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WHEN I WAS ASKED TO MAKE A FEW REMARKS I WONDERED WHAT I SHOULD TALK ABOUT. THIS IS, AFTER ALL, A POLITICAL OCCASION AS WE GATHER TOGETHER AS MEMBERS OF THE DEMOCRATIC PARTY IN AN ELECTION YEAR.

AND I KNOW THAT TALKING ABOUT BUDGETS AND INTEREST RATES AND CREDIT IS NOT TERRIBLY EXCITING. BUT I THINK THERE ARE SOME THINGS THAT SHOULD BE SAID ABOUT THE STATE OF THE ECONOMY AND THE WAY THE CARTER ADMINISTRATION IS TRYING TO DEAL WITH IT.

I THINK THAT THERE ARE ALSO SOME THINGS THAT SHOULD BE SAID ABOUT A CHANGED ATTITUDE IN WASHINGTON AS TO HOW WE SHOULD HANDLE OUR ECONOMIC PROBLEMS AND THE COURAGE THIS NEW ATTITUDE REQUIRES.

WE ARE TOLD EVERY DAY BY THE NEWS MEDIA THAT WE ARE IN ECONOMIC TROUBLE. ONCE A MONTH, NEWSPAPER ARTICLES APPEAR THAT SHOW THE RATE OF INFLATION, THE COST OF LIVING AND THE SIZE OF THE GROSS NATIONAL PRODUCT.

AND THE FIGURES HAVE BEEN BAD.

BUT THERE IS A TREND THAT I DETECT IN WASHINGTON-- IN THE WAY THAT THE PRESIDENT AND CONGRESS ARE TRYING TO TURN THIS SITUATION AROUND-- THAT OFFERS SOME HOPE FOR THE FUTURE. NOT NEXT MONTH, PERHAPS, BUT IN THE LONGER TERM.

AND THIS NEW ATTITUDE OF TRYING TO TAKE STEPS THAT WILL BE GOOD FOR THE COUNTRY IN THE YEARS TO COME AND NOT TRYING FOR A STOP GAP SOLUTION THAT WILL BE PALATABLE NOW, BUT HURT IN THE YEARS AHEAD, TAKES A GREAT AMOUNT OF POLITICAL COURAGE. I THINK THAT THE

PRESIDENT, BY ADOPTING A LONG RANGE POLICY, HAS DEMONSTRATED THAT HE HAS THIS COURAGE.

DURING THE GREAT DEPRESSION OF THE 1930'S IT BECAME APPARENT THAT SOME IMMEDIATE MEASURES WERE NEEDED TO GET AN ECONOMY THAT HAD COME TO A DEAD STOP MOVING AGAIN.

FRANKLIN ROOSEVELT TOOK THE STEPS THAT WERE NEEDED, AND THE GOVERNMENT CAME TO THE RESCUE OF THE PEOPLE. JOBS WERE CREATED, THE PUMP WAS PRIMED AND WE CLIMBED OUT OF THE HOLE.

IN 1945, AFTER WORLD WAR II, THERE WAS FEAR THAT THE DEPRESSION WOULD RETURN. IT DIDN'T, AND WE HAD SEVERAL YEARS OF RELATIVE PROSPERITY.

BUT WE BEGAN TO GET INTO TROUBLE IN THE 1960'S WHEN WE WERE TRYING TO FINANCE A WAR A HALF-A-WORLD AWAY AND PAY FOR AN INCREASING

NUMBER OF SOCIAL PROGRAMS AT HOME. WE WERE HAVING BOTH OUR GUNS AND OUR BUTTER, AND HAVING THEM IN ABUNDANCE. WE STARTED TO LIVE BEYOND OUR INCOME.

AND IF A DOWNTURN CAME IN THE ECONOMY OR IF INFLATION BECAME TOO HIGH IN THOSE YEARS, WE HAD A QUICK FIX FOR IT.

WE TRIED WAGE AND PRICE CONTROLS AND THEY DIDN'T WORK. BUSINESSES FOUND OUT THEY WERE COMING AND RAISED PRICES IN ANTICIPATION AND THEN WHEN THE CONTROLS WERE REMOVED, PRICES SHOT UP AGAIN.

THAT IS A QUICK FIX THAT IS BEING SUGGESTED BY SOME IN THE PRESENT SITUATION BUT THEY DON'T SAY WHAT SHOULD BE DONE WHEN THE CONTROLS COME OFF.

OTHER ADMINISTRATIONS HAVE USED MASSIVE JOB PROGRAMS TO STIMULATE

THE ECONOMY WHEN DOWNTURNS OCCURRED. THESE PROGRAMS COST MONEY AND WE WENT DEEPER INTO DEBT.

