

REMARKS OF SENATOR HUBERT H. HUMPHREY
NATIONAL COMMITTEE FOR FULL EMPLOYMENT

Washington, D. C.

March 19, 1976

It is a pleasure for me to be here with you tonight to join the National Committee for Full Employment and its friends in commemorating the 30th Anniversary of the Employment Act of 1946 and the creation of the Joint Economic Committee.

As the Chairman of the Joint Economic Committee, I want to express the gratitude of all our members to Mrs. King, Mr. Finley, Mr. Abel and all the others who have made this evening such an important one for all of us on the Joint Economic Committee.

During its 30 years history, the Joint Economic Committee has been extraordinarily fortunate in its leadership. The first two Chairmen of the Committee, Senator Robert Taft, Senior and Senator Joseph O'Mahoney gave it a fine beginning. Senators Paul Douglas and William Proxmire did much to establish the reputation of the Committee as an institution which could consistently provide thoroughly professional economic advice.

None of these men could have accomplished what they did without the assistance of a talented and dedicated staff. Again, the Committee has been extraordinarily fortunate in consistently obtaining excellent staff leadership. John Stark has been executive Director of the Committee Staff since January 1967. During my year and two months as Chairman of the Joint Economic Committee, I have marveled at the quantity and quality of the work which the Committee staff can produce under John's direction. I know how fortunate I am to have inherited the finest economic analysis unit any place in Washington, D.C. - or outside it.

There is seldom an appropriate opportunity in our busy schedules to express my gratitude, so tonight on behalf of all the Members of the Joint Economic Committee I am delighted to be able to present to John Stark this certificate of our appreciation.

* * * * *

My one regret this evening is that one of the great leaders of our committee and the Congress is not able to be with us tonight. The death of Wright Patman, the Vice Chairman of the Joint Economic Committee, less than two weeks ago was a loss to the entire Nation; to all who believe in economic and social justice.

Wright Patman was the floor manager of the Employment Act. He had served on the Joint Economic Committee continuously since its formation in 1946. His ceaseless and courageous defense of the weak against the powerful; his instinctive understanding of the impact of abstract economic policy decisions on the everyday life of ordinary individuals; his tireless effort to achieve the democratization of our financial system -- these qualities will be sorely missed.

Wright Patman understood that economic opportunity, financial security, and human dignity can be adequately achieved only in a full employment economy. He further understood that the struggle for full employment must be a continuous one. That is a lesson we must all remember.

The Employment Act emerged from one of the great legislative struggles of the postwar period. One observer has described it as the most "massive" confrontation of our generation "over the basic character of the American economy."

A confrontation it certainly was. But was it a victory? Did the Employment Act of 1946 truly remake the character of the American economy?

As with most difficult questions, the answer is ambiguous. In many ways, the Employment Act has served us well. The past 30 years have seen no repetition of the Great Depression, real income per capita is 70 percent higher today than it was 30 years ago, and contrary to most popular opinion, the greater part of the last 30 years has been a period of considerable price stability.

The immediate postwar years 1946, 1947 and 1948 were a period of high inflation as were the last three years. However, during the intervening 24 years, from 1948 through 1972, consumer prices rose an average of only 2.3 percent per year. When we consider that those years encompassed both the Korean War and the Vietnam conflict, the record on price stability is impressive. Were we to exclude those war years and look only at the period from 1952 thru 1965, consumer prices rose only 1.4 percent per year.

On employment, the record has been considerably less satisfactory. The unemployment rate averaged 4.8 percent over the period from 1948 through 1972. That was not good enough. Obviously, it was a vast improvement over the 1930's. Nonetheless, we could -- and should -- have done better.

Other countries do better. In Germany the unemployment rate averaged less than 1 percent during the entire decade of the 1960's. In Japan about 1.3 percent.

With the exception of Canada, every major industrial country has consistently maintained far lower levels of unemployment than the United States.

These 30 years of Employment Act experience have many things to teach us.

Our regional hearings in Chicago, New York, Atlanta, Boston and Fall River, Massachusetts over the last few months provided invaluable information.

The panel discussions which the Committee sponsored yesterday and today have developed some important insights.

Other insights will be gleaned from the study papers we are preparing and sponsoring this year.

One stark, unhappy fact stands out even to the untutored observer, however. The Employment Act has not served us as well in the 1970's as it did in the 1950's and the 1960's. If we were barely holding our own in the battle for full employment before, we have visibly and dramatically lost ground in the past few years.

