

From the Office of
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EXPANDED ECONOMY NECESSARY TO AVOID UNEMPLOYMENT AND INDUSTRIAL LAG

The current high level of unemployment and the lag in industrial output was termed "a tragic waste of men and equipment" by Senator Hubert H. Humphrey (D., Minn.) in a speech Monday before the Legislative Conference of the Building and Construction Trades Department of the AFL-CIO, in Washington (Sheraton-Park Hotel).

In pointing out that January unemployment figures were the highest for that month in 18 years, and that while industrial capacity has risen by more than 10 percent in the past three years industrial production has shown no increase, Senator Humphrey declared that "the United States cannot afford to merely stand still."

"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.

"A stagnant economy 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.

More

"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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