I RECALL THAT IN 1975, WHEN I FIRST WENT TO THE SENATE, THAT PRESIDENT FORD CALLED FOR A BIG MANPOWER PROGRAM TO STIMULATE THE ECONOMY. DURING HIS SHORT TERM IN OFFICE, MR. FORD HAD SOME OF THE HIGHEST BUDGET DEFICITS IN HISTORY. IN 1976, HIS LAST YEAR IN OFFICE, THE REPUBLICANS GAVE US THE BIGGEST DEFICIT WE EVER HAD, OVER \$66 BILLION DOLLARS.

PRESIDENT CARTER, WHO SAW AN ECONOMY SPEEDING OUT OF CONTROL, HAD THE COURAGE TO TAKE STEPS WHICH HE KNEW WOULD BE PAINFUL TEMPORARILY BUT WHICH HE BELIEVED WOULD BRING THE ECONOMY UNDER CONTROL IN THE LONG RUN AND WOULD GET THE NATION BACK ON THE ROAD TO FINANCIAL STABILITY.

HE REDUCED GOVERNMENT SPENDING, FROM THE \$66 BILLION DOLLAR DEFICIT IN 1975 TO ABOUT \$30 BILLION DOLLARS THIS YEAR. NEXT YEAR, BOTH HE AND THE MAJORITY OF THE MEMBERS OF CONGRESS ARE DETERMINED TO SPEND NO MORE THAN WE TAKE IN AND BALANCE THE BUDGET FOR THE FIRST TIME IN A DOZEN YEARS.

RATHER THAN STARTING THE PRINTING PRESSES SO MORE MONEY WOULD BE AVAILABLE, THE FEDERAL RESERVE BOARD, UNDER ITS NEW CHAIRMAN, PAUL VOLCKER, INSTITUTED A TIGHT MONEY POLICY THAT DROVE INTEREST RATES UP. THIS TOOK COURAGE BECAUSE IT WAS BITTER MEDICINE FOR A LOT OF PEOPLE, AND IT WAS DONE IN AN ELECTION YEAR.

PEOPLE WERE SPENDING THEIR PAYCHECKS AS FAST AS THEY GOT THEM AND WERE USING THEIR CREDIT CARDS MORE AND MORE. INDIVIDUAL DEBT IN THIS COUNTRY, MUCH OF IT ON CREDIT CARDS, IS OVER A TRILLION DOLLARS.

TIGHTER CONTROLS WERE PLACED ON CREDIT, AND CONSUMER LOANS BECAME HARDER TO GET. USING THE PLASTIC CARDS WAS MADE MORE DIFFICULT BECAUSE THEIR USE WAS FEEDING THE INFLATION RATE.

WHAT THE PRESIDENT AND HIS ECONOMIC ADVISORS HAVE DONE IS TO QUIT RESPONDING TO THE PROBLEM OF THE MOMENT AND QUIT TRYING TO USE A BAND-AID. THEY HAVE CONCENTRATED ON THE LONGER VIEW OF ECONOMIC POLICY MAKING, BY TRYING SOME MEASURES THAT WON'T YIELD SHORT TERM RESULTS BUT WILL RESTORE SOME FUNDAMENTAL PRINCIPLES TO THE NATION'S ECONOMY AND CONGRESS HAS GENERALLY DONE THE SAME THING.

THERE IS AMPLE EVIDENCE OF THIS.

ENERGY PRICES ARE RISING AND ALTHOUGH IT IS PAINFUL TO PAY OVER A DOLLAR FOR A GALLON OF GASOLINE, THE AMOUNT OF GAS THAT IT

TAKES TO DRIVE A MILE IS RISING STEADILY AND WE ARE GOING TO HAVE TO USE OUR ENERGY WITH GREATER EFFICIENCY.

THE TIGHT MONEY AND THE HIGH INTEREST RATES HAVE BEEN ALLOWED TO CONTINUE BECAUSE THEY WILL HELP BRING INFLATION DOWN GRADUALLY.

CONGRESS HAS ALSO CHANGED ITS THINKING AND NOW THERE SEEMS TO BE MORE SEARCHING FOR LONG RANGE, MORE FUNDAMENTAL ANSWERS. I PREDICT THE NATION WILL BENEFIT FROM THIS IN THE YEARS AHEAD.

AND WE HAVE A LOT OF THINGS GOING FOR US.

WE ARE STILL THE MOST PRODUCTIVE AND EFFICIENT NATION IN THE WORLD. AN AMERICAN WORKS LESS TIME TO BUY A PAIR OF SHOES, A LOAF OF BREAD OR EVEN AN AUTOMOBILE THAN A WORKER IN ANY OTHER INDUSTRIAL COUNTRY. ONLY CANADA IS CLOSE TO US IN THAT REGARD.

SO I FEEL WE HAVE TO GIVE OUR PRESIDENT HIGH MARKS FOR

COURAGE .

HE HAS HAD THE FORTITUDE TO RESIST THE INSTANT, TEMPORARY
SOLUTION AND HAS SOUGHT THE ANSWERS WHICH HE AND HIS ADVISORS
BELIEVE WILL OFFER A MORE PERMANENT CURE FOR OUR ILLS, EVEN IF
THEY TAKE LONGER .