In the past few months, economic conditions have improved. A recovery is underway. Needless to say, I welcome it. But do not forget how far we retreated before the recovery began, not how small a beachhead we have established and how much ground is still to be regained.

If we are to be victorious in the struggle to achieve and sustain full employment, we must be equipped for modern combat. The inflation of 1974 and the near-depression of 1975 are warnings that our governmental machinery is ill-equipped to deal with the complex and volatile economy of the final quarter of the twentieth century.

The Employment Act is in many respects archaic today. We cannot fight the battles of the space age with a bow and arrow. The outmoded economics of the past must be replaced with a new economics that puts all of America's resources back to work.

It is tragic that we lacked the foresight to modernize our institutions sooner. Wiser and more timely policies could have moderated the inflation of 1973-74 and, I believe, greatly mitigated the subsequent recession.

If our failure to act sooner is tragic, failure to act now would be unconscionable. Failure to learn from our recent experiences would be a dereliction of duty, a violation of public trust.

This week Congressman Hawkins and I, joined by a number of co-sponsors, introduced the Full Employment and Balanced Growth Act of 1976. This bill is an attempt to modernize our economic policy machinery in order to achieve the elusive national goal of a decent job for every American. It sets a national goal of reducing unemployment to 3 percent in four years.

Let me briefly review the basic provisions of this bill. They are simple and straight-forward.

First, the bill provides that goals must be set for economic performance and economic policies systematically coordinated to reach them. By goals I mean quantitative annual targets for employment, production, and purchasing power. These must be proposed each year by the President and debated and acted upon by the Congress. The Federal Reserve Board would be directed to follow policies consistent with those targets. Part of the reason we have not reached our full employment objectives in the past is because we were not sure where we were trying to go or how fast we were trying to get there.

Second, the bill provides that these annual goals be established within the framework of a longer-run planning process. This process would bring together all the different elements in our complex set of economic policies, see what they add up to and whether they will achieve our goals.

Third, the bill envisages that aggregate fiscal and monetary policy will continue to be the basis for sustaining an adequate level of overall production throughout the economy. But the bill goes on to recognize that fiscal and monetary policy may at times need to be strengthened by a variety of supplemental policies. These policies fall into two categories; one category consists of those stand by policies which take effect when recession threatens. These included anti-recession assistance to States and localities, emergency work opportunities for the unemployed, and the systematic timing of public works to offset economic fluctuations.

The other group of supplemental policies are those which we need on a continuing basis, such as job training and placement services; employment opportunities for young people, and policies to assist in combatting inflation.

In addition, these measures include a program for improving the efficiency of the Federal Government by, among other things, requiring a review of existing Government rules and regulations to assure that they still serve a purpose, and an annual evaluation of 20 percent of the dollar volume of existing Federal programs.

These, I believe, are the essential elements of a coordinated national economic policy, a new economics for the modern age. I don't know if this bill contains all the answers. Certainly I expect it will undergo some change in the Committees of Congress.

I do know this: the need for action is urgent. The economy does not just take care of itself. Full employment will not just happen. It must be made to happen -- and it will not without your help.

Battles are won not simply by those who are better armed, but by those who have the conviction that they are fighting for a just and vital purpose. The great question before us in 1976 is whether we have the conviction and sense of dedicated purpose necessary to bring our economy to a situation of non-inflationary full employment and keep it there.

When I discuss the Humphrey-Hawkins bill, I am typically asked only one question: What does it cost? This evening, I want to enter a plea to all who are listening. Please, don't just ask one question. Ask three questions. By all means ask what the Humphrey-Hawkins bill costs. But then go on and ask: What would the costs be without it, and, finally, what are the benefits.

Let me try to give brief answers to these important questions.

The actual dollar cost to the Federal government of the Humphrey-Hawkins approach would vary with the strength of the private sector, a factor which is difficult to predict. But we can make some educated guesses. If the economy continues to recover from the recent recession in a strong and steady fashion, we have estimated that the full employment goal spelled out in the Humphrey-Hawkins bill can be met over the next four years at a cost of not more than \$8 to \$12 billion each year.

I repeat, the cost of direct job assistance by the government depends on the strength of the private economy. I expect a strong private economy. I expect the residual role to be filled by government-assisted employment to be relatively small and the cost to be quite manageable. Once we've recovered from the recent recession the costs are likely to be very small indeed. I am not advocating and do not support putting massive numbers of people on the Federal payroll. I would like to dispel the misconception that has grown up on this point. But, I do want people working and producing, not waiting in welfare lines.

