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Congressional Record S. 19667 - Time for Wage and Price Controls

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THE TIME HAS COME FOR WAGE-
PRICE-PROFIT CONTROLS

Mr. MANSFIELD. Mr. President, there is a good deal of talk going around about the economy, but that is all it is—talk. We note in this morning's paper that Chrysler is laying off something on the order of 44,000 workers. At the same time, Chrysler has increased its prices.

We see GM laying off workers, and we see Ford laying off workers. They, too, have raised their prices.

We see a situation developing which could, in my opinion, take us back to the terrible days of the depression of the thirties if we do not face up to our responsibilities. There are those of us who advocate wage, price, rent, profit, and other kinds of controls, and there are those of us who are opposed to them. But both of us are just talking unless we want to face up to the realities of today.

Volunteerism is not the answer. Wearing a button on one's lapel is not the answer. Cleaning one's plate is not the answer. Oil shortages alone are not the problem.

In my opinion, Mr. President, the basic reason for the recession in which we find ourselves today is twofold: Vietnam, a tragedy if ever there was one, and the turning off of the oil spigot just about a year ago. Vietnam, an unnecessary, brutal war which was not tied to the interests of the United States, cost this Nation 55,000 American dead. Vietnam cost this Nation 303,000 American wounded. Vietnam caused this Nation to spend 140 billion American dollars, and before we are through, according to the "Statistical Abstract of the United States, 1973," issued by the Department of Commerce, Vietnam is going to cost us \$352 billion, a cost that will extend into the latter part of the first half of the next century.

As to the other factor, petroleum, let us see what we are paying. In 1972, the cost of petroleum imports was about \$4.7 billion. In 1973 the cost was about \$8.3

billion. This year, the cost is going to be in excess of \$27 billion. And the oil from these sources can be turned off at any time the exporters desire to.

We talk a lot about the Middle East when we speak of oil, but I think it is well to keep in mind that not more than a third of our imports come from the Middle East. In fact, 27.7 percent comes from Venezuela; 17.7 percent comes from Canada and half of that is Venezuelan crude refined; 9.5 percent comes from Nigeria; 4 or 5 percent comes from other areas throughout the world, 10 percent from Iran. The first Middle East country with any substantial export of petroleum to the United States is Saudi Arabia. From that country, we get 9.5 percent of our imports.

Furthermore, as far as the OPEC countries are concerned, OPEC was founded by Venezuela, and Venezuela was the first country which tied the cost of oil to the rate of production. So what we are facing is not something which is tied only to the Middle East, but we are facing a factor which must be considered on a worldwide basis.

Those are the two things which I think are most responsible for the recession in which we find ourselves today: Vietnam and the shortage of petroleum, plus the policy of turning the spigot off and on to regulate the price and apply the pressure. But these are facts and history; our responsibility is for now and tomorrow.

Mr. President, in 1970, when the President told us that economic standards should never be used, Congress passed standby wage, price, profit, and rent controls. Over a year later, President Nixon finally used that standby authority to control the mounting inflation then considered rampant in the country.

The inflation rate in August, 1971, was 4.5 percent. Today the inflation is triple that figure. In fact, we have the same rhetoric against the strong remedy of controls from this administration. But in the past 100 days unemployment has increased in America to 5½ million or 6 percent of the total work force. It is expected to jump to 7 percent or more before the new Congress convenes in January. Automobile sales are down 38 percent from a year ago, but the cost of cars has increased by \$386 on the average. Assembly line layoffs are beginning to snowball. The cost of living keeps going up. Last month on the eve of the election wholesale prices increased at an annual rate of nearly 28 percent; wholesale prices for food increased by over 50 percent; the gross national product dropped 2.9 percent in the third quarter of this year. These statistics keep telling the story, but a sense of urgency seems to escape all but those in the grocery store lines.

A program of voluntary restraint—in effect since President Nixon's phase II was abandoned—is inadequate to meet the economic crisis of the Nation.

