

Mr Walter (Gully) Gullander - Pres.
worked in Brown's Drug - U. of M.
Jes Bodine (Bodine)

C. A. Olson
Archer - Bonds
Midland

REMARKS BY VICE PRESIDENT

HUBERT H. HUMPHREY

BOARD OF DIRECTORS

NATIONAL ASSOCIATION OF MANUFACTURERS

SHOREHAM HOTEL

TUESDAY, May 11, 1965

The last time I had the pleasure of talking with my friends of the National Association of Manufacturers was in 1955.

In those ten years the world has seen changes that once would have taken centuries.

∟ In the past ten years our responsibilities of leadership have grown far heavier than any of us could have imagined. In the field of foreign relations, for example, the roster of the United Nations has risen by sixty countries.

We have been drawn into the troubles of the Congo and of Southeast Asia. And in the Cuban missile crisis we surmounted the greatest challenge to our security in the post-war period. As the world has shrunk, we have found ourselves involved deeply in places that were remote to us ten years ago.

More than ever, the burden of world leadership has been thrust upon us. We have not asked for it, but we have accepted it.

Our success in meeting the challenge of world responsibility depends in large part on our success in building the Great Society at home -- a society of economic strength and abundance, but also of social justice and opportunity.

↳ Basic to our domestic well-being is a strong and flourishing economy.

Ten days ago we reached an economic milestone in America. On the first of this month, our economy entered its 51st consecutive month of expansion -- making it the longest peacetime expansion in our history.

↳ That expansion did not simply happen. It is the result of a creative partnership for prosperity of private initiative and government economic policy.

↳ Let me review a few of the results:

↳ In the five years prior to 1961, we had an average annual growth rate of only 2.3 percent in constant prices. Yet over the five year period from 1960 - 1965, our annual growth of real gross national product has averaged 4.2 percent -- and, measured from the recession low in early 1961, it has averaged

5.1 percent. At the same time we have achieved a record price stability unexcelled by any other major nation.

↳ Profits have reached new highs each year since 1961 -- for a total gain from first-quarter 1961 to fourth-quarter 1964 of over 60 percent in profits after taxes. ↳ In the fourth quarter of 1960, the after-tax profit per dollar of sales of United States manufacturing concerns was 4 percent. By the fourth quarter of last year, it had grown to 5.4 percent -- a rise of one-third.

↳ President Johnson reported last week that corporate after-tax profits for the first quarter of this year are estimated to be 36 billion dollars at a seasonally adjusted annual rate -- 4 billion dollars above the rate in the last quarter, and more than 4.8 billion

dollars above the rate in the first quarter of last year.

Business investment in new plant and equipment is now more buoyant than during the '50's. This year's planned expenditures for plant and equipment, according to the latest McGraw-Hill survey, show a 15 percent increase over last year's. In manufacturing alone, the planned increase is 21 percent. The total 51.7 billion dollars planned for this year is almost double the level of ten years ago.

Unemployment is down from an average 6.8 percent in the first quarter of 1961 to an average 4.8 percent for the first quarter of this year -- and for married men unemployment averaged only 2.6 percent for this quarter.

↳ Particularly significant is the gain of employment in the manufacturing industry -- 600,000 jobs from March 1964 to March 1965. This means we have succeeded in bringing total manufacturing employment back around the peak level of 17½ million established in 1953 -- despite the tremendous technological advances that we have made during that time in labor-saving devices.

↳ Almost every indicator is up. The latest figures show industrial production, retail sales, construction, and profits all moving up.

↳ These gains are primarily due to private initiative. But we in government, during these past four years, have done what we can to help.

We have an amazing System

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Our economic policy has, in fact, pursued different, even disparate, goals at the same time -- to pursue strong and stable economic growth at home and progress in our balance of payments; to move ever closer toward full employment in our labor force and toward balance in our budget.

↳ The distinguishing feature of government policies has been their heavy reliance upon fiscal policy -- particularly tax policy -- as a means of stimulating the private economy.

↳ Our first step was to increase the incentives for greater investment in new plant and equipment.

↳ The investment credit and depreciation reform of 1962, together with the cut in the corporate tax rate in the Revenue Act of 1964

have raised the profitability of a typical investment in new equipment by more than one-third.

↳ That boost to private investment was supplemented by a ~~personal~~ tax cut of more than 11 billion dollars -- at current income levels -- providing a massive increase in consumer demand.

