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Congressional Record Reprint - Inflation

Mike Mansfield 1903-2001

INFLATION

Mr. MANSFIELD. Mr. President, on May 30 of this year, I raised the question of inflation, what it meant to the people of this country and what was not being done by either Congress or the administration to cope with it. On June 7, I introduced a bill called the Wage Adjustment Act of 1974. On July 9, I again brought up the subject of inflation after the initiative was undertaken by the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, Jr.). On that date, I had the following to say:

> Before the Senate convened this morning, I made a suggestion, in response to a question, that it might be well if the President would give some consideration to calling a White House conference which would include the joint leadership in both Houses, which would include the chairman and ranking miority members from the appropriate committees, which would include administration personnel, and which would bring in labor and industry and other necessary sectors of the private economy to consider this problem at this time.
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> I do not know whether or not it is feasible at the moment, but I do know that something should be done to face up to this problem, and to do so now.

On July 10, a joint leadership meeting was held at the White House to hear a report by the Secretary of State, Dr. Henry Kissinger, and President Nixon on the results of their visits to the Middle East, Western Europe and the Summit Conference in Moscow. Before the meeting got under way, I mentioned privately to the President that I had made a speech the day before in the Senate, at which time I suggested the possibility of a full-fledged, high-level White House meeting to consider the problem of inflation. He indicated his interest but, before we could go any further, the meeting got underway.

On July 10, I wrote a letter to the President of the United States and, under date of July 11, I received a reply from the Honorable William E. Timmons, Assistant to the President.

Under date of July 13, I received a letter from the Honorable Herbert Stein, Chairman of the Council of Economic Advisers, in response to remarks which I made about inflation and, incidentally, Mr. Stein, in the CONGRESSIONAL RECORD of July 9, 1974. He has a point.

There is not much more to add to this, except to state again that up to this date, nothing has been done by either Congress or the executive branch to cope with this problem. It is true that on Thursday last, the President met with his top economic advisers and leading businessmen and economists from outside the Government. Nothing came out of this meeting that I am aware of which gave hope to the American people or which indicated the initiating of any measures to cope with inflation.

Many economists do not believe there will be any improvement in the price situation during the rest of 1974. They indicate that the root of today's inflation goes back to Vietnam deficits during boom times, and I agree. They seem to think that traditional remedies, if any are in operation, are not enough at a time like this. They do indicate that they think there is a possibility of a recession and some even raise the specter of a depression somewhat similar to the 1930's. In my opinion, the Government cannot allow a recession, let alone a depression, to take place.

It would be my suggestion, Mr. President, that the Senate give serious consideration to the restoration of Regulation W which restrained consumer credit by forcing more rapid repayment of an installment debt. This would discourage buying and the continued repayment of debt already incurred will feed money into capital markets and help to depress the extraordinarily high interest rates.

I would suggest also that the administration, which I believe has the standby authority, consider the reimposition of price and wage controls based on phase II. If it is necessary to increase taxes, I would hope the administration would come forward with its proposals. If it is considered advisable to decrease taxes, I would hope they could be compensated for through closing various loopholes in the present tax structure.

Congress or, at least, the Senate still has plenty of time to take up legislation covering inflation if it would only do so, because three will be no month's vacation in August of this year and we will have the time, if we have the will, to see what we can do in cooperation with the President to deflate inflation before it gets entirely out of hand.

Summing up, Mr. President, the facts of life on inflation are as follows: Interest rates are up to 12 percent; unemployment is up to 5.2 percent; the stock market is down; production is down 6 percent under what it was last year; wages are lagging behind prices. As I have said before, if the present rate of inflation continues, we will have to earn twice as much in less than 10 years as we are earning today to break even at the end of that period.

I would like to suggest to the appropriate committees of the Senate that they give legislative proposals dealing with inflation a priority status so that the Senate will be able to consider any suggestions of that nature as expeditiously as possible. I hope, also, that the President will give consideration to a White House Conference at the earliest possible date and along the lines of my suggestions in my letter of July 10, at the earliest possible convenience.

Mr. President, on the front page of today's Star appears an article by Lee M. Cohn, with the captain "Big Bust or Just Stagnation?" from which I quote the following:

Business, squeezed for credit, curtails expansion and production.

Profits shrink, the stock market sags and bankruptcies spread.

Economic growth plods along at the brink of recession.

Unemployment rises by a million or more above normal levels.

Prices surge at triple the pace that used to be called "creeping inflation."

That's an *optimistic* forecast of the U.S. economy's performance in the next few years.