What is needed is a strong, fair and total program to control the spiral of this Nation. It is not satisfactory to blame it on an international oil conspiracy alone. Assessing blame does not provide a remedy. Getting our domestic

house in order through a balanced program of energy conservation and economic restraint will do more to remedy the international recession than the rhetoric of countless international conferences.

The measure I introduce today should be considered as but one part of an overall program to meet the urgent needs of this Nation. It will provide for the authority to exercise the appropriate control over our economy during this period of crisis. It is similar to the authority granted to President Nixon in 1970. It includes authority over wages, prices, profits, rents, dividends, interest rates, and other economic transfers with a base period of April 30, 1974, the date the 1970 control authority expired.

A newly added feature will require the administration to submit to the Congress within 60 days after enactment a detailed plan on how this authority would be implemented if called upon by the President. This report will include specific descriptions of the manner in which such authority would be exercised and the organizational and administrative structures that would be undertaken. These reports would give Congress the ability to adjudge what measures are contemplated to assure that all sectors of the economy are to receive a comparable level of control; that all sections are to be treated fairly and equitably; and that comparable duties and sacrifices on individuals and organizations will be distributed throughout the economy.

I hope that the Committee on Banking, Housing and Urban Affairs—and I see the next chairman of that committee (Mr. PROXMIRE) presiding over the Senate at the present time—will give this matter its earliest consideration, because, Mr. President, the bells are tolling, and we know for whom.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. McCLELLAN. Does the measure that the Senator is introducing today provide for mandatory action on the part of the Executive, or is it chiefly discretionary, as we have always provided in the past?

Mr. MANSFIELD. Standby authority would be granted to the President.

Mr. McCLELLAN. What does the Senator propose in his bill by way of standby authority that the President does not have now?

Mr. MANSFIELD. The President has indicated, or at least his predecessor did, that he does not have the authority to impose wage, price, profit, rent, and interest rate controls; that authority expired on April 30, 1974, and is not in operation at the present time.

If I could ask the Presiding Officer to speak as a Senator from the State of Wisconsin, I would like to have my statement either refuted or accepted.

The ACTING PRESIDENT pro tempore (Mr. PROXMIRE). The Senator from Montana is correct. The authority of the President expired April 30, 1974.

Mr. McCLELLAN. It has expired. What the Senator is doing, then, with his bill, is seeking primarily to renew authority that had heretofore been granted to the

President, that is discretionary authority?

Mr. MANSFIELD. In general, yes, because he would be the one to implement the controls, to invoke or not the authority in this bill. The question will be raised, "Well, we are just trying to pass the buck to the President."

Not at all. If there was any way in which I could devise a measure which would pass Congress on a substantial basis and which would give Congress co-equal control with the President, I would be delighted to do it. But the only way it can be done, as I see it, is on this basis, because the President is the Chief Executive Officer of our Government, the designated leader of the Nation, and he is the one who must furnish the leadership in mobilizing the Nation to get its economic house in order.

Mr. McCLELLAN. There is no doubt in my mind, that Congress has the power, and can by legislation as proposed by the distinguished Senator, confer upon the President the discretionary authority to act and to invoke and impose controls, regulations, and limitations on various aspects of the economy. But, as the Senator pointed out earlier in his remarks, we are doing a lot of talking with little action, and the situation is worsening all the time. I am wondering if we are approaching a time, or if we have not already reached such a time of economic distress, when it becomes imperative that Congress take the responsibility for enacting laws that require action, rather than leave it to the discretion of the executive branch of the Government.

These are just thoughts, Mr. President. I am not trying to pick flaws. I am simply discussing the matter from the standpoint that if we act and give the President the power, in the past it has been said, "We do not need congressional help; it is not time yet for that; wait and see."

I am not saying this in criticism of the President as he performs as Chief Executive. There are often honest differences of opinion in areas where discretion is permitted. But I wonder if the time is not here for Congress to assert itself, and legislate to require certain acts to be accomplished.