Tax cut

↳ I want to say a word about budget control.

You know the importance of a no fat, well-managed budget, and let me assure you, so does President

Johnson. ↳ Government expenditures are under the most stringent controls. ↳ In the administrative budget for fiscal '65 and '66, total expenditure increases averaged only one billion dollars, compared to an average 3 billion dollars over the previous ten years.

L Just two weeks ago, President Johnson reported to the nation that, as a result of rising federal revenues and reduced federal expenditures, the actual budget deficit for fiscal 1965 would be at least one billion below the 6.3 billion estimated in January.

L Our government has never known a more effective campaign against waste, or a more effective search for efficiency, than the one which President Johnson has been personally conducting since the day he assumed office.

Campaign
Against
Waste

L By its policies over the past four years and more, this Administration has demonstrated its faith in the vigor and viability of our free enterprise system -- and our faith in you who bear such great responsibility for the success of that system.

Faith in
Our
System

And we will continue to demonstrate that
faith.

↳ We see an example of that faith in President ~~Johnson's~~ ^{the} call for a voluntary program of self-restraint on the part of business and banking to help curb excessive outflow of private capital abroad.

↳ When these outflows sent our balance of payments deficit soaring in the last quarter of 1964, there were some who urged the President to institute direct government controls over these outflows. He was determined to avoid direct intrusion into the free market process.

↳ Instead, he sought, ~~and he~~ received and ~~followed~~ followed the advice of bankers and businessmen themselves -- relying on their judgment, their initiative and their patriotism to meet a pressing national problem.

↳ We will demonstrate that same faith in our profit system by the President's proposal for excise tax reductions scheduled to take effect in July of this year. These reductions will stimulate the private economy and furnish strong incentives for price ~~reduction~~ ^{stability}.

↳ In this climate, I know your initiative and imagination will move our economy to new heights.

↳ I know, too, that such initiative and ingenuity will be applied to greater investment in our human as well as our material resources. For, even in economic terms, investment in human resources is the most profitable we can make.

invest

For as we ~~spend~~ -- whether publicly or
privately -- to enlarge opportunity for our
 citizens, we also enlarge their ability to pay
taxes and contribute to an expanding economy.
 We need fewer tax-eaters and more taxpayers.

Education
Invest

The War on Poverty is designed to help the
 35 million Americans -- one out of every five of
our people -- who live below the poverty line.

1/6 of our people

Those people have only 17 billion dollars
 in total annual income -- including welfare
payments -- to get along on.

not a welfare state
State of opportunity

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↳ One thing is certain. Bigger and bigger
welfare programs will not solve the problems of
the poor. We must invest instead in programs
which aim at making more of our citizens productive
in our society. ↳ Those who produce can also consume.

↳ We seek to give all our citizens opportunity to do
both.

↳ That is what the War on Poverty ... our
education program ... our Manpower Retraining
program, and other related programs are designed
to do.

↳ You in private industry have invested enormous
amounts of time and money in developing human
resources and you are continually enlarging those
investments.

↳ Across the country you are setting up Business Leadership Advisory Councils to work with our anti-poverty programs.

↳ The American Bankers Association has set up a Bankers Council on Economic Opportunity to help in the war on poverty.

↳ In these and other ways, private industry is taking the same initiative and energy that have created the most productive economy in the history of the world and ~~is~~ applying it to the task of developing more productive people.

↳ Together, government and the private sector can continue in their partnership to more fully develop our nation's resources -- both material and human resources.

and ^{*thus*} As we do ^{*^*} we create an America which can be
strong and prosperous at home, strong and
capable of leadership in the world. !

ADDRESS BY

THE HONORABLE HUBERT H. HUMPHREY
Vice President of the United States

Before the

Board of Directors
National Association of Manufacturers

May 11, 1965

I thank you very much Bob, for a concise, precise, and prompt introduction. I do apologize to you busy men for keeping you waiting here, but about the only Constitutional duty that a Vice President of the United States has is to preside over the Senate. When there is an important roll call vote on a highly important issue, it appears to me that that's where I ought to be . . . and I knew you would be somewhat understanding.

I have examined through all of my official duties, and insofar as statute and Constitutional law is concerned, it doesn't say anything about appearing at luncheons. So, I decided to try to be legal today and to do what I am required to do.

