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Speeches, A New Proposal for A New Approach to Economic Foresight

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April 11, 1974

STATEMENT OF SENATOR MIKE MANSFIELD (D., MONTANA)

A PROPOSAL FOR A NEW APPROACH ON ECONOMIC FORESIGHT

At the beginning of the year a proposal was advanced at the first meeting of Senators of the Majority Party on January 24 and , again, in the State of the Congress television address on February 1, concerning the establishment of some instrumentality to bring together representatives of the legislative and executive branches with representatives of agriculture, business, labor and other private communities for the purpose of identifying and doing something about areas of potential national crisis.

This proposal was discussed with the Senate Minority Leader (Mr. Scott) on a completely non-partisan basis and, together, we addressed a letter to the President on February 19, 1974. On March 25, the President wrote to us, responding affirmatively to our letter suggesting that several representatives of the Executive branch (Secretary of the Treasury George Shultz, Director of OMB, Roy L. Ash, Director of the Cost of Living Council, John T. Dunlop, Assistant to the President, Peter M. Flanigan, and Chairman of the Council of Economic Advisors, Herbert Stein) join in an initial exploratory meeting.

On April 9, the Senate Democratic Policy Committee endorsed the idea of the proposed meeting in a formal resolution. The House and Senate leaderships of both parties subsequently discussed the matter and agreed on the desirability of pursuing the matter. An initial meeting has been called for April 30, 1974 at 10:00 a.m. in the office of the Senate Majority Leader. We expect that about a dozen persons from the two Houses and the Executive branch will be in attendance.

EXCERPT FROM REMARKS OF SENATOR MIKE MANFIELD (D., MONTANA) BEFORE
THE SENATE DEMOCRATIC CONFERENCE ON JANUARY 24, 1974,
"JANUARY 1974--2D SESSION, 93D CONGRESS"

It would be my hope, therefore, that we will go beyond the energy crisis in the coming session of Congress. The need is to take a careful look not only at the immediate flashing of this or that danger signal but at the whole integrated switchboard of our national existence.

It may be that it is time to consider setting up some organization for coordinating our thinking as to what is more important and what is less important to the nation and its future, for delineating the durable needs of a decent national survival. Perhaps, some new and continuing machinery which brings together the Executive Branch and the Legislative Branch for this purpose and couples both with a cross-section of industry and labor and other areas of our life will enable us to see the forest and not merely the trees. Perhaps, the juxtaposition of ideas and interests from these sources might help us to learn to curb the ingrained tendencies of government to spend vast sums out of force of habit or for exotic and wasteful endeavors--whether military or civilian. Perhaps, then, the budget can be better framed to meet the over-all requirements of the nation for today and tomorrow.

EXCERPT FROM STATEMENT OF SENATOR MIKE MANSFIELD, MAJORITY LEADER,
ON FEBRUARY 1, 1974, "STATE OF THE CONGRESS--1974"

It would be my hope that the concern of the Government will not stop with the energy shortage. The need is to take a careful look not only at the flashing of this single danger signal but at the whole integrated switchboard of our national existence. It is not enough, for example, for the federal government to spend tens of millions of dollars in a rescue operation to keep the bankrupt Penn Central on the tracks. We need to know where an action of this kind fits into a national rail policy; where that policy, in turn, fits into a total transportation pattern; where that pattern, in turn, fits into the over-all requirements of the nation, today, and for the next decade or more. In short, we need to think ahead and begin to make the hard political choices between what is more important to the nation and what is less, between what is enduring and what is transitory. That is the full scale by which government intervention in the nation's economy, when it must take place, should be measured. Unless we begin soon to develop that scale, the right hand of government will tend more and more to undo or do over what the left hand has just done.

It seems to me that it would be helpful in this connection to bring together on a regular basis representatives of the Executive Branch and the Legislative Branch with those of industry, labor and other areas of our national life. The fusion of ideas and interests from these sources should help us to establish useful economic yardsticks. In turn, we may begin to curb in some orderly way the ingrained tendencies of government to spend vast sums out of force of habit or for exotic and wasteful endeavors--whether military or civilian. Perhaps the resources of the federal government can then be used more effectively and efficiently to promote the national welfare. Perhaps, then, the President's budget--which has now broken the \$300 billion barrier--can be reduced and better framed to meet the over-all requirements of the nation for today and tomorrow.

MIKE MANSFIELD
MONTANA

United States Senate
Office of the Minority Leader
Washington, D.C. 20510

February 19, 1974

The President
The White House
Washington, D. C.

Dear Mr. President:

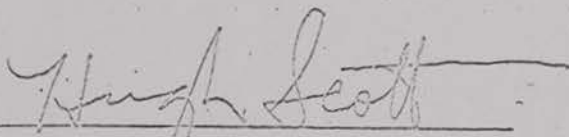
It occurs to us that there is a need to look beyond the current crisis to the way in which our economic life has come to be organized. The energy shortage is a part, not the whole of the difficulty which confronts the nation's economy. Danger signals are flashing elsewhere on the complex switchboard of our national existence.