Mr. MANSFIELD. Mr. President, I appreciate the comments of the distinguished chairman of the Appropriations Committee. As far as I am concerned, I would be delighted to support legislation, unpleasant though it might be, which would make it mandatory to undertake certain actions to forestall, alleviate, or reverse the recession which is upon us.

I would point out, though, that no matter what Congress did, even if it did mandate the type of legislation which the Senator from Arkansas and I agree would be worthwhile, it would have to be administered by the executive branch of the Government, and that is a factor which we cannot close our eyes to.

May I say I agree with the Senator; I think that President Ford is a man of good heart and good intentions, and I think that the Congress is made up of men and women of good hearts and good intentions, but it is going to take more

than that to face up to this difficulty which now confronts us with 12.1 percent inflation from September 1973 to September 1974, and the trend is up, with 6 percent unemployment, according to figures about 3 weeks ago, and I dare say the figure right now is in excess of 6 percent; and if the coal strike continues, which affects other industries as well, the trend will go well beyond that.

It is time for us to take stock and face up to our responsibilities, because we owe a duty and a responsibility to the American people which I think up to this time both the executive and legislative branches have been shying away from assuming.

Mr. McCLELLAN. The question in my mind is whether Congress should make a quick indepth study and reexamine the whole economic situation, and make a determination—about whether discretionary authority may or may not be used. Or, whether discretionary authority, used sparingly instead of forcefully and effectively, is going to solve our problems. I am beginning to think it will not.

I had a letter the other day—from a farmer in my State, and I was much impressed with his fairmindedness. He spoke of the complaints about high prices for food.

He was perfectly willing to place some limit on what the agricultural products may sell for, but he pointed out that there should be no reduction on the price the farmer could get for his product. If there was no price limitation placed on restrictions on the cost the farmer would have to pay for his fuel, which has risen three or four times over what it was a year ago, and on the chemicals he has to buy which have also risen, and on the fertilizer that he has to buy which is being shipped abroad, then no price limitation should be placed on the crops.

It is not simple matter and it is very well to say that the farmer is getting more than he ever received, and maybe he is in some areas. But it is also costing him far more to operate, and if we are going to hold down the cost of living in this country, we have got to hold down the cost of food production.

Mr. MANSFIELD. Mr. President, in my State of Montana we face a triple difficulty. Our timber operations are down. What mills are functioning are operating on a shortened-hour basis, our beef industry is in bad shape because the prices are too low and the costs are too high, but somebody is making money out of beef and it is not the cattlemen.

When I was home during the election, just the day before the election it was announced that three of the four mines in Butte would be closed down and the men would be laid off. That is going on at the present time.

In Montana, I think the rate of unemployment is somewhere between 7 percent and 8 percent. In the President's home State of Michigan, I think it is around 10 percent, if not more. The trend in almost every State is up.

Getting back to the suggestion made by the distinguished Senator from Arkansas, I am delighted that we have in the chair at this time the distinguished Senator from Wisconsin (Mr. PROXMIER)

because he has undertaken, I believe, the kind of a study which was mentioned and I would express the hope that in his capacity as chairman of the Joint Economic Committee he would continue that study and come forth with recommendations so that the Senate and the Congress would in time be in a position to act in a positive manner and in a way which hopefully would be beneficial to the people of the Nation as a whole.

Mr. McCLELLAN. Mr. President, if the Senator will yield. I have the same situation in Arkansas, a lumber-producing State. As the Senator knows, many of our mills are completely closed down.

Mr. MANSFIELD. That is right.

Mr. McCLELLAN. And, of course, homebuilding is at a standstill. People cannot get money to finance homebuilding, except at excessive interest rates, and they are lucky if they can get financing at all.

Something is wrong with our economy and it has got to be straightened out if we are to pull out of the recession now and avoid going into a deep depression.

I think the leader is right and I want to support him in his expressions of concern, and I, too, desire to get moving and quit talking.

I hope that the distinguished Senator from Wisconsin, with the committee study he is making, can come forth at a very early date with some concrete recommendations that will be helpful to us.

