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Press Release - Muskie Calls for Economic Policy of 'Responsible Growth'

Edmund S. Muskie

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MUSKIE

Maine

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FOR RELEASE

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MUSKIE CALLS FOR ECONOMIC POLICY OF 'RESPONSIBLE GROWTH'

Biddeford, Maine -- saying the nation is moving into a "period of economic stagnation," Senator Edmund S. Muskie (D-Maine) called today for the country to "start pursuing a policy of responsible growth."

Senator Muskie chided the Administration for claiming that there is no recession. Muskie said the "worst boom" in history "has become very widespread." In remarks prepared for delivery at a meeting of the Biddeford Maine Rotary Club, the Senator said a policy of growth "means a change from the 'tight money' approach -- by encouraging lower interest rates, expanding the money supply and supporting increased business activity.

"It means a change from the 'hands-off' approach by enlisting support of business and labor, developing a sensible wage-price yardstick and protecting the public interest.

"It means a change from the 'military spending' approach by budgeting more money for domestic needs, revitalizing our civilian economy and investing a greater share of Federal funds in programs designed to improve people's lives."

Mr. Muskie told the Biddeford audience that the nation's economic problems "began in 1966--after more than 4 years of substantial economic progress.

"They began with our expanded involvement in Vietnam--when military spending was multiplied...without the revenues to finance it. As a result, budget outlays for the war increased faster than the available supply of goods. And prices--which had been remarkably stable since 1961--started to climb. Even so the economy continued to prosper through 1968."

"But by the beginning of 1969, inflation had reached an annual rate of 4 1/2 per cent," the Senator said. "And certainly -- in trying to bring inflation under control -- a new administration could not be blamed for the mistakes of its predecessor. Yet, it did accept a responsibility to correct those mistakes as well and as quickly as it could. No doubt, an end to the war could have been of immense help to the economy.

"Even without that, however, restraint at home was called for -- restraint on wages and on prices. But that restraint was not requested and it was not exercised.

"Is it any wonder that 19 important industries--whose prices rose an average of 1.7 per cent annually between 1966 and 1968--increased their prices 6 per cent in 1969 alone?"