It is our thought that there must be a better way to deal with the needs of our people than by Federal intervention and bail-outs to shore up faltering parts of the economy, on a crash-basis. The practice of waiting for the storms to strike and then, hurriedly, erecting shelters is not only wasteful and inefficient of the resources of the nation but its cumulative effect may well be devastating.


There is a need, it seems to us, to anticipate and, as far as possible, to act in an orderly fashion before the difficulties have descended on us. Unless we have some synchronized and coordinated machinery for this purpose, the nation will be subject to a plague of crises, one after another, in the years ahead. It is our suggestion, therefore, 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.

We would appreciate your reactions to this suggestion and would be prepared to work with the Executive Branch in bringing about a concerted consideration of the proposal.

Sincerely,



HUGH SCOTT



MIKE MANSFIELD

THE WHITE HOUSE

WASHINGTON

March 25, 1974

Dear Mike:

Thank you for the thoughtful letter that you and Hugh Scott sent me on February 19, 1974 about "the way in which our economic life has come to be organized". I think that is a good way to put the question, which is not really how we solve this or that particular problem but what kind of problem-solving system we have and need.

Your letter does seem to imply a certain notion about the deficiency in the problem-solving system. It implies that the difficulty is lack of foresighted and coordinated action by Government. One could take a different, although not necessarily inconsistent, view -- namely, that we have an excellent problem-solving system, the free market, which is too much interfered with by Government because people do not understand it.

However, I do not want to emphasize this possible difference now. I agree that the country needs more responsible and mature thought about the economic system. I can't tell from your letter whether you are proposing large open meetings for this purpose. I am afraid that I believe large meetings are not good for thinking through anything. Probably some more constructive procedure could be found. Use might be made of the National Commission on Productivity, which includes representatives of business, labor, agriculture, consumers, State and local government, the universities and the executive branch, and which is accustomed to quiet, cooperative work.

I think it would be desirable to follow up this suggestion and see whether progress can be made in defining the problem and finding a way to attack it. To this end I would propose that you and Hugh Scott and your House opposite numbers might meet with Secretary Shultz, Director Ash, Director Dunlop, Director Flanigan, and Chairman Stein to discuss the subject further. If this idea appeals to you will you please get in touch with Secretary Shultz to make further arrangements.

I hope that any public information about our communications will make clear that they do not assume the existence of any crisis or the need for radical changes but are only designed to explore the possibility of doing things better.

Sincerely,



The Honorable Mike Mansfield
United States Senate
Washington, D.C. 20510

WHEREAS, the energy shortage has kindled ~~an~~ awareness of the uncertain supply of many resources, materials and commodities vital to national needs;

WHEREAS, the energy shortage also revealed that the nation is not equipped to provide a continuing and interrelated evaluation of the status and availability of basic resources, materials and commodities and, hence, cannot make the most effective and timely response to situations of adversity, with consequent detriment to the national well being;

WHEREAS, the Senate Majority Conference has approved Leadership efforts to pursue, in concert with the Senate Republican Leadership, the establishment of an appropriate forum at the highest level of national life for the purpose of assuring that national needs are fulfilled; and

WHEREAS, the President has indicated in a letter dated March 25, 1974, to the Leaders of the Senate his readiness to cooperate in an examination of this question;

The Democratic Policy Committee recommends:

(1) that consideration be given to constituting a national instrumentality composed of representatives of the Legislative and Executive Branches and members of the agricultural, industrial, labor and other private communities of the nation;

(2) that such instrumentality, if constituted, have the capacity both to forecast potential areas of national economic crisis and to propose to the President and the Congress such planning and policy alternatives as may be necessary to prevent or mitigate any such crisis; and

(3) that the Majority Leader, in concert with the Senate Republican Leader, engage in discussions with designees of the House Leadership and of the Administration in pursuit of the establishment of such an instrumentality

United States Senate
Office of the Majority Leader
Washington, D.C. 20510

April 10, 1974

The President
The White House
Washington, D. C.

Dear Mr. President:

Thank you for your letter of March 25th in response to our thoughts about establishing some instrumentality to bring together representatives of the legislative and executive branches with representatives of agriculture, business, labor and other private communities for the purpose of identifying and doing something about areas of potential national crisis.

We are pleased to have your cooperation and appreciate the suggestion that representatives of the House and Senate meet with Secretary Shultz, Director Ash, Director Dunlop, Director Flanigan, and Chairman Stein to discuss the subject further.

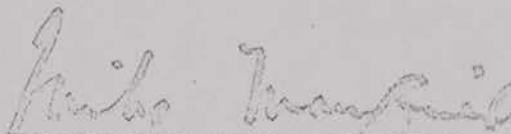
The Senate Majority Policy Committee has endorsed the proposal in a resolution, a copy of which is enclosed. The House and Senate leaderships have discussed the matter and we are in agreement on the desirability of pursuing the matter. An initial meeting has been set up for April 30, 1974, at 10:00 a.m. in the office of the Senate Majority Leader. We expect that about four members of each House will be in attendance. This letter, copies of which are being sent to those representatives of the Executive whom you mentioned in your communication of March 25, will serve as our invitation to them to attend the meeting.

With best wishes, we are

Sincerely yours,



REPUBLICAN LEADER



MAJORITY LEADER

Enclosure