I do not think we can continue drifting and expect to reverse the trends that are now upon us. We are going to have to take some action.

Mr. MANSFIELD. The Senator is correct; he used the right word, "drift."

The administration and the Congress both are drifting and we are not drifting in the right direction.

Mr. YOUNG. Will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. YOUNG. I was impressed by the comments made by the Senator from Arkansas with respect to the letter he received from a farmer.

Farm operating costs have gone up far more than most people realize, and the end is not in sight. There are some farm prices that are way down. My friend from Montana knows the cattle prices now are probably at the lowest point since they were in 1955. Cattle are selling now for only about one-third what they were a year ago, and this segment of our agricultural economy is in serious trouble, but the meat over the counter here in Washington seems to be selling for about the same price it always was before.

Mr. MANSFIELD. Or higher.

Mr. YOUNG. These cattle people with the very high interest rates just cannot stay in business if prices continue the way they are.

Mr. MANSFIELD. The Senator is correct; no one knows more about the farm economy than the distinguished senior Senator from North Dakota, and what we apply to the beef producers, cattlemen who produce beef on the hoof, we can also apply to the feed-lot operators.

It is a most difficult situation which this country finds itself in, and I think the time calls for cooperation between the parties and cooperation between the

Congress and the Executive, but most of all, a confrontation by all of us to hard realities of this Nation's economy.

Mr. President, I ask unanimous consent that the text of the bill I introduce today, the Economic Stabilization Act of 1974, be printed at this point in the RECORD.

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

S. 4174

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

§ 101. Short title

This Act may be cited as the "Economic Stabilization Act of 1974."

§ 102. Presidential authority

The President is authorized to issue such orders and regulations as he may deem appropriate to stabilize prices, rents, wages, salaries, profits, dividends, interest rates, and other comparable economic transfers at levels not less than those prevailing on April 30, 1974. Such orders and regulations shall provide for—

(1) the making of such adjustments as may be necessary to prevent gross inequities;

(2) wage and salary increases or adjustments, after April 30, 1974, based on the application of cost of living and productivity formulas;

(3) price, rent, or interest rate increases or adjustments, after April 30, 1974, based on cost or productivity increases; and

(4) profit or dividend increases, after April 30, 1974, attributable to increased productivity, efficiency, or sales or revenues.

§ 103. Delegation

The President may delegate the performance of any function under this Act to such officers, departments, and agencies of the United States as he may deem appropriate.

§ 106. Expiration

Whoever willfully violates any order or regulation under this Act shall be fined not more than \$5,000.

§ 104. Penalty

Whenever it appears to any agency of the United States authorized by the President to exercise the authority contained in this Act to enforce orders and regulations issued under this Act, that any person has engaged, is engaged, or is about to engage in any act or practice constituting a violation of any regulation or order under this Act, it may bring an action, in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, to enjoin such act or practice, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. Upon application of the agency, any such court may also issue a mandatory injunction commanding any person to comply with any regulation or order under this Act.

§ 105. Injunctions

The authority to issue and enforce orders and regulations under this Act expires at midnight September 30, 1977, or upon the date provided in a concurrent resolution of the Congress whichever is earlier but such expiration shall not affect any proceeding under section 104 for a violation of any such order or regulation committed prior to October 1, 1977, or for the punishment for contempt for a violation of any injunction issued under section 105 committed prior to October 1, 1977.

§ 107. Transmittal of detailed plan

(a) Not later than 60 days after the date of enactment of this Act, the President or his

delegate shall transmit to the Congress a plan setting forth detailed proposals for the implementation of the authority conferred by this Act, including specific descriptions of the manner in which such authority would be exercised and the organizational and administrative provisions which would be used.

(b) The plan required under this section shall—

- (1) be generally fair and equitable;
- (2) provide for a comparable level of control of all sectors of the economy; and
- (3) impose comparable duties and sacrifices on individuals and organizations in all segments of the economy.

(c) The President or his delegate shall make and transmit to the Congress from time to time such revisions of the plan transmitted under this section as may be necessary.