Quite possibly too optimistic, say a growing number of economists, bankers and businessmen, and even some government officials. They warn that the United States and the world may face a severe recession, with production dropping sharply, unemployment rising to post-Depression peaks, the financial system tottering, and inflation galloping almost out of control.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all the matters to which I have referred to be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JULY 10, 1974.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: You may recall that prior to your meeting with the Joint Leadership getting under way this morning, I mentioned to you that I had made a statement in the Senate on yesterday, suggesting a White House Conference to consider the pressing problem of inflation.

I indicated that I thought it should be called on your initiative and that it should include the Joint Leadership of the Congress, as well as the chairmen and ranking minority members of the appropriate committees, also your economic consultants and segments of the private sector, including labor, industry and agriculture.

You indicated that you would be interested in a meeting of this kind, though you made no commitment whatsoever. May I say that I appreciate your interest in what I suggested and, in furtherance of that, I am enclosing tear sheets out of the *Congressional Record* which you may find of interest in your consideration of such a Conference.

May I say that I enjoyed the meeting in the Cabinet Room this morning. I thought it was very substantive, very hopeful, very worthwhile, and I think that was the reaction of all the others attendance, as well.

Again, thanking you for whatever consideration you can give to my suggestion, and with best personal wishes, I am

Respectfully yours,

MIKE MANSFIELD.

THE WHITE HOUSE,
Washington, D.C., July 11, 1974.

Hon. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR MIKE: Thank you for your July 10th letter to the President concerning your suggestion for a White House Conference to consider the pressing problem of inflation.

Be assured that I will bring your letter to the President's early attention, and will also share it with appropriate White House staff members. Your suggestion will receive careful study and consideration.

With best regards,

Sincerely,

WILLIAM E. TIMMONS,
Assistant to the President.

CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS,
Washington, D.C., July 13, 1974.

Hon. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: I have read with dismay your remarks about inflation, and incidentally about me, in the Congressional Record of July 9. I regret that you did not see fit to put in the record any direct quotation of my remarks along with the numerous distortions by the press that you did put in the record. I enclose a summarized and excerpted version of my remarks, which I wrote in the hope, that the Washington Post would have sufficient conscience to print them.

The "old time religion" does not call only for prayer, although prayer would help more to stop the inflation than do many of the other things that go on in Washington. I think that everyone knows what the old-time religion means. It means that the Government should print less money, spend less money and not cut taxes unless it also cuts spending. It means that we must not promise the people something for nothing. I would hope to see you in the pulpit preaching the old time religion.

Respectfully yours,

HERBERT STEIN.

"INFLATION AT THE WHITE HOUSE"

For twenty years most countries have been experiencing rapid inflation. Inflation has not been confined to a particular party or particular country, and in looking for its causes we must look beyond the peculiarities of one party in one country. Contrary to the impression given by your editorial "Inflation at the House House" (July 9, 1974) my discussion of the role of the public in causing inflation was not intended to excuse Mr. Nixon's Administration any more than it excuses Mr. Johnson's, or Mr. Tanaka's, or Mr. Trudeau's or Mr. Heath's or Mr. Wilson's or Mr. Pompidou's etc. My point is a simple one. We have inflation around the world because governments have not followed sufficiently austere policies with respect to government spending, taxing and monetary expansion. One reason, probably the main reason, for this is that such measures are disliked and resisted by the public, and governments respond to such public attitudes.

Your editorial makes much of the fact that the Nixon Administration has favored lower rather than higher taxes. That misses the point in two respects. First, what is required is fiscal and monetary restraint, which doesn't involve higher taxes if expenditures are held down enough. Second, I am not trying to describe the Nixon Administration as heroic in contrast to all other Administrations but to explain the common conditions under which governments work.

The following are excerpts from my interview on Face the Nation, July 7:

STEIN. ". . . the American people have to decide, do they want to go on with an accelerating, with a speeding-up inflation, up to a point where they obviously will not want to continue, or do they want to stop it?"

INTERVIEWER. "Well, Mr. Stein, are you saying that the American public is responsible for this inflation? It's their fault?"

STEIN. "Well, I think in a basic sense this is true, because government policy operates within the limits of what the American people want and will tolerate. And I think that we've reached a point—I think the critical point in the past—well, we've had several critical points. In the early days of this inflation, in 1965 to 1968, it was considered that the American people would not stand for a tax increase, even though we were increasing government expenditures very much. So the government then in power, responding to what it thought the American people wanted from them, deferred action to raise taxes, which might have slowed down inflation, for about three years. Now this doesn't mean that the American people were voting explicitly for inflation, but being so reluctant to have a tax increase, they created the conditions."

