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would be worthwhile reading for those in and out of the Senate, I ask unanimous consent that an editorial published in this morning's Washington Post, entitled "The Rising Inflation," be printed in the RECORD.

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

THE RISING INFLATION

Everybody knew that the country was in the midst of a savage inflation and, simultaneously, a decline in economic production. The importance of the statistics over the past several days is the revelation that the reality is a good deal worse than the expectation. What ought the President and his administration do about it?

The practice of American politics is based on the premise that the government has a duty to respond, immediately and visibly, to every instance of severe public distress. The activist impulse urges an attack of some sort, on the assumption that doing anything is better than doing nothing in a time of public anxiety. But this case is the exception, and for the time being it is clearly wiser and better for the administration not to try to change policy. It is not a good time to start fiddling loudly with the valves and throttles on the great and intricate machine that is the national economy.

As the figures show, the quarterly drop in the Gross National Product is the most severe in the 14 years since the Eisenhower administration's last and worst recession. The last time the quarterly inflation reached the present level was in the Truman administration, early in the Korean war. In each case the trouble, although serious, was comprehensible and there was an obvious remedy for it. When the Korean war sent prices up, the proper response was price controls and tighter credit. Prices returned to relative stability with remarkable speed. As for the 1958 drop in GNP, it was painful and damaging but it followed the normal postwar pattern of recessions and responded fairly well to the normal strategies of economic stimulation. The trouble now is that we are not dealing simply with 1951's inflation or 1958's recession, but with both of them together and the cure for each aggravates the other.

A great deal of attention is now being squandered on the doctrinal debate as to whether we are in a recession. Since President Nixon guaranteed the country several months ago that there would be no recession, the topic naturally draws a certain amount of polemic interest. But the debate over the term only obscures a clear view of our present condition. Calling it a recession suggests that we are merely dealing with another swing in the familiar business cycle, to be remedied by the familiar antidotes like, for example, cutting taxes.

On cue, Sens. Edward M. Kennedy, Walter F. Mondale and Hubert Humphrey now propose a huge $5.9 billion tax cut. There is a long list of good reasons why this conventional response is the wrong one. As the administration observes, the effect of a tax cut would only begin to appear many months from now around the beginning of next year. Another reason—one that the administration does not make—is that the prospective impeachment of President Nixon makes it utterly unlikely that Congress will have the time or attention for the intricate, carefully crafted legislation that taxation requires. It is also necessary to point out that there have been two heavy cuts in income taxes since Mr. Nixon took office, and they are part of the reason for our present trouble with inflation. The federal government has large and growing social responsibilities to the American people and it cannot meet those responsibilities if it keeps cutting taxes.

Tax cut proposals on these customary lines assume that production is down because consumers have no money with which to buy. They assume that there is widespread unused capacity in American industry. But that is hardly a recognizable description of the present case. The main reasons for the precipitous fall in GNP last winter were confined, to an extraordinary degree, to two industries: automobile and housing. Automobile sales were down, obviously, because of the oil crisis. Housing declined because of unprecedentedly high interest rates. They are still climbing, by the way, and a number of big banks have now posted their prime rates over 10 per cent, a hair-raising figure.

At this point it is worth considering the administrations analysis of the dilemma. The inflation has overtaken the rise in income, and that is why consumers are not buying as much as they did a year ago. They are spending more of their money, as the decline in savings shows, but the money buys less in volume. That, the administration now believes, is the most serious of the threats to the prospect of getting the GNP moving upward again. It follows that the proper response is cutting the inflation rate rather than resorting to standard antirecession remedies that will make inflation worse.

Regarding inflation, the administration continues to hope that the worst will be over by summer. The theory is that we are now absorbing the worst effects of last year's spectacular runup of world commodity prices—most notoriously oil and foodstuffs, but also a wide variety of metals and fibers. Oil prices now seem likely to come down a bit, and food prices are already declining in anticipation of a very good crop. By summer, the theory continues, the American inflation rate will fall back to what the economists are now calling the "underlying" rate. That means about 6 per cent a year, compared with the present 11 per cent . If this drop occurs, interest rates will also come down and the administration will have much wider latitude in dealing with an unemployment rate which, by then, will probably be moving up.