I am very pleased to share in the program of your Board and to be a part of the panel of speakers that come to you from the Government to talk to you about governmental policy and the relationships between industry . . . particularly, manufacturing industry . . . and the Government of the United States.

I thought I would just come here to visit with you a little. I have talked to you before. I recall it was in 1955 up in New York. It seemed to me that I had a debate up there with a fellow that decided later on that he wanted to be President. In fact, we both decided and we both ended up the same way, you see. I guess maybe it's not a good place to launch a campaign. Truly, I remember that debate and discussion with Mr. Goldwater. I also remember the very hospitable reception that you accorded us.

I was speaking just a moment ago with your president, Mr. Gullander . . . Gully, as he is affectionately known . . . and we were talking about, first of all, our home state. I think he wanted to give me a sort of a note of reassurance. He said, "I, too, am from Minnesota. I guess we are about the only ones here from Minnesota, at least at the head table."

And I said, "Where is Herb Olson?" "He is not here," he said, "but Mr. Carroll is here, I understand."

But we both worked at Brown's Drug store right out by the University of Minnesota. You can see what happens to you after you work in Brown's Drug store. He ended up being president . . . and I'm vice president. But it is a very wonderful memory to have of a great college, a great university and a fine community. I don't know how it was with you, Gully, but I thought I was overworked and underpaid.

(Gullander: I still am!)

I was hoping you would get that line in. That's what we were talking about coming in here. One of the first things right after this meeting, we are going to have a meeting of the Board to do something about this.

Well, since I last visited with you, a great deal has taken place. Ten years ago, our world was much different than it is today. If only you take a look at the United Nations and see the number of new nations that are presently represented there.

The foreign policy of our country remains the same and the challenges to that foreign policy, and security policy, remain the same. In a very real sense, the contestants are the same.

The forces that plague us in the world are totalitarianism, plus, forces of social unrest . . . evolutionary and revolutionary changes. We have to deal with these things.

Before I go into the economics of what I wish to say to you today, let me just say, gentlemen, that I think any man in public life today owes it to his fellow citizens to speak quite candidly about the role of this nation in the world of today and of tomorrow.

I know there are many of you who tire of it. You are weary of reading the headlines of American libraries overseas being burned . . . Or our windows in our embassies being broken . . . Or our nation suffering insult from friend and foe alike. We are a bit weary of just having to take on the responsibility of trying to give some semblance of order and of responsibility to this world.

Having said that, let me add that if we don't do it, and if we are unwilling to do it, then someone else will. And that someone else will not be a friend of freedom, free political institutions or free economic institutions.

To put it another way, it is a wonderful thing to be known as a leader . . . You are leaders in industry . . . But with that leadership role comes responsibility. I have said to many of my fellow countrymen that if you really just want to (as the kids put it) "goof off," if you just want to be careless and carefree, don't aspire to be a leader in anything. Because once you get into the role of a leader . . . or in the leadership role . . . from there on out you have burdens and responsibilities second to none whatever your walk of life or your vocation or activity.

Now, the United States of America possibly did not aspire to this role of world leadership. I doubt that we did. But it came to us at the end of World War II, and we are going to have this role of leadership and this responsibility of leadership for the foreseeable future. We are going to have our name as a nation and as a people written in the chapters of history. And the question is, what will the final chapter say? Will it say that we failed or defaulted? Or, will it say that we tried and we succeeded?

Leadership is not luxury. Leadership is sacrifice and burden. Leadership doesn't give you license to do as you will and as you wish. It compels you to think of others all the time . . . and be considerate of others . . . and, at the same time, to chart a course which may be misunderstood. Leadership frequently puts you in the position of being maligned, condemned . . . unfairly . . . and being the victim of misunderstanding and misrepresentation. This is the way it always has been and this is the way it's going to be.

I am here to tell this fine, distinguished audience as long as you and I will be on this earth . . . and I believe through the life of our children . . . the United States of America will be facing the problems it is facing today. It will not be an easy life for us. It will not be a world of tranquility. It will not be a place where our word is the law . . . and our wish is the command. It will be a place where we will be required to have forbearance, perseverance, persevering patience, persevering courage . . . where we will be required to understand the difference between firmness and belligerence . . . between having a sense of responsibility and being arrogant. And I see this specter and this scene for America all over the world.

I am not crying about it nor are you. This is the way it is. If we don't want it that way, there is one other way that it will go. Because make no mistake about it, if we weary of our responsibility . . . if we don't have the patience and the persevering patience to follow through . . . the Communist has.

