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Congressional Record S. 9240 - Inflation

Mike Mansfield 1903-2001

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INFLATION

Mr. MANSFIELD. Mr. President, inflation is the No. 1 economic problem confronting this Nation and the world today.

Inflation was not caused by Watergate; it is worldwide.

Offhand, the inflation figures for the United Kingdom, as I recall them, is around 15 percent; France, 18 percent; Denmark, 25 to 30 percent; Japan, around 25 percent; and so forth.

In the United States:

Inflation is around 12 percent;
Production is declining around 6 percent;
Wages are lagging behind prices for the 13th consecutive month;
Workers' families have approximately 6 percent less to spend than a year ago;
The stock market is down;
Prime interest rates are up to 11 1/2 percent.

If present trends continue, we will have to make twice as much in 1980 as we are making today, just to keep even.

What are we doing about the situation? The answer is nothing.

That applies to Congress and the executive branch of the Government.

What is the answer? I do not know definitively but I believe consideration should be given to a proposal known as indexing. It would provide for annual adjustments to reflect increases in the cost of living. The basis for adjustments would be the cost of living index.

It has been estimated that, taking all social security payments into consideration, about 50 million Americans have incomes directly tied to the Consumer Price Index, and the increases are automatic as the cost of living goes up.

Add wage escalator agreements in union contracts now in being and they cover, as I understand it, around 5 million workers. Furthermore, almost every new wage agreement covers this particular escalator clause at the present time.

Add Government pensioners, both civilian and military, and that must include several million more who are “indexed.”

Will it stop inflation? I do not know, but it will at least allow millions to keep even. If we cannot stop or reduce inflation—and the Government, the administration and the Congress, are unwilling to do so—then let us try this proposal and at least endeavor to keep even.

It is my intention, Mr. President, some time next week, to introduce legislation seeking to establish an index on wages and salaries so that something at least can be attempted to bring about a halt or at least an alleviation to the high cost of living which is rampant throughout the Nation and throughout the world today.

Mr. ALLEN. Mr. President, will the Senator yield to me after the distinguished minority leader has spoken?

Mr. MANSFIELD. I will be glad to yield now, on my time.

Mr. ALLEN. I thank the Senator very much.

I should like to ask the distinguished majority leader if it would not also be helpful in the battle against inflation to balance the Federal budget?

Mr. MANSFIELD. It certainly would.

Mr. ALLEN. Are any efforts being made in that regard by the Congress?

Mr. MANSFIELD. By neither the Congress nor the administration. We are both to blame, I think, in large part, for the fix in which we find ourselves today.

The only stabilizing element is, in my opinion, the Federal Reserve Bank where Arthur Burns is trying to do a job and has been a Cassandra for months trying to warn us that something must be done before the economic condition of the country breaks down and becomes more horrible than it is now.

Mr. ALLEN. Does the Senator think there is any possibility of balancing the Federal budget for the next fiscal year, starting in July?

Mr. MANSFIELD. I would not say. That would be up to Congress and the administration.

I would point out, so far as Congress is concerned, in the first 4 years of the present administration, if my memory serves me correctly, that we reduced the requests of the President by about $22 billion to $23 billion. During that period, the deficit was increasing, conservatively speaking, by $100 billion. The House, just the other day, by a one-vote margin, passed a substantial increase in the debt limit, which is now approaching the $500 billion mark.

Mr. ALLEN. I thank the distinguished Senator.