"And we had a similar thing in 1971, when we felt—and I think if you'd looked around the country then—that there was great impatience with the slack in the economy, with the rate of unemployment, with the circumstances which were working to slow down the inflation."

INTERVIEWER. "Well, are you recommending then that people not buy a new car, that they not buy a vacation, that they not spend higher prices for an item that they'd planned to buy, in order to curb inflation?"

STEIN. "Well, I don't really have very much confidence in that kind of thing; that is, I think that people should manage their own affairs in the light of what they think is best for them, and that it is the responsibility of the government to create conditions in which their decisions add up to a policy that is best for the stability of the economy. So I'm not one to go around preaching to people about how they should manage their lives for the sake of the national economy. I think, on the other hand, we as a government should not be putting five or ten billion dollars more money into their hands by tax reduction, which they will just go out and spend and bid up the prices of things."

INTERVIEWER. "Is part of economics then scaling down the peoples' expectations? Or the rate of speed of their growth of expectations?"

STEIN. "A part of economics which is very important in a democratic society, as the society becomes increasingly democratic in its operation, is that people should understand the limits to what they can demand of the system, and if they demand more of the system than it is capable of producing, and get the government to pump out money to them in an effort to permit them to meet these demands, we will have endless inflation, and that is just what is causing the inflation around the world today."

INTERVIEWER. "Dr. Paul McCracken, who was your predecessor in the Council, said recently after a meeting of economists talking about the world inflationary picture that it stemmed in the western nations at least from the weaknesses of their governments in not being able to successfully resist the pressures of the people. Is that an accurate study?"

STEIN. "Well, I don't think we expect democratic governments to resist the pressures of their people. We expect that democratic governments should respond to the desires of the people, but should also educate the people, and that's what we have to go through now—I mean, military dictatorships can resist the pressures of their people—they have no inflation by and large, at least no open inflation. We have a more difficult problem."

HERBERT STEIN.

JULY 9, 1974.

[From the CONGRESSIONAL RECORD, June 7, 1974]

By Mr. MANSFIELD:

S. 3600. A bill to stabilize the economy and mitigate the effects of inflation by providing for minimum annual increases in wages. Referred to the Committees on Banking, Housing and Urban Affairs and Labor and Public Welfare, by unanimous consent.

THE WAGE ADJUSTMENT ACT OF 1974

Mr. MANSFIELD. Mr. President, I introduce a bill entitled "The Wage Adjustment Act of 1974" and ask unanimous consent that it be referred simultaneously to the Committee on Banking, Housing and Urban Affairs and the Committee on Labor and Public Welfare.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Last week, Mr. President, on the Senate floor, I reminded the Senate of what every Senator knows only too well—that the No. 1 economic problem confronting this Nation and the world today is inflation. In Europe and Asia national inflation rates run from 15 to 30 percent. In the United States the most recent monthly inflation rate is 12.4 percent. For the first quarter of this year the inflation rate was 14.2 percent. For the most recent 12-month period the rate is 10.2 percent. Production in this country is declining at an annual rate of 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 in a steady decline. The interest rates are at record highs. As I said last week, if the present trend continues Americans will have to make twice what they are making today in 1980 just to keep even. But there are no solutions forthcoming.

I think it is time to put a primary focus on this most severe problem. I do hope, however, that it will provide a vehicle upon which a national dialog can commence so that this most pervasive national problem can be given the attention at the highest levels that it so rightly deserves.

The bill I have introduced today would require every employer whose employees are presently covered by the social security laws to give that employee a cost-of-living increase each year comparable to the Government-determined inflation rate for the previous 12 months. Presently there are approximately 5.4 million organized workers who have contract provisions for a cost-of-living increase. However, there are 85 million other workers in the United States and they, too, are affected by inflation. It was through the social security definition that I felt we could reach the work force we hope to cover.

At present these is a cost-of-living increase for social security beneficiaries and Government pensioners. Provisions of this bill would also include a cost-of-living increase and adjustment in the minimum wage.

I had contemplated including a similar indexing and cost-of-living increase in U.S. Government savings bonds and Government securities. I think that this would be a mechanism whereby there would be an inflation-free return of principal on these Government securities. It was my thought that this feature would provide a source of investment for private pension funds or other people who would rely upon the fixed income to have a similar compensation for an inflationary rate. However, I think such a provision would under the existing climate offer such an attractive investment that it would dry up the already almost non-existent available funds in the marketplace and add to our economic woes rather than solve them. I believe it is almost impossible now to get mortgage money and as a result homebuilding is grinding to a halt and aggravating the economic ills of this country.

For this reason, I deferred inclusion of such a provision in this bill.

