

Conservation
Tree Planting

Excerpts of Remarks By
SENATOR HUBERT H. HUMPHREY

Minnesota Bankers Association

Minneapolis, Minn.

June 6, 1962

1889-

72 & yr

minn Banks - Agree

4H club -
FFA

700 Banks
in minn
all but
11 in
MBA

Adult Educ
Amer. Institute of
Banking
80,000 employees
night classes

Recently, one of my sons came home from school with a smile on his face and a mid-term report card in his hand.

He was pleased because he had boosted his grade in one course from a "C" to a "B".

I was pleased too. I knew that my boy was capable of far more than a "C" grade, and I knew that he had won the better grade with determined effort and hard work.

I commended my son highly, and let him know how much I appreciated his efforts and his improved record.

But I would not have been a conscientious father if I had stopped with a pat on the back for him and the comment: "That's fine son. Hold on to that 'B'."

I asked him to work even harder during the final mid-term period. I told him to try some new methods of study and work. I told him he should not be satisfied with a "B"--a very respectable grade--but that he should do everything possible to earn an "A" as his final grade.

Today, I am going to take the same approach to the American economy.

months
A few ~~years~~ ago, this Nation was in the midst of a serious recession. The country was basically strong, but unemployment was increasing and business

Recession

activity was decreasing.

The best grade we could have applied to our Nation's economic report card was a "C"--and I suspect we barely qualified for that.

Since the recession of 1960, our economy has improved. We have put in some hard work and tried some new methods to boost our economic health.

And today, there is no doubt that our economic report card shows a definite improvement.

We rate a good, solid, above-average "B" for economic activity and health.

But none of us would be conscientious citizens--or patriotic Americans--if we remained satisfied with a "better than average" performance.

We in America have a tradition of seeking

excellence in all areas of our life and society.

We do not want to be second best. We want to be first.

In short, we need to earn an "A" on our economic report card. And to do so, we need to exert more effort, harder work and some new methods and policies.

Earn
an
"A"

First, let us take a look at our Nation's economic performance today, compared with a few years ago.

How did we raise our economic grade from an adequate "C" to a solid "B"?

In the first quarter of 1961, America's gross national product was \$500 billion.

In the first quarter of 1962, the gross

Things better
today

national product of the United States stands at \$548 billion.

This is an increase of nine and a half per cent.

Corporate profits before taxes rose from about \$39.6 billion in the first quarter of 1961 to \$52.4 billion at the end of the fourth quarter--an increase of one-third.

The labor income rate nationally in April, 1961, stood at \$280 billion.

In April, 1962, the labor income rate had risen to \$309 billion--a ten per cent increase.

One of the most encouraging improvements has been the sharp drop in the rate of unemployment.

The unemployment rate nationally has dropped

Agric
Income
up \$1 Billion

from 6.9 per cent of the labor force to 5.5 per cent.

This has been a 20 percent improvement--with the actual number of unemployed workers down from five million to four million. And an additional one million persons were added to the labor force because of population growth.

The improved employment situation alone would justify a change from a "C" to a "B" in our economic report card, but there are more reasons.

Industrial production has been boosted 15 per cent from the first quarter of 1961 to the first quarter of 1962--and it's still increasing.

Personal consumption expenditures--representing the amount spent by the public in the marketplace--have

risen \$21 billion in one year.

Housing construction is moving up at a rate of a million and a half units a year--the highest in three years and one of the highest rates in our history.

Of particular interest to bankers in Minnesota and throughout the nation, consumers increased their holdings of liquid assets more than \$20 billion in 1961, while consumer debt rose by only \$1.5 billion.

All of these developments point to a Nation which is basically strong, prosperous and growing. Clearly, we have recovered from the recession of 1960. We have boosted our economic grade from a mediocre "C" to a respectable "B".

But the semester is not over. We still have work to do. We still need extra efforts. We

still need to find new ways and to take new steps to boost our economic health and prosperity to the levels of which our Nation is capable.

In a world which is moving and changing swiftly, we need all the strength our nation can muster.

Freedom is threatened by the angry, aggressive totalitarianism of a strong and clever Communist empire.

And within the free world, the United States faces the healthy and friendly--but serious--economic competition of the prosperous and powerful European Common Market.

This is not an age in which we can satisfy ourselves and assure our survival and growth with an average effort and an "O.K." philosophy.

