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John Barley
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54th consec
month
unemploy - low 7 1/2%
growth

Mayor Hall
Mayor Hugh
Mayor Romnett

NOTES
VICE PRESIDENT HUBERT HUMPHREY

PRESIDENT'S CLUB BRIEFING

Economy
Revenues up
\$1,000 billion
Expenditures Down

MIAMI, FLORIDA

Tele. Attitude
AUGUST 3, 1965

Business confidence
unity - Partnership

Sec Miss
Alabama

During these busy days, it's always a pleasure

to get away from Washington to simply talk with friends -- or should I say with fellow President's Club members. If anybody's a member of the President's Club, I am.

Today I hope we can talk informally and frankly. I don't intend to talk long myself. I want to save time for questions and answers and discussion among ourselves. And may I say that topics of discussion

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are completely open -- we don't need any ground rules or limits today.

To begin, let me call your attention to the fact that we are now approaching our 54th consecutive month of economic expansion.

This period of prosperity is the longest -- and the strongest -- in the peacetime history of the United States.

Unemployment in recent months ^{has been} ~~was~~ close to or at its lowest rate in 7-1/2 years.

Industrial production, retail sales, construction and profits are all moving up.

During the first half of this year our national economy has advanced as much as it has in any comparable time since the expansion began.

We expect gains in income and output to ~~be~~ continuing throughout the rest of 1965. And it looks as if 1966 can be another prosperous year.

I would remind you that this has been accomplished in a framework of relative price stability.

My friends, this is some achievement. Remember, it has replaced a postwar pattern of no less than four economic recessions -- three of them in the eight years before 1961.

I believe that business has confidence in the Johnson Administration. I certainly know that this Administration has confidence in American business.

This Administration has done and will do everything it can to provide maximum opportunity for private growth.

You know what has been done already in this Administration:

The 7 per cent tax credit for business investment in new equipment.

The sweeping reform of tax treatment of depreciation -- and this was liberalized again early this year.

The tax cut which President Johnson signed into law only a little more than a year ago -- the biggest corporate and individual income tax cut in our history .

Those measures cut corporate taxes this year by over 5 billion dollars.

Those measures raised profitability of business investment in new equipment by an estimated 35 to 45 per cent.

Those measures have helped this Administration prove its faith in our free enterprise system.

We have demonstrated this faith again by the excise tax cuts recently enacted by the Congress. These excise tax reductions are benefiting both consumers and producers and will help keep our economy going full steam ahead.

While this Administration has been working hard to unleash the full productive force of our private economy, we have also been working hard to economize in government.

President Johnson has let it be known that each government program must be justified in itself. He has let it be known that he will tolerate no fat and no waste in our federal government.

As a result, you see today a sound federal budget which allows us to save where we can in order to spend where we must.

To illustrate what I mean, I'm going to leave with you today several documents. Among these are reports prepared by the Department of Defense and the Bureau of the Budget. I think you may be surprised to see just where the money goes and what it buys.

I will not go into this now -- except to point out that our estimates of government receipts have been revised upward and are actually 1.1 billion dollars higher than shown in the chart from the Budget Bureau. This coupled with our constant check on government expenditures has left room for the things that we must do to keep this country strong and productive:

✓ Maintenance of a strong defense establishment -- Defense
second to none in the world. (And I refer you
particularly to Secretary McNamara's report.)

✓ Investment of more than one and a half billion
dollars to aid education -- and there is a basic
investment indeed, my friends. | Edue

✓ A doubling of the poverty program. — Poverty
Provision of proper medical care for our — med care
aging generation.

✓ Comprehensive attacks on heart disease, cancer, | Health
and stroke.

✓ Programs to make our cities better places in | cities
which to live and work.

✓ Programs to preserve this country's natural | Resources
resources and natural beauty. | Land
| water
| air

Additional initiatives, such as the excise tax reductions, to keep our economy free and flourishing.

I know that there are a few people in this country who say that some of these things are part of the Great Welfare State (under the alias of the Great Society) which Lyndon Johnson intends to impose on this land. My friends, nothing could be further from the truth.

Why a poverty program? Why greater investment in education? Why a fight for voting rights?

We do these things so that every man and woman in this society can have the opportunity to contribute to this society.

There will be a return tomorrow on our investments today, believe me.

Investments

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↳ We reap what we sow. The investment we make determines the product we get.

↳ Do you know that the average school dropout costs the American taxpayers 1,800 dollars a year?

↳ That the average family on relief costs the American taxpayers 3,500 dollars a year?

↳ That the average prison inmate costs the American taxpayers 3,500 dollars a year?

↳ Today, in the midst of our prosperity, one-fifth of our citizens -- some 35 million Americans -- live at or below the poverty line. Some are barely making a living. Others are not making it.

This Administration is pledged to make taxpayers out of many who are today tax-eaters.

I repeat what I said earlier:

our goal - opportunity

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Our goal is to give each man and woman in this country opportunity to be productive and to contribute to this society.

The investments we make to create opportunity^r will be small in the long run compared to the prices to be paid for poverty -- ignorance -- disease -- discrimination and crime. Perhaps we can talk further about this in our discussion.

But before we go into our discussion, I'd like to take a few more moments to talk with you about some other investments this country is making: investments which require money, patience, and sometimes human life.

All of our minds turn these days to the troubles around the world which not only do not disappear,

but seem to multiply. Today it is Viet Nam. Tomorrow
it may be someplace else.

↳ There are questions asked: Do we belong in
these places? Is it worth the money? Is it worth,
in some cases, the lives of our sons?

↳ Believe me, these are not questions to be taken
lightly. This country has carried a burden in the
world for a long time. It is discouraging to carry such
a burden -- to do your best but to see the burden
grow heavier -- and then to realize that there's no
end to the road in sight.

↳ But, for better or worse, that burden is ours
to carry.

In this atomic age, there is no place to hide.

↳ Some years ago we turned a corner in this
country. We chose then to turn toward the world
and cast our lot in it. And, make no mistake, I
think we made the right decision.

Today, with all our wealth and power, our
strength is freedom's only real guarantee in the
world. And we know, in our hearts, that were we
to drop our burden, it would not be long until the
threat to freedom somewhere else became the threat
to freedom here.

↳ President Johnson has chosen the ^{responsible} ~~hard~~ way and
the right way. Today, in Viet Nam, he has pitted
our strength against aggression. That aggression has
not always been open and easy to understand. (Today,
you know, aggression need not come in form of infantry

divisions, tanks and planes crossing from one nation into another.) And, in resisting it, it cannot be a simple matter of carrying all-out war to the aggressor's homeland to win a final and total victory.

↳ President Johnson recognizes the fact that defense of freedom and of our own security will not lend themselves to easy or quick answers.

↳ And he recognizes the fact that the totalitarians in this world do not intend to blow the world to pieces -- but plan instead to pick it up, piece by piece, as we tire and withdraw.

↳ Several times in this century the totalitarians have said: "The Americans have no patience, they have no stamina, they have no will to fight, they are inward-looking. Let us take the risk."

∟ And the totalitarians have taken their risks.

What a price the world has paid.

∟ Today let there be no mistake. We do have the
patience, the stamina, the will to resist.

Well -- these are the things that have been on
my mind today. Now, I'd like very much to hear
your questions, your comments, and your ideas.

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