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### Conference on Inflation - Washington Hilton Hotel

Mike Mansfield 1903-2001

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REMARKS OF SENATOR MIKE MANSFIELD (D., MONTANA)

BEFORE THE

CONFERENCE ON INFLATION

THE WASHINGTON HILTON HOTEL

Friday, September 27, 1974

There have been mini-meetings of this Conference in Washington and across the land. These meetings have been educational and instructive. They have brought to light many views on the state of the economy. But what thing of value to the people of the nation will come out of these meetings? That is the critical question. As one who was among the first to welcome the President's call for this Summit Conference, I must state in all candor that I am not<sup>too</sup>/optimistic about the results.

This Conference has had the participation of the foremost economists in the country--in and out of government. They have told us what the inflation and recession are all about--in a hundred versions. The talk has been of micro-economics, macro-economics, econometrics and what not. Of these things, of importance to economists, the public knows nothing. Of inflation, the public knows a great deal. Of recession, the public is learning more and more each day. The public knows, too, that little has been done to stem the inflation or to halt the march of recession, anywhere by anyone.

Everyone recognizes that petroleum is one of the main sources of the problems which confront us. Yet, today, we are importing 40% of our petroleum needs as compared to 35% a year ago. The price of crude has sky-rocketed and

the end is not in sight. In 1972, \$4.7 billion was spent on imports; \$8.2 billion in 1973; \$27 billion plus in 1974. The trend is up, up, up.

For America and for many other countries, a major source of inflation lies in these figures, in the manipulated spigot of international petroleum flow. As far as the United States is concerned, the other factor is Viet Nam. Viet Nam is water under the bridge only in the sense that we cannot undo what has already been done. Its terrible cost will extend far into the first half of the next century. It will be paid by the sacrifices of several generations.

Inflation has turned the world of the past two decades upside down. Things that are going up should be coming down and they are not. Retail prices are up by 47% annually. Unemployment is up. Interest rates are up. Medical costs are up by 36% *since '69*

Things that are coming down should be going up and they are not. The stock market is down--\$500 billion in values have been lost and 31 million people are affected. Real income is down. Our international trade balances have hit a record low. Auto sales are down 22% from a year ago. Unemployment in Michigan stands at 9.3%, compared to 5½% overall in the country. Housing is down 45% and yet in some places, construction wages have been increased by 20%. How can more houses be built and sold when prices are higher, interest rates are higher and construction wages are higher.

I am not an economist and make no pretenses. What is clear to me, however, is that the time for words--micro, macro or whatever is at an end. Words will no longer satisfy the nation. Inflation is social dynamite; walk through any food market in any suburb and take note of the comments. Recession is social dynamite; walk through areas of high unemployment in any city and

*Based on Aug '74 wholesale prices, converted  
converted to retail prices + projected annually*

ask what lies ahead. The divisions among people, among societies, among nations, are on the rise. They will not wait for the "self-adjusting mechanisms" of the economy to self-adjust.

What is the answer? Mostly, we hear talk about the need for a tight Federal budget and tight money. Of course, we need to keep rein on government expenditures, in good times and bad, and especially on the extravagant and the irrelevant. At best, however, the Federal budget is only a fragment of the answer to our difficulties.

It is said, too, the fault lies with the American consumer. Tell that to the grocery-shopper who feeds a family on inflation-eroded wages or a fixed income. Tell it to the home-owner who uses oil to keep out the cold and the worker who uses gasoline to get to work. The fact is that the laissez faire application of the laws of demand and supply no longer correct the economic ills of a society already bound in by a massive complex of intervention built up over decades. The clock cannot be turned back to Adam Smith's Eighteenth Century England.

The nation is in an economic emergency. The people expect government to confront that emergency and to act on it in the general interests of the people. We have not done so and even now, seem to lack the capacity to do so.

Take the problem of energy-supply as an example. A year ago, we talked of crash programs to increase our own production and to develop substitutes to reduce the dependency on imported oil. Congress has appropriated vast funds and stands ready to appropriate more for this purpose. But what have we really achieved with this year of grace? What have we really done? We have allowed the self-adjusting mechanisms of the economy to operate quite freely in petroleum.

We have let prices find their own level. In a society grown universally dependent on petroleum, that is the cruelest form of rationing. The burden falls heaviest on those with the least income.

The need is for a new action--equitable action--by this Administration in cooperation with the Congress. It exists not only with regard to petroleum but in many other matters. As the President has already been informed, <sup>most respectfully,</sup> the Senate majority believes that integrated action in seven fields is needed to curb inflation and to halt the recession.

These fields are: (1) budget reductions, (2) wage, prices and profit control, (3) selective monetary credit easement, (4) tax adjustments, (5) positive action to deal with shortages and supplies, (6) development of new employment, and (7) readjustment of international policies.