We are facing this technique of nibble, nibble . . . bite, bite . . . touch, touch . . . all over the world and we are going to face it. That's why we have to take action, on occasion, that is misunderstood . . . sometimes, purposely misconstrued, but, frequently, just plain misunderstood . . . because the world moves rapidly and everybody is not in command of all the facts.

I refer, of course, to Viet Nam and the Dominican Republic.

There will be more like this, gentlemen, and there will be many more unless we are able to do something about the ones we are presently engaged in. I think the President of the United States made it quite clear in Baltimore not long ago what our position is in Viet Nam. By the way, this Administration didn't select that place . . . and no other Administration did.

There is no partisanship . . . I have never known real partisanship . . . about our foreign policy. I know that men disagree about our foreign policy, but not on a party basis. I have known no partisanship on our national security defense policy. Once in awhile, a Member of the Congress will vote differently than one of his colleagues . . . indeed, quite often . . . but it is not on the basis of party. It is on the basis of their own evaluation of the circumstances and their own philosophy.

As we have said, in Viet Nam we are not going to be driven out . . . We are not going to leave it . . . We are not going to withdraw . . . and we are not going to tire. When the world clearly understands that, my fellow Americans, the sooner will come the peace. As long as there is any ambivalence . . . as long as there is any doubt . . . as long as it appears that maybe we don't mean it, you can rest assured that the aggressor will pursue his victim.

Aggression today is a lot different than you men knew it when you served in the Armed Forces of twenty years ago. This is not the aggression of the movement of Divisions or Battalions or Companies. This is the aggression of the trained conspirator . . . infiltrator . . . the man that subverts . . . the terrorist. A handful, if you please, that come out in the middle of the night and burn a village and kill its leaders. Assassination . . . terrorism . . . barbarism . . . to control a population through fear . . . We have to learn how to meet that. We have never known before.

We have been trained in conventional warfare, as they say, with fancy, sophisticated equipment and large numbers of men and material. Now we have to wage both an anti-guerrilla war, that is counter-insurgency . . . How to wage war against the jungle fighter . . . and how to wage it not only in military terms but political and economic. They have to go hand in hand.

Mr. Khrushchev said some time ago that he renounced nuclear war. And rightly so. He was afraid of it and he ought to be. Indeed, anyone in their right mind ought to be somewhat afraid or concerned about it because the devastation is beyond human calculation. He was concerned and he said that it would be foolhardy to have major wars, but "wars of national liberation," (as he called them) "yes, we support them," said Mr. Khrushchev. And you see them every place. You see the seedbeds of them.

The war of national liberation, as they call it, which is nothing more or less than a new form of aggression and infiltration, is taking place in Viet Nam. If you men will stick with it as American citizens and leaders . . . if we will make up our minds that no matter how long it takes, that we will not tire . . . that we will not give up . . . that we will seek honorable terms indeed of settlement . . . but we will not sell out other people's freedom for, say, temporary surcease from our problems. We will stick with the job . . . we will win it . . . and we will win it right.

The hardest assignment I have ever had is going to some people and explain to them the importance of this. Because, I am convinced beyond a shadow of a doubt that the Communist has no intention of blowing the world to pieces in one big bang . . . but they would like to pick it up piece by piece . . . the biggest international real estate operation you have ever known.

The day that we let them get by with it is the day we are nibbled to death ourselves. If we didn't learn in this past quarter of a century that the aggressor never gets enough . . . that there is no way to satisfy his appetite. If we didn't learn that when they celebrated V-E Day here a few days ago, then we have learned nothing. Thank goodness that responsible leadership in this country has learned it . . . Republican and Democrat . . . that we understand it.

Our task is to see to it that our population doesn't weary . . . not economically only, but in terms of morale and of spirit. Remember, my fellow Americans, you are citizens of the strongest country on the face of the earth. Don't just worry about our problems all the time. Think about the other fellow a little bit. He's got problems too.

You think we have problems. Imagine the ones that the Russians have, the Chinese have and others. And they know we have power. The question that we need to know . . . the answer that we need to have in our mind is: Yes, we know that we have power and that we have the willingness to use it with restraint, but the willingness to use it in the defense of freedom . . . the willingness to use it in terms of our national interest and in the cause of international peace.