There have been other bills introduced. Senator BUCKLEY has introduced a bill which would adjust the tax rate to compensate for a rise in inflation thereby providing a comparable spending income to those who pay taxes. I think that that approach should be considered along with this particular approach so that our energies can be devoted to this most serious and potentially disastrous nation and worldwide problem. I am hopeful that the appropriate committees—Banking, Housing and Urban Affairs, the Labor Committee, and perhaps the Joint Economic Committee—can give this proposal immediate consideration and hopefully it can provide the vehicle for a most needed national dialog.

In conclusion, Mr. President, may I say that the bill I am introducing today is not offered as a panacea, but only as a base from which other thinking can develop and, perhaps, some cures for inflation found.

I ask unanimous consent that the text of the bill and the statement I made in the Senate on May 30 be inserted at the conclusion of my remarks.

There being no objection, the text of the bill and the statement were ordered to be printed in the RECORD, as follows:

S. 3600

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That this

Act may be cited as the "Wages Adjustment Act".

ANNUAL WAGE INCREASE

SEC. 2. Each employer shall increase the wages of each individual employed by him not less frequently than annually by a percentage at least equal to the percentage by which the price index for the most recently ended calendar year exceeds the price index for the base period. Each employer shall increase the minimum rate of pay for each position in which a vacancy occurs at the same time and in the same amount as that rate of pay would have been increased if no vacancy had occurred in that position.

(b) Notwithstanding any other provision of law, as soon after the close of each calendar year as the necessary data becomes availble from the Bureau of Labor Statistics of the Department of Labor, the President shall increase the rates of pay set forth in subchapter II and subchapter III of chapter 54 of title 5, United States Code, and in any other law of the United States other than section 102 of title 3, United States Code, by the percentage by which the price index for the most recently ended calendar year exceeds the price index for the base period. Each amount increased under this subsection shall be the amount in effect under such subchapter or other law until the rate is changed under this section or otherwise increased.

(c) For purposes of this section the term—

(1) "base period" means the calendar year 1973;

(2) "price index" means the average over the base period or over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics of the Department of Labor;

(3) "employer" means any person engaged in activity in or affecting interstate commerce and liable for the payment of the tax imposed under section 3111 of the Internal Revenue Code of 1954 (relating to rate of tax on employers) or who would be liable for such tax if no provision of paragraphs (1) through (19) of section 3121(b) of such Code (relating to definition of employment) applied to him; and

(4) "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash.

OTHER ADJUSTMENTS

SEC. 3. The President shall issue such rules and regulations as may be necessary—

(1) to provide for the passthrough of cost increases incurred by any person who is subject to any maximum limitation on prices or other similar transfers in complying with the provisions of section 2; and

(2) to provide for the effective administration and enforcement of this Act.

ADJUSTMENT IN THE MINIMUM WAGE

SEC. 4. In addition to any other increase in the minimum wage under section 6 of the Fair Labor Standards Act of 1938 provided for by law, the President shall annually issue an order effective January 1 of each year increasing the minimum wage by the same percentage by which wages are increased under section 2, rounded to the next highest multiple of 5 cents.

WAGE AND SALARY CONTROLS

SEC. 5. If the President or any other officer of the Federal Government, acting pursuant to authority under an Act of Congress, issues an order or regulation stabilizing wages in the private sector, he shall include in such order or regulation a provision whereby the stabilized wage levels shall be subject to periodic adjustments to reflect changes in the cost of living as required by section 2.

INJUNCTIONS

SEC. 6. Whenever it appears to the President that any person has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any order or regulation under this Act, he may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any such order or regulation.

SUITS FOR DAMAGES OR OTHER RELIEF

SEC. 7. (a) Any person suffering legal wrong because of any act or practice arising out of violation of this Act, or any order or regulation issued pursuant thereto, may bring an action in any district court of the United States, without regard to the amount in controversy, for appropriate relief, including an action for a declaratory judgment, writ of injunction, or damages.

(b) In any action brought under subsection (a) against any employer who is found to have failed to increase the plaintiff's wage under section 2, the court may, in its discretion, award the plaintiff reasonable attorney's fees and costs, plus whichever of the following sums is greater:

(1) an amount not more than three times the amount of the increase upon which the action is based, or

(2) not less than $100 or more than $1,000; except that in any case where the defendant establishes that his action was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to the avoidance of such error the liability of the defendant shall be limited to the amount of the increase.

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, 26 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 months;

"Workers families have approximately 6 percent less to spend than a year ago;

"The stock market is down;

"Prime interest rates are up to 1¾ 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.

"It 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."