Now let me point out what it costs not to have full employment.

-- Excessive unemployment cost Americans \$230 billion in lost incomes and production in 1975 -- \$3,000 for every family in our Nation. By the end of the decade high unemployment will have cost our people at least \$1 trillion.

-- Excessive unemployment cost the Federal Government some \$80 billion in lost revenues and increased spending to provide the victims of recession with unemployment compensation, Food Stamps and welfare last year. It has resulted in the largest deficits in our nation's history.

-- Excessive unemployment cost our State and local governments \$27 billion dollars last year and produced the worst budget crisis in our cities in forty years.

-- Excessive unemployment and recession cost America 10,000 business failures last year, idled nearly one-third of our industrial plant and equipment, and robbed our economy of billions of dollars of business investment.

I hope that as a Nation we are not so blind that we cannot see the benefits of investment in work opportunities for all who want to work. Many people seem unaware of these benefits. Let me remind you of a few.

We can produce billions in additional income for all our people by fully using our human and capital resources.

We can dramatically reduce crime and improve the safety of our neighborhoods.

We can improve the physical and mental health of our citizens and save greatly on health care costs.

We can provide opportunities for all our workers to use, preserve and enhance their skills and work habits, rather than sitting around idle while these valuable skills erode.

We can maintain a strong private economy which invests in new plant and equipment because it is confident there will be a market for the goods it will produce.

Fianlly, I am convinced that the benefits of full employment include the preservation of democratic capitalism as we know it in this country. A well developed system of unemployment compensation and other forms of temporary income support has brought us through 1975 without serious violence and disorder. But how long can we rely on these palliatives? A system which cannot provide the dignity and self-esteem which comes from honest work and self-support is a system that is in trouble. And we must never forget that our economic performance is very carefully watched in Moscow - Paris - Peking and in the developing nations of the world. The future structure of the world economy will depend in large measure on our ability to provide decent jobs and incomes to our people.

As you know, I am an optimist. I believe this message of the importance of full employment can be brought to the people and that they will respond. I believe that on this thirtieth anniversary of the Employment Act of 1946 we are on the threshold of enacting the Full Employment and Balanced Growth Act of 1976. But you and I have work to do in the months ahead if that threshold is to be crossed.

This is a Presidential election year -- a year to focus the attention of the nation on the waste of unemployment and the human tragedy that it is. We must seize this opportunity to make the reestoration of full employment -- of work rather than the dole for the millions who want jobs -- the centerpiece of a national debate on economic reform.

It is time the American people demanded some detailed answers from all the candidates on what they will do to restore balanced economic growth and full employment. This is the number one issue for Democrats and Republicans alike. It is time for the debate to begin. For this is the only way that we will restore the spirit and direction of America.

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Mr King (Coretta)
Murray Zinkley
Cong. Hawkins
J. W. Abel -

Colleagues in Congress

REMARKS OF SENATOR HUBERT H. HUMPHREY

NATIONAL COMMITTEE FOR FULL EMPLOYMENT

WASHINGTON, D. C.

MARCH 19, 1976

Mr Burns
Mr Greenspan
Mr Hushburg
m

4 IT IS A PLEASURE FOR ME TO BE HERE WITH YOU TONIGHT TO JOIN
THE NATIONAL COMMITTEE FOR FULL EMPLOYMENT AND ITS FRIENDS IN
COMMEMORATING THE 30TH ANNIVERSARY OF THE EMPLOYMENT ACT OF 1946
AND THE CREATION OF THE JOINT ECONOMIC COMMITTEE.

AS THE CHAIRMAN OF THE JOINT ECONOMIC COMMITTEE, I WANT TO
EXPRESS THE GRATITUDE OF ALL OUR MEMBERS TO MRS. KING, MR. FINLEY,
MR. ABEL AND ALL THE OTHERS WHO HAVE MADE THIS EVENING SUCH
AN IMPORTANT ONE FOR ALL OF US ON THE JOINT ECONOMIC COMMITTEE.

