

From the Office of
Senator Hubert H. Humphrey
140 Senate Office Building
Washington 25, D. C.
Capitol 4-3121, Ext. 2424

FOR RELEASE: Sunday A.M.'s
February 15, 1959

DEMOCRATS FILLING NATION'S VACUUM OF LEADERSHIP: SENATOR HUMPHREY

The Democratic Party is "filling the vacuum of executive leadership confronting our country," Senator Hubert H. Humphrey (D., Minn.) declared last night at a Victory Dinner in Helena, Mont., sponsored by the Montana State Democratic Central Committee.

"As Democrats, we have accepted the mandate of victory to build a program for America geared to America's needs," he declared.

"We are determined to provide a program of constructive action as our answer to the do-nothingism of the tired, conservative men who are now at the helm of the executive branch of our government.

"We have the framework of such a program now evolving in the current Congress, with contributions to it coming from all geographical areas of the country, and all segments of the Democratic Party.

"We are determined never to neglect our economy, because we are convinced that a recession is too costly a luxury for us to afford.

"We need more teachers and more schools, and better teachers and better schools at every educational level -- and we are convinced Americans will be unsatisfied with less than the best of educational opportunity for our young people.

"We are deeply concerned over the growing toll of sickness, in cost to the individual and economic loss to the country. We are determined to wage an aggressive effort to wipe out disease through research and improve availability of adequate medical care -- an effort in which we wholeheartedly welcome the increasingly helpful cooperation of the medical profession and its many related fields of health care and service.

"There is much more that needs to be done, but nothing should take greater priority than building a climate for a just and secure peace.

"We must quietly go about our business of strengthening our defenses, yet aggressively launch, and persistently maintain, a bolder program of "Works for Peace."

"These need not be in conflict at all. When robbers roam the streets, we need to have police -- but we also need hospitals, schools, parks, industry, and jobs to maintain a well-ordered society. Police alone cannot meet society's needs -- either at home, or throughout the world.

"We need far less talk that portrays us as a bellicose and belligerent people, and much more emphasis on our program and policies to help people live. Our program must be one that has as its objective better living for people everywhere.

"The world is weary of war, and threats of war. The people of this world want someone to help them on the path of helping themselves, rather than someone to frighten them. What the world needs is hope and promise, not fear and tragedy.

"That's the responsibility we Democrats have inherited as a result of our victory in 1958 -- and a responsibility we must fulfill to win in 1960," Senator Humphrey declared.

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FOR RELEASE: Monday P.M.'s
February 16, 1959

EXPANDED ECONOMY URGED AS PREFERRED WAY TO BALANCED BUDGET

The United States can't afford to merely "stand still," Senator Hubert H. Humphrey (D., Minn.) declared today in an address before the Motor Equipment Wholesalers Association at a convention in Chicago (Conrad-Hilton Hotel).

"We cannot be content with business activity only approaching a level we had already reached in 1956," he warned.

"We cannot have a Model T. economic program in the jet age. If we do, the world will soon rush by leaving us by the wayside as a second-rate nation.

"In view of our expanding industrial capacity, a constantly rising work force, and an increasing population, in order to maintain a healthy economy it is necessary that there be steady and solid economic growth and development."

Senator Humphrey said that a high level of unemployment and the widening gap between our industrial capacity and actual output "is a tragic waste of men and equipment."

"It cannot be condoned when we have so many unfilled needs here at home, when we should be giving greater assistance to underdeveloped nations so as to raise their standards of living, and when our defenses need strengthening so badly.

"If we are to remain as the leader of the free nations of the world, it is imperative that we have a strong, growing and dynamic economy. We cannot afford idle men and machines at so crucial a time in world history."

Senator Humphrey declared that the President's budget "is not geared to a healthy, expanding economy which can produce the goods and services we need if we are to maintain both a prosperous America and also maintain adequate defenses."

"The President's budget is designed to limit economic growth on the theory that this is the only way to hold down prices and stop inflation. However, the facts are that in the past three years while our economy has stood still we have had the sharpest rise in the cost of living in the peacetime history of the country," he declared.