For the present, it is most important not to introduce any change that would make the inflation worse. In its social effects, the rising inflation is currently the greater menace than unemployment. For at least another month, the best course is the present one. Although it goes against the grain to say so, the most sensible thing to do right now is nothing.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the distinguished Senator from Minnesota (Mr. MONDALE) is now recognized for not to exceed 15 minutes.

THE NEED FOR AN EMERGENCY INTERNATIONAL CONFERENCE ON INFLATION

Mr. MONDALE. Mr. President, I have just returned from a week in Europe where I talked at length with the business, industrial, and political leaders of the major Western European countries. My purpose was to learn what I could about the future unity of Europe and the viability of the Atlantic Alliance. I have returned with the conviction that this unity, that our alliance, and indeed the foundations of Western democratic society, are in great jeopardy.

One year ago today, the Secretary of State made his year of Europe speech in which he sought a new Atlantic Charter. As I set out for Europe, I wanted to know whether that impulse to rebuild our neglected relations with Europe was still operative. I wondered whether we cared any longer about the Atlantic relationship; whether we still supported the goal of a united Europe; or whether we had become lost in bickering and polemics over secondary issues such as the wording of declarations and the protocol of how to consult among the allies.

I am sorry to say that my concerns on these points were all reinforced. The year of Europe has not only failed to reinvigorate the alliance, but even more important, it has diverted our attention from the most significant issue facing the United States, our allies, and indeed the entire non-Communist world.

This issue is inflation. It was the overriding concern of virtually everyone I saw. And this concern was not simply economic or financial. It was not confined to bankers and industrialists. Inflation was the concern of people who are worried that the structure of our democratic societies cannot endure the level of inflation which is now ravaging every democratic country in the world.

All the major industrial nations now suffer from double digit inflation. Our consumer inflation is the worst since World War II, more than 14 percent; Great Britain may approach 16 percent; France has more than 11 percent; Italy 13 percent; Japan a massive 26 percent. We have not had such a period of inflation in the industrialized world since the 1920's. We all know how the inflation that swept the world in the 1920's paved the way for the Great Depression, for the destitution of the middle classes, for tyranny, and, finally, for World War II.

During my visit to Europe it was frequently brought to my attention that no nation has ever experienced inflation of greater than 20 percent and survived as a democratic society. Today, we are all pushing toward that 20 percent breaking point.

There are wide differences over the cause of the current inflation. Some believe it is the traditional problem of too much demand—too many dollars, marks, yen, chasing too few goods. This view leads to traditional prescriptions, reduced national budgets, and tighter monetary policies.

Yet, in many countries such as in the United States, productivity is falling even as inflation accelerates. In my view, this is the clearest indication that we are not faced with a traditional situation, nor can traditional remedies alone be successful.

There may be excess demand in certain countries and fiscal irresponsibility in certain governments. Indeed, we have seen major mismanagement of our economy by this administration. But there is also a profound cost-push dimension to the current worldwide inflation. Oil is an obvious example; food yet another; the overall price of remaining basic commodities last year rose an estimated 70 percent.

A second major point that emerged from my talks in Europe is that no one really knows what to do about this inflation. Some solutions are dangerous—for example, exporting inflation to other countries by imposing export limitations. This can lead to retaliation and even greater international economic instability.

In addition, there are dangers of further international cartels along the lines of OPEC, cartels covering everything from coffee and bananas to bauxite. Indeed, while in Europe, I heard very compelling warnings that OPEC has just begun and that we can expect spectacularly rising prices if OPEC can have its way—even above those we now suffer from. But the most worrisome fact, in my view, is that no concerted effort is being made to deal with the problem of inflation on the scale that is required.

Inflation is an international problem and the solution requires international action. This does not mean that we can blame others for our own shortcomings, nor fail to act where we can. But it does mean that we must enlist the help of our European allies, of Japan, of the other industrialized countries. We must involve the third world of developing nations which are the source of many basic commodities. And we must provide a role for what has become the "fourth world"—those countries that have neither adequate financial resources nor natural resources, and in which inflation is in fact a threat to human life.

We must abandon the notion that we can cope with inflation by ourselves or bilaterally, or with a handful of major powers. There must be a new bargain between the developed countries and the developing countries, and a joint effort among the industrialized nations for solutions to the problems of inflation.