This is the space age, demanding an "A-OK"
performance not just by our astronauts, but also
by all areas of our nation.

And that includes our economic performance.
We need to strive for full economic health and
excellence. We need to earn an "A" for economic
prosperity.

When I say "We," I do not speak abstractly.

I do not call for new effort only by one part of
our nation.

This effort for continued improvement ~~just~~ ^{must}
come from all who are able to influence the economy
for the better.

It must come from private industry and business.
It must come from individual citizens and labor
unions. It must come from local and State

governments. It must come from the Federal
government, too, including both the Administration
and the Congress.

I have already defined the improvements and
the progress of our Nation's economic situation
which have been won in the past few years.

Now let me point to the areas of our economy
which need further improvement.

First, the Nation's unemployment rate--5.5
per cent--is still too high.

Secondly, consumer spending is too low.
Excess plant capacity can be utilized only when
consumer spending increases.

Third, investment by business for modern-
ization and efficient production is too little.

- (4) ~~4th~~ Mkt prices too high - inflated -
related to earnings
- (5) concern over Gaitercon
Packets (Steel)
- (6) concern over Foreign competition
(Common Mkt)

Fourth, the nation's economic growth--though improved--is too slow.

Last week, I went to New York to meet with officials of the New York Stock Exchange and other financial leaders.

What I learned in that personal trip strengthened my concern about the recent instability of the stock market as a reflection of our economic strength. *Economic + Psychological*

The ~~recent~~ instability of the stock market ^{is} ~~was~~, I believe, a dramatic reminder to business and government alike that economic policies which stimulate growth and expansion are long overdue.

The economists and businessmen with whom I have met agree that our present rate of economic growth is ^{too} slow and ^{too} little to absorb unemployed

workers and new entrants into the labor force.

Our rate of economic growth is, in fact, the lowest of any major industrial nation in the West.

I can not attempt to advise industry or private business what to do. That is their responsibility.

But as a United States Senator and as ~~an in~~^a ~~dependent~~ member of the Administration team in Washington, I can and do urge new action by the Government to help strengthen the economy.

And we do need action. There are those who say that all we need is for the President to go on television to assure the nation that the economy is basically sound.

The President has done that. But he knows and we all know that it will take more than expressions of cooperation and words of reassurance to help stabilize the stock market and to strengthen the

economy.

Any delay by Congress or the Administration on necessary action programs could bring further economic trouble.

These are my specific recommendations:

First, a firm commitment by government--and private industry--that unemployment will be reduced to not more than four per cent of the work force.

Second, a stepped up public works program placed into operation at once. Legislation for this is pending in Congress.

Third, an effort to boost our exports through a massive overseas selling program. This requires immediate approval of the President's Foreign Trade Expansion Act.

Fourth, we need a decision on taxes. The

investment tax credit provisions of the President's program must be enacted by Congress at once, but more is needed. I recommend tax cuts of between two and four percentage points on corporate income and two percentage points on individual income.

or Raising exemption from \$600 to \$800

This fourth and final step, I believe, is necessary now. It is a fact that investment has lagged behind corporate cash flow. New and increased investment can and must be stimulated by a new and more liberal tax policy.

A two percentage point cut in corporate income tax and a two percentage point reduction in individual income taxes would, it is estimated, inject about \$5 billion of capital into the economy.

Add to that the investment tax credit, and we will have an economic incentive to overcome almost

" John Furber ¹¹
- 15 -

any obstruction to capital improvement and full
economic recovery.

(END)

now, this stathened economy is
the Key to a more vigorous Foreign
Policy - we are Doing Better - U.N

- (1) our Armed forces Stronger
- (2) Western Europe - Stronger Richer
- (3) Japan - Philippines - Australia
Killer New Zealand
- (4) India Stronger
- (5) Sino-Soviet dispute
- (6) Soviet Capital Shortage
Corruption - inefficiency
- (7) Soviet Agric

(X) ✓ Peace Corps
✓ Food For Peace
✓ For. Aid
• Alliance for Progress

(X²) Outer Space -
(X) Accidental War -
(X) Exchanges
Science, Medical
etc

Dream of Man

(1)

(2) End Famine - Have snuff to eat

(3) Self Government - end of Colonialism -
in countries - Adolescence

Older nations can't understand
young can't understand old.
Age of Adolescence

4. Human Dignity

demanding Rts - Problem of Integration



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