"The answer doesn't lie in a stagnant economy, but rather in an expanding and growing economy whereby our manpower and machinery is effectively utilized.

"Now, we are all for a balanced budget. There is no earthly reason why a country as rich as ours should have to operate at a deficit in these times. I am for a balanced budget.

"But there are three ways to balance the budget.

"One way is to simply slash public spending to the level of expected income, regardless of the importance of the programs.

"A second way is to raise taxes.

"And the third way -- which I favor -- is to meet the costs of necessary public spending through fiscal and monetary policies designed to stimulate economic growth and larger incomes, which in turn means larger tax revenues.

"This third alternative seems to me the only one which makes real sense."

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Outline of Remarks
by
Senator Hubert H. Humphrey
before the
Motor Equipment Wholesalers Association
Conrad-Hilton Hotel, Chicago, Illinois
February 16, 1959

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As businessmen engaged in the sale of automobile parts,
you serve a very important - indeed an indispensable - function.

As our society becomes more mechanized and complex, the
transportation industry plays an ever more vital role.

Personal expenditures on automobiles and parts, as reported
by the Department of Commerce, indicate the tremendous growth
in your industry. The highest yearly expenditures on autos
and parts prior to World War II were \$3.4 billion in 1941.
In 1947 such expenditures totaled over \$6 billion. In 1950,
\$13 billion. And by 1955, more than \$18 billion! This amounts
to an increase of 430 percent in the 14 year period of 1941 to
1955. Since that 1955 peak, spending on autos and parts has
been falling off - a point I will discuss later in my remarks.

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Despite the decline in the past three years, however, auto

and parts expenditures still rank next to food, housing

and clothing in terms of personal consumption expenditures.

✓ To be sure, part of this phenomenal increase in expenditures for autos and parts was due to rising costs and bigger and more complicated cars. But it was also due to a tremendous rise in automobile output.

✓ In 1941 our auto plants turned out 3.8 million passenger cars. By 1949 such output totaled 5.1 million. It jumped to 6.7 million in 1950, and by 1955 a record peak was reached of almost 8 million cars! Production in this 14-year period more than doubled!

Another way to measure the growth of your industry, is to look at the total number of motor vehicles - autos, buses and trucks - on the highways. Total motor vehicle registration in 1945 was 30 million. Ten years later - 1955 - the number of vehicles in operation more than doubled to 62 million!

This is indeed an impressive record of production. It is one in which we can take great pride. Here is an example of our industrial might, of our skilled management and work force, and of our ^{efficient} ~~fine~~ plants and machinery.

What was taking place in the automotive field was testimony to the steady, healthy, economic growth and development which was taking place in our country. Production, investments, incomes, employment and spending were all on the increase.

We were making full use of our working force and of our industrial capacity. In the decade from 1946 through 1955 we experienced an economic growth of almost 5 percent per year. Such a growth rate was not only desirable - it was, and still is, required in order to avoid large-scale unemployment and a dangerous slack in the economy. Why is this so? Because of a constantly expanding work force and more productive plants and equipment.

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Since 1955, however, there has been a very disturbing trend in the economy. It is one which affects all of you here today, both as businessmen, and as citizens of our great country. In 1956, our economic growth slowed down, then came to a halt, and in 1957, went into reverse.

Industrial production leveled out in 1956 and started falling in 1957. Last year production continued to drop to the lowest level since 1954. We are now told, however, that everything is fine once again and we are back on the road to prosperity. Yet, as a matter of fact, industrial production is only now approaching levels we had reached a full three years ago when we had a ^{smaller} ~~small~~ population, fewer workers, and less efficient plants and equipment.

Another sign of our economic stagnation is revealed by the gross national product which shows total expenditures -- public and private. Taking into account the lower value of today's dollar - due to inflation - expenditures were no higher in 1958 than they were in 1955.

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L The figures also show that the per capita disposable
personal income measured in constant dollars has been falling
since 1956.

And as many of you know only too well, profits in recent
years have also been going down. Corporate profits after taxes
fell from \$23 billion in 1956 to \$22 billion in 1957 and down
to less than \$18 billion this past year.