When the world understands that . . . not that we are belligerent or bellicose, because we are not (this is a peace-loving country); but that we have convictions . . . we have commitments . . . we have treaties . . . we have given our word. I am here to tell this audience that if you can't keep your word in Viet Nam, how do you expect anybody to believe you in Berlin . . . or some place else?

Nasty place to be involved . . . though maybe the worst of all places to be involved . . . but we didn't select it. The aggressor selects it. But I am here to tell you that as a nation of sea power and of air power, of technical competence, of unbelievable wealth, and of prestige if we but want it, that we have nothing to be afraid of. You can rest assured that this power will be used responsibly.

The same thing is true in the Dominican area. My dear friends, quickly I will just put it to you. Either the Organization of American States is going to learn how to develop an international force for policing of these areas when there is rebellion and when there is difficulty and when there is anarchy . . . either there is going to be peace-keeping machinery in the OAS . . . or you are going to have one revolt after another that can lend themselves to unbelievable trouble.

I remind this audience . . . because I have been reading it in the paper . . . I remind this audience that Castro only had twelve people when he started . . . Twelve trained saboteurs . . . Twelve trained communist agents . . . Twelve trained followers. Hitler had six . . . that madman when he was in that beerhall in Munich.

In the situation in the Dominican Republic, there were fifty-five that we were able to identify. So, somebody says, "Well, how can you get all excited about it? There are only 55." The reason I get excited about it is there were only twelve less than ten years ago in Cuba, and today we have Cuba with Mr. Castro. . . A source of infection in this hemisphere. A source of potential aggression in this hemisphere . . . A source of subversion and infiltration in this hemisphere. We got him because we didn't understand that twelve determined people, working in a society in which there is much social abuse and injustice, can capture the movement of what are called the forces of rebellion or freedom. They call them the "forces of freedom." There were many people that followed Castro that never believed he was a communist. In fact, many people in the United States didn't believe he was one.

So your Government this time wasn't taking any changes. I know that we are going to take a lot of heat, and we are right now, because some people say, "Oh, you acted too quickly." "You weren't sure." But I want to tell you that if the Dominican Republic today had a communist regime in charge of it, I don't think you would give me nearly as friendly an audience as I am getting right now. You would

be saying, "Look, Mr. Vice President, where were you, where was your President when the disaster took place? How come you let it happen? You're supposed to know something. You've got the CIA, the State Department, the Defense Department, the Intelligence Services. Where were you?"

Well, I will tell you where we were. We were on the job. When the word came that law and order could not be preserved . . . when word came that American nationals were in trouble and that their lives would be lost . . . when the word came that our embassy was under attack . . . and when the word came that there was no control whatsoever in that island . . . in that unhappy island . . . we acted.

We didn't act as interventionists. We didn't act as belligerents. We acted in the preservation of peace in this hemisphere. We acted in the protection of American lives, and the first duty of a Government is to protect its nationals. And then we asked the Organization of American states to take control . . . to do something about it . . . to provide international peace-keeping machinery.

By the way, gentlemen, we've got a greater stake as Americans in international peace-keeping machinery than anybody else. Otherwise, the Communists can have us garrisoning one place after another. Remember that. They can start a rebellion any time. If we have to move in every time there is a little rebellion, you will have five thousand here and four thousand there and two thousand there and ten thousand there . . . They will have you all over the globe. So it is in our national interest and it is in the interest of world peace . . . and order . . . and progress . . . that the United Nations have peace-keeping machinery, that the Organization of American States has peace-keeping machinery. This is the first task of our statesmanship right now -- to see that that takes place.

Now, I started out on this theme . . . and I'm not going to keep you here too long . . . I started out because all of this we can do only if we have the will to do it. You can be awfully smart. I have seen a lot of smart people that don't have any will. They are waiting around all the time for a little more evidence. They are delaying making decisions. They just don't want to take the tough ones on. But we have to have the will, my fellow Americans, to do what needs to be done. If we don't have the will, in concert with others, to do what needs to be done, you can't expect any small little nation to do it.

Number one -- we need the will; and, number two -- we need the economy to sustain this program. . . because a nation is not as strong as its armies and its navies . . . or its air force . . . or even its marines. I will never forget what Dwight Eisenhower said when he spoke here in 1951 . . . no, about 1949 . . . when he was talking to us about NATO. He said that the army or the navy or the air force is but the cutting edge of the blade. It is the economy and the nation behind it that counts. And this is what we need to keep in mind.

