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MINNESOTA RADIO TAPE OF NOVEMBER 5

FOR BROADCAST WEEK BEGINNING NOVEMBER 10

TEXT OF Radio Broadcast

HUMPHREY CALLS FOR INCENTIVES FOR ^{DISTRESSED AREA} ~~THE~~ INDUSTRY

Ladies and Gentlemen---

This is Senator Hubert Humphrey, reporting to you

from my office on Capitol Hill in Washington, D. C.

Start here →

Today, if we take a look at the major cities of the country, people are pretty well off for the most part. Employment is high. The economy is moving along quite well. Actually if the trend continues to improve this year, our economy will reach a total output---what the economists call Gross National Product---of about 600 billion dollars in the first months of 1964. That would be up twenty percent since 1960. < People are hoping for, and expecting, a major tax cut, which President Kennedy has asked Congress to

approve.
yace.

I strongly support that tax cut. I believe it will stimulate the economy even more by sharply increasing the amount of money available to purchase goods and services. It will stimulate investment in modernized and expanded manufacturing plants. It can be the booster rocket that gives us a real breakthrough in the standard of living in this country.

Yet, there are several economic problems that even the tax cut can improve only slightly. One is the problem of untrained, unskilled workers---particularly the school dropouts and the minority groups. Here special programs of training and education are desperately needed.

The other severe problem is in what we call the economically distressed, or chronically labor-surplus areas. In Minnesota, for example, ^{a vital} ~~nearly half~~ the geographic area of our state---beginning in central Minnesota and moving northwest and northeast---is afflicted by chronic unemployment and under-employment.

These counties are similar to the counties of northern Wisconsin
and northern Michigan. They have the same cut-over timberlands
and they have common problems of unemployed iron-ore miners. This

Upper Great Lakes distressed area is an economic region, and the
solution ^{to} its chronic problems can only be achieved by bringing

together all the powers of the Federal Government and the State

Governments to work with local communities, *and Private enterprise.* Senator Eugene

McCarthy, Congressman John Blatnik, Congressman Alec Olson and

I have asked the President to appoint an Upper Great Lakes Regional

Commission, and to call in the Governors of the three states of Minne-

sota, Michigan, and Wisconsin to meet with him and his Cabinet so

that we can all pull together in a coordinated program designed

to put people back to work ~~fast~~ in this area.

*back to work on
productive, income producing programs and business.*

In the meantime, we are pressing ahead with programs

of public works, with loans to new businesses who are willing to

locate or expand in the area, with manpower training programs for workers displaced from other jobs in the area.

And we are engaged in a strong effort to persuade industry---large and small--- to invest in new plants in northern Minnesota.

If you are going to get companies to put plants into our distressed areas, you have to have incentives. One of the incentives is the possibility of low-cost financing through the Area Redevelopment Administration. Another is the Federally-paid training program for the workers in the new plants. And a third is a program which I have been pressing for the past two years, which I call "distressed area set-asides." We have held a number of meetings with the Secretary of Defense, his Assistant Secretary, Thomas Morris, and with scores of Department of Defense officials to encourage this program to be made into something more than a paper policy. Briefly, the distressed-area set-aside program is designed to locate various

items to be purchased by the Federal Government, and to set them aside to be bid upon only by companies with plants in distressed areas. Last year 130 million defense dollars were earmarked for labor surplus areas. We are trying to step up that figure sharply--- to triple or quadruple it this year. In the meantime, companies have established themselves in northern Minnesota, partly so as to be able to bid on the distressed area set-asides. And the program is beginning to work. Just this past week the Air Force told me that one of their ^{*purchase offers*} ~~procurements~~ (amounting to over 16 million dollars) was being set-aside to be bid upon only by companies in distressed areas, and that one of our Minnesota companies was being invited to bid on this contract. In other words, thanks to our constant prodding, the Defense Department is really getting down to business about encouraging production of defense items in distressed areas. This is good business for the Federal government, too, because unemployed workers pay taxes, instead of drawing unemployment benefits.

And the competition that new plants provide often can bring down the price of the products purchased by the government.

Distressed area set-asides, then, are yet another tool in our continuing effort to help re-build the economy of northern Minnesota.

END



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