This halt in our economic growth has been reflected in
the automobile industry. Car production fell from almost
8 million in 1955 to around 6 million in 1956 and 1957 and
to 4.2 million this past year. Imagine! A decline in car
production in three years of almost 50 percent to the lowest
level since 1948. Personal expenditures on cars and parts
dropped by \$4.3 billion. In 1955 personal expenditures for
cars and parts accounted for better than 7 percent of total
personal consumption expenditures; last year they only
accounted for 5 percent.

Car
Prod

Auto
Product

What this means to you as sellers of auto parts is only

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too plain. When our economy does not maintain a rate of growth sufficient to keep our people fully employed, yours is one of the first industries to feel the pinch. People think twice before they buy a car. And people hesitate about having their cars repaired and new parts put in. It is not easy to cut back on groceries or on house ^{hold} expenses, but when things get a bit tough you can usually put off getting a new set of rings for the old oil burner.

It would be wrong to
~~We are being lulled into believing~~ that there is nothing really to worry about. After all, isn't business picking up? Haven't we licked the recession of 1957-58?

L Yes, business has been picking up in the last several months. We are recouping the heavy losses we suffered in the recession. But this, I maintain, is not enough. We cannot be content with business activity approaching a level we had reached in 1956. The plain fact of the matter is that we cannot afford to merely stand still. In view of our expanding

industrial capacity, a constantly rising work force, and an increasing population, in order to maintain a healthy economy it is necessary that there be steady and solid economic growth and developments.

Yes, something definitely is out of order with the economy. It is not operating on all eight cylinders. Only last week the government announced that unemployment in January rose to ~~about~~ 4.7 million. This was a rise in the jobless figure from December of ^{over} 600,000. It compares with a jobless total of a year ago of 4.5 million, and that was during the recession. It is the highest January unemployment figure since 1941.

While almost 5 million workers look for jobs, our basic industries are operating at only three-fourths of capacity. Little wonder that plant and equipment outlays are lagging \$8 billion below their 1957 peak.

It is significant, I believe, that the stock market suffered sharp reverses this past week. For the first time since last April, in the depths of the recession, stocks declined in four consecutive sessions. I do not pretend to be a stock expert, but I venture to say that this drop in stock prices was due in large measure to doubts which have arisen in view of rising unemployment and the continued slack in production.

To me this high level of unemployment and the widening gap between our industrial capacity and actual output is a tragic waste of men and equipment. It cannot be condoned when we have so many unfilled needs here at home, when we should be giving greater assistance to underdeveloped nations so as to raise their ^{standards} ~~standards~~ of living, and when our defenses need strengthening so badly.

If we are to remain as the leader of the free world nations,

of the world, it is imperative that we have a strong, growing,
and dynamic economy. We cannot afford idle men and machines
at so crucial a time in world history.

L We cannot have a Model T economic program in the jet age.
If we do, the world will soon rush by leaving us by the wayside
as a second-rate nation.

L As some of you may know, I have recently returned from a
part of the world where the people are pulling out all the
production stops, pushing ever harder against their present
productive capacity and making great sacrifices to increase
that capacity. I have returned from a part of the world where
optimism rivals that of America's most inveterate optimists.

L Soviet economic competition is the big challenge of the
day.

L Premier Khrushchev has said that he has declared war
on us in production. His aim: to "catch up and surpass America."

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The Soviet countryside is strewn with signs bearing these words.

L Khrushchev is looking ahead 10 to 20 years and using the vast powers of Russia's state machinery to plan and program the great resources of his empire. He has called his first Seven Year Plan, "Russia's Offensive Opens", and under this plan he has programmed vast increases in the capacity of Russia's heavy industries -- and plans to build up Siberia!

L By 1965, he aims at adding nearly 30 million tons of steel capacity; more than 100 million tons of oil production; nearly 300 billion kilowatt hours of electricity.

L And while the emphasis is clearly on capital goods to add to Soviet military and economic power, there are also important planned increases in consumer goods. Meat production is to more than double by 1965; butter production already almost equal to ours, is to increase by almost 400,000 tons. There are to be more shoes and clothes and the gadgets of life for the Russian people, who, you must remember, know nothing of the rich material life we live here.