[From the CONGRESSIONAL RECORD, July 9, 1974]

INFLATION

Mr. MANSFIELD. Mr. President, I have listened with interest to what the distinguished senior Senator from Virginia had to say, and I think he has touched on a point which is of interest to all the American people.

The Senator referred to statements recently made on the economy as being either amusing or aggravating. I would go much farther. I think the statements are tragic, because they offer no hope to the American people who are in dire economic straits at the present time.

How long can this country stand two-digit inflation? What is being done by Congress or the administration to face up to this No. 1 issue, this No. 1 problem? In all candor, I would have to say nothing.

What confronts us today? Inflation is around 12 percent. Interest rates yesterday went over 12 percent. Unemployment is up from 5.1 percent to 5.2 percent in the past month or so. New labor contracts are now being considered, and the increases will be quite hefty before those contracts are agreed to.

And may I say I find no fault with labor, because for the past 2 or 3 years it has been acting responsibly. But I do find fault with people who say that the American "public" is to blame for the inflationary difficulties which confront us at the present time. I do find fault, when that same individual several months ago said that what this country needs is a "recession." I do find fault when all we get is the pious invocation that we should return "to the old-time religion."

What does that mean? That we should just pray, and prayer will do away with inflation? The good Lord expects us to help ourselves.

I do not think prayer alone will do the job. Look at the stock market. And I do not own a share of stock. It went down to its lowest point yesterday—around 760 or 770, I believe—in several years. And the trend is downward.

What about production? This year it is 6 percent under what it was last year. And what about wages? For the 14th consecutive month, they have been lagging behind prices.

Mr. President, if inflation goes on at the present rate, we will have to earn twice as much as we are earning today to break even in 1982.

I have advanced a proposal which may or may not have merit. As a matter of fact, I have introduced legislation which has been referred to the Committee on Banking and Currency, and also to the Committee on Labor and Public Welfare, and I hope will be considered by the Joint Economic Committee as well.

The PRESIDING OFFICER. The 5 minutes of the Seantor has expired.

Mr. ROBERT C. BYRD. Mr. President, if the Chair will recognize me, I will yield my 5 minutes to the majority leader.

The PRESIDING OFFICER. The Senator is recognized.

Mr. MANSFIELD. I do not know whether the so-called Brazilian Index Plan, which has been receiving a good deal of publicity lately, is the answer. Personally, I doubt it is the whole answer. In the first place, it is not a Brazilian Index Plan, it is an American Index Plan, which is applicable to one-third of the labor contracts which have been entered into over the past 5-year period. And, mark my words, it will very likely be in all or most of the labor contracts agreed to from now on.

What does it do? It ties a cost of living escalator clause to the contract, so that when a certain increase in the cost of living occurs, automatically the compensation of the wage earner is increased roughly to that extent.

Is it something new? Not really, because military retirees, Government civil service retirees, and social security retirees get an increase in their retirement based on the cost of living every time it reaches 3 percent or more. So there is some protection there.

But what about the people on private pensions, who do not have that guarantee? What about the working people who are not tied to unions, and therefore do not receive that kind of protection? What about the great majority of the American people? How can they cope with the cost of living being what it is today?

Before the Senate convened this morning, I made a suggestion, in response to a question, that it might be well if the President would give some consideration to calling a White House conference, which would include the joint leadership in both Houses, which would include the chairman and ranking minority members from the appropriate committees, which would include administration personnel, and which would bring in labor and industry and other necessary sectors of the private economy to consider this problem at this time.

I do not know whether or not it is feasible at the moment, but I do know that something should be done to face up to this problem, and to do so now.

The solution is not going to come about simply through a $5 billion or $10 billion decrease in the Federal budget. It goes far beyond that. It has not been caused by Watergate and related matters. There is no connection whatsoever. This is a worldwide phenomenon.

We have worldwide inflation, if I correctly remember a chart I saw earlier this week, ranging from 705 percent in Chile down to about 30 percent in Japan, to 22 percent in Mexico, to 18 percent in France, to 14 to 15 percent in the United Kingdom, to 10.7 percent in Canada, and to approximately, on an average, I would say, between 11 and 12 percent in this country—closer to 12 percent.

Frankly, I think it is up to the administration and Congress—and neither one is without blame, is to face up to this problem to see if something cannot be done, and to get away from saying it is the fault of the public; to get away from saying that what we need is a recession; to get away from saying that what we need is a return to the old time religion. In respect to the latter an old saying comes to mind: "The Lord helps those who help themselves."

What we need to do is to face up to a practical fact. Let me say, Mr. President, that every one of us, when we go home, is being confronted with the question: "What are you doing about inflation?" And none of us can, in good conscience, say that we are doing anything.