Credit curbs alone are not enough. Budget cutting alone is not enough. Indeed, the budget has already been cut by Congress and will be cut further. But how much inflation can really be squeezed out of the economy by this method and at what price? How much will it cost in lost jobs, lost output, lost public services and business failures?

As for the international economic situation, particularly as it involves petroleum, the Senate and all Americans welcome the call for increased cooperation among consuming nations; and, indeed, there is no reason not to extend the call to the producing nations. We welcome joint policies designed to assure international distribution of essential commodities. The answer will not be found in confrontation with other nations but in cooperation by our own people with others. Some countries like Italy and the United Kingdom <sup>+ others</sup> <sup>possible</sup> face bankruptcy. A whole corridor of humanity spanning the African Continent is starving. Along

with petroleum, these and countless other specific situations are all parts of a world-wide whole. International petroleum problems must be dealt with in that context.

There are many areas that must be addressed in regard to our economic predicament. We must address them candidly and act on their dictates within the framework of this nation's basic tenets. At this time, I offer on my own behalf for the consideration of this Conference a nine-point program of Federal action. I do not think we are going to come to grips with the mounting problems of the economy unless we begin to move in the direction of:

1. Establishing, as needed, mandatory wage, price, rent and profit controls;
2. Reviving the Reconstruction Finance Corporation to deal with the credit needs of ailing businesses such as Penn Central, Lockheed and Grumman, Pan American, TWA and many more headed in the same direction; Congress is not the proper forum for specific decisions involving government bail-outs;
3. Restoring Regulation W to require larger downpayments on credit purchases and shorter periods for repayment and allocating credit on a priority basis in the light of the nation's critical needs;
4. Beginning an equitable rationing system for energy and other scarce materials to the end that dependency on foreign sources of petroleum can be reduced and beginning, too, a stringent conservation system including measures to enforce the speed limit and to bring about a reduction of wastage in the utility and other industrial fields;
5. Developing a broader system of indexing to the end that the real incomes of wage earners can be tied to real living costs;

6. Moving without delay to establish a Commission on Supplies and Shortages, legislation for which has already passed the Congress;

7. Curbing excessive profits and controlling the flow of investments abroad through the taxing power while conversely, cutting taxes on Americans hardest hit by inflation, those in low and moderate income categories and those on modest fixed incomes;

8. Creating, without delay, a jobs-program which puts people to work in public services and elsewhere as necessary, to keep down the level of unemployment;

9. Working with all nations prepared to work with us to deal with cartel-created shortages in petroleum or other commodities, recognizing that petroleum is only one aspect of the larger question of the inter-relationship of the economic well-being of all nations and the stability of the world.

Sacrifices are needed across the board if we are going to restore the nation's economy. In my judgment, the people of this nation are prepared to make those sacrifices. They will do whatever must be done, so long as the burdens are borne equitably. That is the job of the President and the Congress--to insure that the sacrifices are fairly distributed. It is time to put aside the evasions and the circumlocutions. The bell is tolling. There is no need to send to find out for whom. It is tolling for all of us.

Agenda for  
The Conference on Inflation

Friday, September 27, 1974

- 9:00 INTRODUCTION  
L. William Seidman  
Executive Director  
Conference on Inflation
- INVOCATION  
Reverend Edward Latch  
Chaplain, U. S. House of Representatives
- 9:05 OPENING REMARKS  
The President
- 9:15 OPENING REMARKS  
Congressional Leaders
- 9:35 BANKING AND FINANCE panel
- (EACH PANEL will be given 45 minutes, divided into brief presentations by Congressional and private-sector delegates; discussion with the President and the Steering Committee; and comments and questions from delegates in the audience.)
- 10:25 LABOR panel
- 11:10 FOOD AND AGRICULTURE panel
- 11:50 FEDERAL PANEL: Presentation by Federal Reserve Board, Office of Management and Budget, Department of Defense, Science Adviser to the President
- 12:30 LUNCH
- 2:00 HOUSING AND CONSTRUCTION panel
- 3:00 NATURAL RESOURCES AND RECREATION panel
- 3:50 HEALTH, EDUCATION AND WELFARE panel
- 4:45 TRANSPORTATION panel
- 5:30 Adjourn until Saturday morning



Saturday, September 28, 1974

- 9:00 BUSINESS AND MANUFACTURING panel
- 10:00 STATE AND LOCAL GOVERNMENTS panel
- 10:55 ECONOMISTS panel
- 11:40 OPEN DISCUSSION WITH FLOOR DELEGATES
- 12:30 CLOSING REMARKS  
Congressional Leaders
- 12:45 CLOSING REMARKS  
The President
- 1:00 Conference adjourns

(EACH PANEL will be given 45 minutes, divided into brief presentations by Congressional and private-sector delegates; discussion with the President and the Steering Committee; and comments and questions from delegates in the audience.)