✓ We know now that we cannot underestimate these plans and programs.

✓ It is not just that they have the world's first artificial planet in our solar system labelled "made in Russia"; that's one kind of testimony.

✓ But we also have the testimony of our eyes. We can go to Russia and see the progress that is being made.

✓ If the statistics still show a wide gap between our wealth and their's, between our production and their's, we must remember their production figures are rising much faster than ours -- five times as fast in the last few years, and the gap is narrowing.

✓ They have the momentum, while we are resting on our laurels.

✓ This need not be. We have everything in our economy needed for victory -- all except, for the moment, a sense of direction, goals and leadership.

Do not underestimate the Soviet's efficiency or capacity!

And don't underestimate, either, the effect all this is bound to have outside the borders of Russia.

Khrushchev's Seven Year Plan is not just an economic document; it is a political and psychological document, too.

The Russians are using it as a major weapon of foreign policy, and they are getting an interested audience in all those teeming underdeveloped countries of Asia, the Middle East, Africa and even Latin America where people are searching desperately for an escape from a life of abject poverty.

Before these people, the Russians flaunt their Seven Year Plan, and they get an interested audience.

The Soviets at home don't talk about yesterday, except to compare today. They then talk about today only to get a chance to really work on tomorrow.

The leaders are constantly saying to their younger generations that tomorrow things will be better. To the Soviets the promise of the better life is the fulfillment of the Seven Year Plan. Soviet production has as its incentive both the carrot and the stick -- reward and discipline.

Now, what of our own goals and inspirations? What of our own optimism? One of the things that disturbs me is the spirit of complacency which appears to have pervaded our thinking in recent years. Our country grew great and strong because our people had hope and confidence in a better tomorrow and a willingness to work and strive to achieve their dreams. They were not afraid to move boldly forward. *— They tried —*

+ the Reason more is not accomplished is because more
But today, we seem to have lost much of our enthusiasm, *isn't tried!*
drive, imagination and initiative. All of a sudden we seem

old and tired

The Reason more

We need Vitality, Work, + leadership!

The weakness of our foreign policy is
~~This attitude seems to prevail with the Administration~~
that it does not come
~~today in Washington. It comes forward~~ with new and
challenging proposals; it merely reacts to events as they
occur.

L Last month the President presented his budget message,
~~and in it he proposed slashes of almost \$4 billion in sorely~~
~~needed programs.~~

but it
~~The President's~~ budget is not geared to a healthy,
expanding economy which can produce the goods and services
we need if we are to maintain both a prosperous America and
also maintain adequate defenses.

L The President's budget is designed to limit economic
growth on the theory that this is the only way to hold down
prices and stop inflation. However, the facts are that in the
past three years while our economy has stood still we have
had the sharpest rise in the cost of living in the peace-
time history of the country.

L No, my friends, the answer does not lie in a ~~stagnant~~ *relayed or static*

economy, but rather in an expanding and growing economy

whereby our manpower and machinery is effectively utilized.

L Now we are all for a balanced budget. There is no
earthly reason why a country as rich as ours should have to
operate at a deficit in these times. I am for a balanced
budget. I think it is shocking that we have a deficit this
year close to \$13 billion.

L There are three ways to balance the budget.

One way is to simply slash public spending to the level
of expected income, regardless of the importance of the
programs.

A second way is to raise taxes.

And the third way - which I favor - is to meet the costs
of necessary public spending through fiscal and monetary
policies designed to stimulate economic growth and larger

incomes which in turn means larger tax revenues.

✓ This third alternative seems to me the only one which makes real sense.

✓ Speaking of the budget, one of the things that disturbs me the most about our budget is the hodge-podge fashion in which it is put together. I don't know how many of you have ever taken a look at the budget report which comes out each January. It is a most formidable document. This year's budget report is over 1000 pages long. It is a chore just to wade through it, but worse yet is the verbiage and the accounting gymnastics designed so as to confuse anyone who isn't a

CPA.

✓ I have said that if American Telephone and Telegraph Company maintained a budget like that of the federal government, we would still be communicating in this country by smoke signals.

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~~Now~~ you as businessmen are familiar with a capital budget.

