the House Leadership and with the President's designees in the Executive, is a course of action similar in scope and magnitude to that upon which you and your Committee have now embarked. In the Commerce Committee and others, similar efforts have been undertaken. All of these endeavors should be pursued unrelentingly and without delay to the end that at the soonest time possible, as a nation, we have acquired a field of vision expanded by the capacity to view all of the effects of our action or inaction today not just in the context of tomorrow, but in terms of five or ten years hence.

Whatever the immediate results of any one of these pursuits, including those in which I am engaged, let us keep in mind our common concern: It is that we here in the Congress as the policy makers and those in the Executive as the policy implementors will be fully prepared and equipped to address the next major challenge to our national stability. Steps taken now, to be sure, could not
possibly undo the damage of what has been thrust upon the nation with regard to energy. Steps taken now just might, however, keep the nation from stumbling headlong into the next crisis, and the next and the next, each contributing more to the irrationality of an already disjointed economic condition that, unless corrected, will lead us inexorably to our economic devastation.

Thank you, Mr. Chairman.