4 DURING ITS 30 YEAR HISTORY, THE JOINT ECONOMIC COMMITTEE
HAS BEEN EXTRAORDINARILY FORTUNATE IN ITS LEADERSHIP. THE FIRST
TWO CHAIRMEN OF THE ^{Economic} COMMITTEE, SENATOR ROBERT TAFT, SENIOR,
AND SENATOR JOSEPH O'MAHONEY GAVE IT A FINE BEGINNING.

SENATORS PAUL DOUGLAS AND WILLIAM PROXMIRE DID MUCH TO ESTABLISH

THE REPUTATION OF THE COMMITTEE AS AN INSTITUTION WHICH COULD

CONSISTENTLY PROVIDE THOROUGHLY PROFESSIONAL ECONOMIC ADVICE.

But

NONE OF THESE MEN COULD HAVE ACCOMPLISHED WHAT THEY DID WITHOUT

John Stark
THE ASSISTANCE OF A TALENTED AND DEDICATED STAFF. AGAIN, THE

COMMITTEE HAS BEEN EXTRAORDINARILY FORTUNATE IN CONSISTENTLY

OBTAINING EXCELLENT STAFF LEADERSHIP. JOHN STARK HAS BEEN EXECUTIVE

DIRECTOR OF THE COMMITTEE STAFF SINCE JANUARY 1967. DURING MY YEAR

AND TWO MONTHS AS CHAIRMAN OF THE JOINT ECONOMIC COMMITTEE, I HAVE

MARVELED AT THE QUANTITY AND QUALITY OF THE WORK WHICH THE COMMITTEE

STAFF CAN PRODUCE UNDER JOHN'S DIRECTION. I KNOW HOW FORTUNATE

I AM, TO HAVE INHERITED THE FINEST ECONOMIC ANALYSIS UNIT ANY PLACE

IN WASHINGTON, D.C. - OR OUTSIDE IT.

L THERE IS SELDOM AN APPROPRIATE OPPORTUNITY IN OUR BUSY
SCHEDULES TO EXPRESS MY GRATITUDE, SO TONIGHT ON BEHALF OF ALL
THE MEMBERS OF THE JOINT ECONOMIC COMMITTEE I AM DELIGHTED ~~TO BE~~
~~ABLE~~ TO PRESENT TO JOHN STARK THIS CERTIFICATE OF OUR APPRECIATION,

(John come here) * * * *

L MY ONE REGRET THIS EVENING IS THAT ONE OF THE GREAT LEADERS
OF OUR COMMITTEE AND THE CONGRESS IS NOT ABLE TO BE WITH US TONIGHT.

L THE DEATH OF WRIGHT PATMAN, THE VICE CHAIRMAN OF THE JOINT
ECONOMIC COMMITTEE, LESS THAN TWO WEEKS AGO WAS A LOSS TO THE
ENTIRE NATION, ^{and} TO ALL WHO BELIEVE IN ECONOMIC AND SOCIAL JUSTICE.

L WRIGHT PATMAN WAS THE FLOOR MANAGER OF THE EMPLOYMENT ACT.

L HE HAD SERVED ON THE JOINT ECONOMIC COMMITTEE CONTINUOUSLY

SINCE ITS FORMATION IN 1946.

HIS CEASELESS AND COURAGEOUS DEFENSE OF THE WEAK AGAINST THE
POWERFUL; HIS INSTINCTIVE UNDERSTANDING OF THE IMPACT OF ABSTRACT
ECONOMIC POLICY DECISIONS ON THE EVERYDAY LIFE OF ORDINARY
INDIVIDUALS; HIS TIRELESS EFFORT TO ACHIEVE THE DEMOCRATIZATION OF
OUR FINANCIAL SYSTEM -- THESE QUALITIES WILL BE SORELY MISSED.

~~WRIGHT PATMAN UNDERSTOOD THAT ECONOMIC OPPORTUNITY,
FINANCIAL SECURITY, AND HUMAN DIGNITY CAN BE ADEQUATELY ACHIEVED
ONLY IN A FULL EMPLOYMENT ECONOMY. HE ~~REMEMBERED~~ UNDERSTOOD THAT
THE STRUGGLE FOR FULL EMPLOYMENT MUST BE A CONTINUOUS ONE.~~

~~THAT IS A LESSON WE MUST ALL REMEMBER.~~

THE EMPLOYMENT ACT EMERGED FROM ONE OF THE GREAT LEGISLATIVE
debates
~~STRUGGLES~~ OF THE POSTWAR PERIOD. ONE OBSERVER HAS DESCRIBED IT AS
THE MOST "MASSIVE" CONFRONTATION OF OUR GENERATION "OVER THE BASIC
CHARACTER OF THE AMERICAN ECONOMY."