At the end of each year you not only prepare a profit and loss statement, but you also prepare a balance sheet which lists on one side your assets and on the other side your liabilities.

└ This, you say, is simply sound business practice. And I agree with you. Not so, however, with the federal government.

It has no balance sheet. If you take a look at the government budget all you will find listed is the total public debt --

or liabilities. But nowhere will you find listed the government's assets.

└ As a result, no distinction is made between current expenditures and investments.

└ The point to keep in mind is that we should distinguish between the government's current expenditures and its investments upon which the principal will be reimbursed with interest. We should have listed as assets the loans made by

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the Small Business Administration, the mortgages purchased
by Fannie Mae, and rural electrification loans of the R.E.A.

I have proposed for several years that we lift the fog
as to government spending by adopting a capital budget, just
as any sound private business does. When we read in the paper
that one of our giant corporations is raising a million or
a hundred million through issuance of its securities, we say:
"Isn't that wonderful. There is a company that is really
moving ahead."

But when the federal government sells securities to
from producing public works
raise funds a horrible cry goes up. Why? Because we have
been ~~lured~~ and propagandized into ^{believing} ~~believe~~ that government
expenditures, unlike private expenditures, and regardless
of their use, offer no permanent achievements *or dividends.*

It is time that we adopt a capital budget so that we
can distinguish between current expenses which are not

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~
~

reimbursable, and investment expenditures which are wealth
creating and reimbursable.

L Recently we have had before us in the Senate a housing
bill. A great cry has gone up by opponents of this measure
that it will increase government spending and we won't have
a balanced budget in fiscal 1960. No mention is made of the
fact that the major portion of the funds authorized in the
housing bill are to be used for investment purposes -- in
the purchase of home mortgages and in direct housing loans
to veterans, ^{and Universities.} We will not only get our money back on these
loans, but we will get them back with interest just as any
private financial institution does.

L I might say that one of the chief reasons that the
federal government has not adopted a capital budget is
because those who oppose government spending -- regardless
of its purpose -- realize full well the present bookkeeping

system aids them in confusing the people.

↳ To summarize my theme, if we want to have a strong and thriving America which is capable of meeting the new challenges of the age, we cannot take a breathing spell.

↳ To maintain a healthy economy we need a constant growth rate. The Rockefeller Report has recommended a growth rate of 5 percent a year to meet the needs of the people, maintain full employment, full production, and keep our defenses strong. I fully agree with this Rockefeller report.

↳ A ~~stagnant~~ ^{drifting} economy, such as we have had in recent years, simply will not suffice. We must move forward with a program designed to fully utilize our talents and our God-given natural resources. To do less is to invite disaster.

↳ We need economic growth so as to build our defenses. It is quite apparent that we are being ~~by-passed~~ ^{hard-pressed or surpassed} by the Soviet Union in armaments.

✓ We need to increase grants and loans programs to the
underdeveloped countries of the world. The growing gap
between the rich nations and the poverty-stricken nations
if not checked will lead inevitably to an explosion.

✓ We need to put greater emphasis on construction programs
so as to fully utilize our great water resources..

✓ More and better housing is needed; special housing
is needed for the aged and the poor. There is no justifiable
reason why there should be slums in a country with our
immense wealth.

✓ We need to direct more of our resources into education
so as to have better paid teachers and adequate schools and
equipment.

✓ We have a serious shortage of hospital beds, and we have
but scratched the surface in terms of medical research.

✓ We need to build more adequate airports to be prepared
for the jet age.

*We need to carry on with our planned
expansion of urgently needed hi-ways.*

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~~In conclusion, may I say that ^{we} all have a great~~

personal stake in an expanded economic program. Not merely as sellers of auto parts, but much more important as citizens of a free and wonderful country which is faced now as never before with the big question: Will America meet the challenges of the mid-twentieth century and rise to new heights, or will America remain complacent and weary and sink gradually but surely into oblivion?

I have faith that the American people if given the true facts will move forward with determination, courage and purpose.

2/11/59

Priority is to "Wage Peace"
Food for Peace } Peace Corps!
Health ——— } mercy fleet!
Educs ~~~~~ }
negotiate



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