We'll have men of valor and courage. We've got the best trained troops in the world. They have good equipment . . . even when some reporter occasionally tries to find a piece of equipment that isn't so good. There is good equipment, and they are well supplied. But we are going to have to have sustaining power.

We are not a flash in the pan country. We can't just hope that somehow or another we can mobilize resources now for another twelve months. We have to look ahead so that we can be prepared for the next quarter of a century, if need be, to take on responsibilities even greater than the ones we have now. That is why the partnership between government and business is no longer just a theme . . . it's a necessity. That is why those who try to provoke animosity between North and South . . . East and West . . . between city and rural . . . between business and government . . . are indulging in a practice that is injurious to this country and to its future.

We need doctors today. Not people who run around with lances and swords and guns to open the wounds. We need healers. We need people who bring consensus. We need people that bring us coordination and cooperation. If a man doesn't learn that in his private and public life as he goes through it, then he hasn't learned anything.

I, every once in a while, hear people say, "Well, I think you've changed." Well, I hope so. I would hope that a man learns a little something as he goes through life. I wouldn't be a bit surprised but what some of you've changed. I know that Gully has. He doesn't work in Brown's Drug store anymore.

Of course we change. We ought to . . . We ought to change in terms of what the facts are. When you resist the facts . . . when you resist what is perfectly obvious so that you can stay consistent with your old point of view, it doesn't prove that you are a man of character. It proves that you are a fool. Character means facing facts honestly. A sense of commitment doesn't mean you are committed to a decision that no longer has any relevancy. So, we seek to learn. Your Government seeks to learn.

We used to think that the way to cure unemployment was just to dish out the public works. Well, we know that isn't the answer anymore. It has some relationship. You need some, what we call "public works," simply because you need roads. You ought to have those whether you have unemployment or not. You need ports; you need streets; you need highways. You ought not to have to wait to get people unemployed to get highways. You ought to build highways when you have cars.

We now know that the answer to unemployment is not just pump priming through public expenditures. Now, I will be very frank to tell you that many of us who grew up in the depression, like myself, used to think that the real way to get at this was with the Federal government priming that pump . . . period. We learned a little differently. Facts faced us. We found that even though the Federal

government was pouring billions into the economy, that the unemployment was still going up. Now, after you see that for a few years, you start flunking the test, you know, if you keep writing the same old answers.

So, we started to do something else. Your Government, in cooperation with industry, has started to fashion new fiscal policies and tools. Now, I didn't say the Government did it alone. It was done with business and labor and economists and universities . . . and the community.

A whole new attitude has grown in America. First of all, you are welcomed at any channel, at any house of this government. When you walk in now, someone doesn't say, "I wonder what special interest he's pleading." We all have some special interests. I had a special interest in September, October, and into the early part of November, and thank goodness it was satisfied. We all have certain little interests . . . The duty of men in public life and the duty of a president of a corporation . . . There are many people in your businesses that have little special interests . . . the advertising department . . . the sales department . . . and they have conflicting interests at times. You have to settle those. You have to reconcile them. We do the same thing in Government. I spend a lot of my time doing that.

So we came up with the recognition, Number One, that the real dynamic force in American economic life was the private economy itself, and that the Government ought to be trying to work with it . . . not against it. It ought to join it . . . not to pull away from it.

We started, first of all, to have a better attitude. Number One, we believe in the profit system. I said to a group just the other day: Samuel Gompers, that old warrior of labor, once made the statement to this effect --"that the greatest crime against the working man is a business that fails to make a profit."

Now, profit making is what business is about, at least, partly so. You make profit when you make a good product, well-manage business operation, and perform a service, hopefully. So, Government should encourage profit making. That's the only way we can get our revenues.

Also, the matter of regulation for the public interest. Indeed we need regulatory bodies. There's no use of pretending we don't need them. We do need them. Everybody knows it. Just exactly like you need a principal for a high school . . . as you need a police department . . . or as you need a health officer. You need regulatory bodies. But the purpose of regulation is to try to correct only those abuses of those who are the violators. Not to dominate an industry . . . Not to dominate a whole section of the economy . . . but to coordinate and to work with it. . . to provide rules and regulations which identify the wrongdoers but which encourage the rightdoers.

We are working on this. There is your President . . . and your Vice President . . . and the leaders of your Congress . . . and you in business . . . together, we are working to try to instill in every agency of this Government respect for honest labor. . . investment . . . management. . . and thereby to give people encouragement. This is what we mean by confidence.