Above all, we must make this issue a central concern of our foreign policy before it devours our Western democratic institutions. We must put aside petty maneuvering with our allies. We must take some time out from the status symbols of international relations—SALT, Middle East, personal diplomacy—and devote real effort to this problem that affects all Americans everyday—the increasing cost of living, and the corresponding decreasing quality of our lives.

The industrialized countries of the world today share not only inflation, but also weak governments. Minority governments in Great Britain and Canada, realinements in Scandanavia, declining popularity for the governments in West Germany and Japan, uncertainty in France, and at home the threat of impeachment. There is clearly widespread disillusion with the democratic process. If we add to this malaise a failure to deal with inflation—which can destroy the economic security upon which democracy is based—then all the superpower arrangements, all the arms control agreements, all the diplomatic maneuvering in the world will not save our way of life, nor insure international peace, nor provide a future that is economically secure and yet free.

As inflation has risen over the last several years, the number of democratic governments has declined. I cannot prove a direct connection but I believe that inflation is the most reactionary force in the world today—one which eats at the heart of popular support for democracy.

I, therefore, call on this administration to seek urgently a broad international conference on inflation. Just as the United Nations and the North Atlantic Alliance were based on the concept of collective international security, the purpose of this conference would be to hammer out the basis of a new collective economic security. The first task would be to understand causes of the current world inflation. The second task would be to develop the programs and institutions required to deal with it.

I realize that international conferences can be a waste of time. However, I believe that if we take the leadership to raise this issue with other countries, they would not fail to respond. If we carefully consult others and seriously prepare its work, this conference can begin to come to grips with a problem that no longer respects national boundaries. But for such a conference to succeed, it must develop a vision of a new relationship between the developed northern and developing southern halves of our world. Without such a vision and without such an effort, there can be no lasting economic stability. And it has been this stability and the resulting prosperity which has provided the foundation for democratic governments for the last quarter century.

The time for action is now. The problem will not wait. The point at which hyperinflation breaks out, where inflation feeds on itself, may be only a few digits away. Once it strikes, the world may never again be the same.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Missouri (Mr. EAGLETON) is recognized.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order recognizing Mr. EAGLETON be vacated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, the Senator from West Virginia (Mr. ROBERT C. BYRD) is recognized for not to exceed 15 minutes.

ORDER FOR ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my time be vacated and that morning business be substituted therefor, with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there morning business?

Mr. STAFFORD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

GREAT OPPORTUNITY FOR CONGRESS

Mr. MANSFIELD. Mr. President, it was with great interest that I read an editorial in the Baltimore Sun under date of Saturday, April 20, 1974. I think it was a good editorial. The title of it is "Great Opportunity for Congress."

Under that caption, the editorial recited seven—to use its words—"significant" or "historic" proposals on which Congress has yet to act during this session.

With regard to these seven, may I say that, for its part, the Senate has acted or is presently acting on all save one of the items mentioned, and with regard to that one, it involves funding of a national health care plan on which, under the Constitution, action must be initiated by the House of Representatives. As for the others—campaign reform, budget reform, land use planning, strip mining safeguards and pension reform—the Senate has already passed strong and effective measures. The remaining item mentioned is the proposal to reduce insurance costs and expedite the handling of claims through a system of no-fault insurance. That measure, of course, is the pending order of business in the Senate.

Not only has the Senate addressed and disposed of the tasks enumerated by this editorial; it has accomplished a great deal more.

Just taking the first 2½ months of this session, the record is as fine as any before compiled. In that brief period, 142 measures have passed the Senate. In addition to campaign and budget reform, the list includes an increased and expanded minimum wage authority, the creation of a legal services corporation, a comprehensive housing and community development program and of course the comprehensive emergency energy program that ultimately was cut down by the President's veto. The entire list was incorporated in the record on April 11, the day the Senate went out for its Easter recess.

Of course, there is more to do and the Senate will do it. Following the no-fault measure, the Senate will take up the education bill. The measure to create a consumer protection agency will soon be ready for floor action. Health insurance and tax reform proposals will be addressed as soon as the House and the Senate Finance Committee have finished their work. There may soon be a vehicle ready on which to effect an increase in the personal exemption in the lower income group.

Of course, a number of proposals remain in the energy area including the Energy Resources and Development Act, the Energy Corporation proposal now