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- 5:30 Adjourn with Saturday morning

THE WHITE HOUSE

WASHINGTON

FACT SHEET: THE CONFERENCE ON INFLATION  
(FOR MEMBERS OF CONGRESS, STAFF AND GUESTS OF CONGRESS)

- Place: THE WASHINGTON HILTON HOTEL, 1919 Connecticut Avenue, N.W., Washington, D.C.: The International Ballroom.
- Time: 9:00 AM to 5:30 PM, Friday, September 27, 1974  
9:00 AM to 1:00 PM, Saturday, September 28, 1974
- Registration: No other registration than the enclosed identification badge and admission ticket is necessary.
- Lunch: A Dutch treat lunch is being served, as are morning coffee and pastry both days. If you have signified your intention to have lunch, you may pay the \$10 fee at the door.
- Agenda: A detailed agenda of the Conference will be available when you enter the International Ballroom. In general, you should know that President Ford and the Congressional Steering Committee will attend the entire Conference; there will be a review and discussion of each of the ten sectors of the economy that have been the subject of pre-summit meetings during the past month.
- Summaries: You will be provided with summaries of all of the sector meetings when you arrive.
- NOTE: ALL CONFERENCE PARTICIPANTS AND GUESTS MUST BE IN THEIR SEATS BY 8:45 AM

MEMO TO: The Speaker

FROM : John McFall

Following are plans for the Economic Summit Friday and Saturday.

The summit will convene at 9:00 a.m., International Ballroom, Washington Hilton (tel: 232-8999), with lunch at 12:30 (\$10 per person) and reconvening at 2:00 p.m., adjourning at 5:30 p.m. It will reconvene at 9:00 a.m. Saturday and adjourn at 1:00 p.m.

The opening ceremonies will include the following speakers in this order:

Bill Seidman  
The President  
Speaker Albert  
Senator Mansfield  
Senator Scott  
Senator Tower

Panels will follow in order (45 minutes each). The format will be repeated for each panel as follows:

1. Representatives of the panel (including all Congressional delegates) move to head table.
2. 15 minute presentation by panel spokesmen selected by the Cabinet member.
3. 3 minute statement each by Democrat and Republican spokesmen selected from the Congressional representation. (Alternate between House and Senate.)
4. 15 minute discussion at the table.
5. 10 minute question and answer from the floor.

#### I. BANKING AND FINANCE

| <u>Democrats</u> | <u>Republicans</u> | <u>Senators</u> |
|------------------|--------------------|-----------------|
| Wright Patman    | John Rhodes        | William Roth    |
| Henry Reuss      | William Stanton    | Ernest Hollings |
|                  |                    | Jacob Javits    |
|                  |                    | Russell Long    |

#### 3 minutes each

|             |                 |
|-------------|-----------------|
| Henry Reuss | William Stanton |
|-------------|-----------------|

#### Public Spokesmen

Dr. Gabriel Hauge, Chairman Manufacturers Hanover Trust Co.  
Dr. Grover Ensley, Exec. Vice President, Nat. Assoc. of MSB  
Dr. Otto Eckstein, Professor of Economics, Harvard University  
Mr. Robert V. Roosa, Partner, Brown Bros. Harriman and Co.  
Dr. Charls E. Walker, President Charls E. Walker Associates  
Ms. Sylvia Porter, Syndicated Financial Columnist

II. LABOR

Democrats  
John McFall  
Wright Patman

Republicans  
John Rhodes  
Al Quie

Senators  
Lawton Chiles  
Richard Schweiker  
Alan Cranston

3 minutes each  
Sen. Cranston

Sen. Schweiker

Public Spokesmen  
George Meany  
Leonard Woodcock  
Murray Miller

III. AGRICULTURE AND FOOD

Democrats  
W. R. Poage  
Tom Foley

Republicans  
John Anderson  
William Wampler

Senators  
Adlai Stevenson  
Henry Bellmon  
Robert Dole  
Walter Huddleston

3 minutes each  
Sen. Huddleston

Sen. Dole

Public Spokesmen  
R. J. Hildreth, Farm Foundation  
Lane Palmer, Farm Journal  
Oakley M. Ray, American Feed Manufacturing Association

IV. FEDERAL PANEL

3 minutes each  
Sen. Muskie

Public Spokesmen  
Arthur Burns, Federal Reserve  
Roy Ash, Office of Management and Budget  
H. Guiford Stevor, Science Advisor to the President  
James R. Schlesinger, Secretary of Defense