Now, I know business always says, "Well, you must be careful not to destroy confidence." Now confidence is a two-way street. You have to have confidence in us, and we have to have confidence in you. The only time you lose that confidence is when one violates this trust; but if we have that confidence, we will do all right.

We have passed some legislation. I suppose Mr. Connor may have gone over this with you. That's why I am not going to spend too much time in detail. The investment tax credit for example, to encourage investment. The tax cut bill itself. I was one of the early proponents of it but I know everyone in this

organization did not favor that, but I thought it was a good idea. I thought it was a good idea because it permitted greater choice on the part of individuals in business how to use their capital. And it has worked.

The accelerated depreciation schedules . . . new schedules for depreciation . . . so as to modernize our plant . . . so as to make us more competitive at home and abroad. These policies of partnership and understanding between Government and business have paid off.

Let me just give you the facts. You know that we have had 51 months of consecutive growth. You have heard it. But it is a fact. I remember when we had more months of consecutive decline. I lived in South Dakota in those days. I remember. And I'll tell you, folks, I have tasted both victory and defeat in politics. I have heard about how defeat builds character . . . but there isn't a thing about victory that doesn't build every bit as much character . . . I want you to know that.

Here's what it says. Profits have reached new highs each year since 1961 for a total gain for the first quarter of 1961 to the fourth quarter of 1964 of over 60 per cent increase in profits after taxes. The fourth quarter of 1960, the after-tax profit per dollar of sales of the United States manufacturing concerns was four per cent. For the fourth quarter of last year, despite all the many things you had to do, all of your built in costs of operation, it had grown to 5.4 per cent. A rise of one-third.

President Johnson reported last week that corporate after-tax profits for the first quarter of this year are estimated at \$36 billion; that is seasonally adjusted annual rate. This is \$4 billion above the rate of the last quarter and more than \$4.8 billion above the rate of the first quarter of last year.

That is profit that is available for investment . . . expansion . . . dividends. It's used, you know. You don't hide it out under fence posts. It's there either for you to use or someone else to use if you bank it. It's there for dividends . . .

It's there for expansion . . . A business investment in new plant -- I think that's an acid test.

New plant and equipment is more buoyant than ever since the early 1950's. This year's planned expenditures for plant and equipment, according to the latest McGraw-Hill survey, shows a 15 per cent increase over last year. In manufacturing alone, there is a plant increase of 21 per cent. Some new competition, I might add, and some of you are given the other fellow's competition right around this table. The total: \$51,700,000,000 planned for this year in plant expansion . . . \$51,700,000,000 . . . It's almost double the level of 10 years ago. Why, my fellow Americans, no other country on the face of the earth can even dream of these figures, much less realize them. It's incredible what we have.

This is the story of America. This is the good news of the world. While the totalitarian economies are in serious trouble, this economy has been going up, not for a month . . . not for a year . . . but for 51 consecutive months . . . every month better than the other. Let Mr. Brezhnev, Mr. Kosygin, or somebody else point to a record like that.

I don't know why we don't tell this story better. We have the best braggers at home and the worse propagandists abroad . . . We really are. . . And out of this fantastic prosperity comes the highest standard of living for a working man of any place in the world. It is beyond the fondest dreams of people elsewhere.

You just don't know it, gentlemen, but you are the biggest progressives the world has ever known. You really are. You ought to quit going around saying that you are "conservatives" or that you are just "capitalists." Just go out and say, "Look, we are just progressive-minded business people that believe in the free enterprise system and private initiative." Progressive-minded. . . Look what you

have done! A better product . . . More of it . . . The highest standard of living for yourself and others than any other people on the face of this globe.

And we let the Communists run around and say they are revolutionaries . . . they are for the people . . . they are for the proletariat . . . and they peddle that bag of nonsense. Know why? Because we are afraid to use the same words.

We are pro-people . . . That's where your customers are. We're pro-progress . . . You are the most progressive people in the world. You're for opportunity for more and more people . . . That's what it's all about.

We ought to just sing it. We ought to let them know that when these profits pile up, it isn't just for you. You can't spend it yourself. It's for the country . . . It's for the world . . . We help finance the whole world. We help make the most wonderfully progressive country the world has ever known out of these profits. But we are painted throughout the world as sort of money-grabbing capitalists. Let the world know that capitalism, as we practice it here . . . not as they practice it in some other places . . . has more humanitarianism in it than in all of the social philosophies of all the other countries put together. I am proud of our country for it.