FRIDAY AFTERNOON

V. HOUSING

Democrats  
William Barrett  
Thomas Ashley

Republicans  
William Widnall

Senators  
William Proxmire  
Bill Brock

3 minutes each  
Sen. Proxmire

Sen. Brock

Public Spokesmen  
Lewis Cenker, President NAHB  
Saul Horowitz, Jr., Associated General Contractors of America  
Joseph B. Dougherty, National Association of Realtors  
Robert A. Georgene, AFL Building and Construction Trades Dept.  
M. Carl Holman, National Urban Coalition

VI. NATURAL RESOURCES

Democrats  
Roy Taylor  
Harold Johnson

Republicans  
John Anderson  
Craig Hosmer

Senators  
Paul Fannin  
Gaylord Nelson  
Floyd Haskell  
Clifford Hansen  
Dewey Bartlett

3 minutes each

Sen. Nelson

Sen. Bartlett

Public Spokesmen

Ian Mac Gregor, AMAX (coal company)  
Charles Luce, Consolidated Edison  
Michael McCloskey, Sierra Club  
H. A. True, True Oil Co.

VII. HEALTH AND WELFARE

Democrats  
Harley Staggers

Republicans  
Samuel Devine  
Al Quie

Senators  
Edward Kennedy  
Warren Magnuson  
Jacob Javits  
Charles Mathias

3 minutes each

Sen. Kennedy

Al Quie

Public Spokesmen

Michael Zubkoff, Meharry University (health)  
Michael Timpane, Rand (education)  
Philip Rutledge, National League of Cities (income security)  
Bertha Adkins, Federal Council on Aging (inflation)

VIII. TRANSPORTATION

Democrats  
Bob Jones  
John Dingell

Republicans  
Don Clausen  
Victor Veysey

Senators  
Jennings Randolph  
Ted Stevens  
Alan Cranston

3 minutes each

John Dingell

Victor Veysey

Public Spokesmen

Benjamin F. Biaggini, Southern Pacific Railroad  
Edward E. Carlson, United Airlines  
William Bresnahan, American Trucking Association  
A. E. Leitherer, National Industrial Traffic League

SATURDAY MORNING

IX. BUSINESS AND MANUFACTURING

| <u>Democrats</u> | <u>Republicans</u> | <u>Senators</u>  |
|------------------|--------------------|------------------|
| Neal Smith       | Gary Brown         | Robert Taft      |
| Lucien Nedzi     | Ben Blackburn      | Abraham Ribicoff |
| Bill Ford        | E. G. Shuster      |                  |
| Martha Griffiths |                    |                  |

3 minutes each  
Martha Griffiths      Gary Brown

Public Spokesmen  
Reginald Jones, General Electric  
Arthur M. Wood, Sears-Roebuck  
Mary Wells Lawrence, her own advertising agency  
Jerry T. Jones, National Association of Black Manufacturers

X. GOVERNMENT (State and Local)

| <u>Democrats</u> | <u>Republicans</u> | <u>Senators</u> |
|------------------|--------------------|-----------------|
| Tom Rees         | Jack Edwards       | Pete Domenici   |
| Jim Stanton      | Frank Horton       | Edmund Muski    |

3 minutes each  
Tom Rees      Sen. Domenici

Public Spokesmen  
Governor Daniel J. Evans, Washington  
Mayor Joseph L. Alioto, San Francisco  
Martin Sabo, Speaker, Minnesota House of Representatives  
Louis V. Mills, Orange County Executive, Goshen, New York  
E. Robert Turner, International City Management Association  
Jerry Wurf, President, American Fed. of State, County, & Municipal Employees

XI. ECONOMISTS

| <u>Democrats</u> | <u>Republicans</u> | <u>Senators</u> |
|------------------|--------------------|-----------------|
| Wright Patman    | Barber Conable     | Dewey Bartlett  |
| John McFall      | James Broyhill     | Thomas McIntyre |
|                  |                    | Roman Hruska    |
|                  |                    | John Tower      |

3 minutes each  
Wright Patman      James Broyhill

Public Spokesmen  
Arthur Okun  
Walter Heller  
George Schultz  
Milton Friedman  
Paul Samuelson

CLOSE

Senator Humphrey  
Congressman Conable  
The President

REMARKS OF SENATOR MIKE MANSFIELD, DEMOCRAT OF MONTANA, BEFORE THE CONFERENCE ON INFLATION, THE WASHINGTON HILTON HOTEL, FRIDAY, SEPTEMBER 27, 1974

There have been mini-meetings of this Conference in Washington and across the land. These meetings have been educational and instructive. They have brought to light many views on the state of the economy. But what thing of value to the people of the nation will come out of these meetings? That is the critical question. As one who was among the first to welcome the President's call for this Summit Conference, I must state in all candor that I am not too optimistic about the results.

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