Well, I'm not going to go on. I have a mighty good speech here . . . I guess I'll just pass it around afterwards. I want to just end up on the note that we have our days ahead. You can't say that everything will be well. But what we are really doing, ultimately, is designing a program and partnership here of the development of and the conservation of our human resources and our material resources.

You people in industry . . . You train workers. You know that a trained worker is a productive worker. You know that an educated worker is a productive worker. You know that the only way to be a consumer is to be productive.

Your government today doesn't advocate a welfare state. We used to argue about that about 15 years ago. Somebody came up with that slogan. And you know something? You and I and others started repeating it . . . Some of us for it . . . Some of us against it. It sort of made you look like you weren't for people if you said you were against a welfare state. It sort of made you look like you were real noble if you said you were for a welfare state. Those are nothing but phrases.

We are not for a welfare state in the sense that the government owes everybody a living. Those days are forever gone. We are, however, for a state of opportunity where a government, working with the segments of its economy, has resolved that every person is going to be given an opportunity to earn a good living. That's what we're trying to do. That's why we wage war on poverty. That's why we have aid to education, gentlemen. That's why we have manpower training and development. Oh, I know, some of it may go amiss. I know that some people, even after they are trained, educated at your expense, will squander that opportunity. But, some of our own children do it even when we have the most intimate relationships with them.

The fact is, however, the investments we are putting into education are true investments and they will yield dividends . . . profits . . . jobs. The fact is that when any business enterprise is released so that through tax programs, and tax relief, it gains more for investment, we create jobs.

We are preaching this doctrine to young people. We are preaching the doctrine of modern economics. And that doctrine of modern economics is that in order to have a job you have to have investment. And that doctrine of modern economics is that the most valuable resource you have is the human resource . . . the brain . . . the body . . . a body that is healthy . . . a mind that is trained.

We now know that even though we have done much about unemployment, we are down to the hard core. And what do we have? (By the way, the rate of employment today by heads of households is about as high as it has ever been.) But we have today a number of young people without jobs. We have another group . . . a hard core . . . that has been displaced by science and technology . . . change in industrial patterns that are not trained . . . that are not educated . . . that are illiterate. We have to wage war on illiteracy.

We have to wage war on both obsolescence of both machines and skills. We are training people in new skills. We are giving children, for the first time, a chance to catch up with their education.

Much of this, as you know, is with the minority group, the American negro. The American negro is about 20 million people of this population. I am here to tell this audience of intelligent businessmen that 20 million . . . or 22 million . . . can either be a drag on the body politic or it can be an engine. It can hold back this boat . . . this ship of state of ours . . . or it can be a thrust, a powerful force, to help it move along.

Now, we are trying to do something about that. When the President's Council of Economic Advisers tells us that discrimination last year cost us over \$20 billion of lost income, I say that for if no other reason than economics, we ought to do something about it. But there are other reasons too . . . Moral reasons . . . political reasons . . . reasons of just simple justice.

So, we do have today a war on poverty. Not handouts . . . Job Corps centers . . . Neighborhood Youth Corps centers . . . Job training . . . equipping people in discipline of work . . . equipping them in skills and talents. . . trying to get them so they can be productive.

We have a program called "Headstart" so that the little ones that have been deprived can get a chance to get caught up before they go to school . . . to keep our school system moving ahead.

We have programs of aid to education because many school systems in America are behind. And you cannot afford it. You business people can't afford to have dullards. You can't afford to have people that are less than able. Now, this country is rich and powerful but it's not that rich. So, together, we are trying to do something about the development of human resources.

The theme: Opportunity. The purpose: The development of human resources. The goal: A more prosperous and more just society. Why? Because a government of the people, by the people, for the people ought to have the kind of a society that it represents. And, ultimately, this is the one way I know of to preserve this world.

And I am very proud to be an American in the second half of the Twentieth Century. To have a little something to say about writing a page or two of history. As I have said to many, it's good to read history, my friends, but it's better to make it. And we ought to be making it. You are. . . You are making it in economics . . . You are making it in production. . . But you are not just an economist . . . You are not just a businessman. You are a citizen . . . you are a father . . . you are a member of a community.

We mean to make it for the whole country . . . We need to make a chapter for America that will live forever in the memory of man. I think we can.

Thank you very much.



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