L A CONFRONTATION IT CERTAINLY WAS. BUT WAS IT A VICTORY?

L DID THE EMPLOYMENT ACT OF 1946 TRULY REMAKE THE CHARACTER OF
THE AMERICAN ECONOMY??

L AS WITH MOST DIFFICULT QUESTIONS, THE ANSWER IS AMBIGUOUS.

L IN MANY WAYS, THE EMPLOYMENT ACT HAS SERVED US WELL. THE PAST

30 YEARS HAVE SEEN NO REPETITION OF THE GREAT DEPRESSION, REAL

INCOME PER CAPITA IS 70 PERCENT HIGHER TODAY THAN IT WAS 30 YEARS

AGO, AND CONTRARY TO MOST POPULAR OPINION, THE GREATER PART OF

THE LAST 30 YEARS HAS BEEN A PERIOD OF CONSIDERABLE PRICE STABILITY.

L THE IMMEDIATE POSTWAR YEARS 1946, 1947 AND 1948 WERE A

PERIOD OF HIGH INFLATION AS WERE THE LAST THREE YEARS. HOWEVER,

DURING THE INTERVENING 24 YEARS, FROM 1948 THROUGH 1972, CONSUMER

PRICES ROSE AN AVERAGE OF ONLY 2.3 PERCENT PER YEAR.

WHEN WE CONSIDER THAT THOSE YEARS ENCOMPASSED BOTH THE KOREAN WAR

AND THE VIETNAM CONFLICT, THE RECORD ON PRICE STABILITY IS

IMPRESSIVE. WERE WE TO EXCLUDE THOSE WAR YEARS AND LOOK ONLY AT THE

PERIOD FROM 1952 THRU 1965, CONSUMER PRICES ROSE ONLY 1.4 PERCENT

PER YEAR.

As to EMPLOYMENT, THE RECORD HAS BEEN CONSIDERABLY LESS

SATISFACTORY. THE UNEMPLOYMENT RATE AVERAGED 4.8 PERCENT

OVER THE PERIOD FROM 1948 THROUGH 1972. THAT WAS NOT GOOD

ENOUGH. OBVIOUSLY, IT WAS A VAST IMPROVEMENT OVER THE 1930's.

NONETHELESS, WE COULD -- AND SHOULD -- HAVE DONE BETTER.

OTHER COUNTRIES DO BETTER. IN GERMANY THE UNEMPLOYMENT

RATE AVERAGED LESS THAN 1 PERCENT DURING THE ENTIRE DECADE OF

THE 1960's. IN JAPAN ABOUT 1.3 PERCENT.

WITH THE EXCEPTION OF CANADA, EVERY MAJOR INDUSTRIAL
COUNTRY HAS CONSISTENTLY MAINTAINED FAR LOWER LEVELS OF
UNEMPLOYMENT THAN THE UNITED STATES.

THESE 30 YEARS OF EMPLOYMENT ACT EXPERIENCE HAVE MANY
THINGS TO TEACH US.

*(Grouver Ensley Her - Leon Keperling
JEC Ed Charn)*

OUR REGIONAL HEARINGS IN CHICAGO, NEW YORK, ATLANTA, Los Angeles,
BOSTON AND FALL RIVER, MASSACHUSETTS OVER THE LAST FEW MONTHS
PROVIDED VALUABLE INFORMATION.

THE PANEL DISCUSSIONS WHICH THE COMMITTEE SPONSORED
YESTERDAY AND TODAY HAVE DEVELOPED SOME IMPORTANT INSIGHTS.

OTHER INSIGHTS WILL BE GLEANED FROM THE STUDY PAPERS
WE ARE PREPARING AND SPONSORING THIS YEAR.

ONE STARK, UNHAPPY FACT STANDS OUT EVEN TO THE UNTUTORED
OBSERVER, HOWEVER.

L THE EMPLOYMENT ACT HAS NOT SERVED US AS WELL IN THE 1970's AS IT DID IN THE 1950's AND THE 1960's. L IF WE WERE BARELY HOLDING OUR OWN IN THE BATTLE FOR FULL EMPLOYMENT BEFORE, WE HAVE VISIBLY AND DRAMATICALLY LOST GROUND IN THE PAST FEW YEARS.

But, happily,

L IN THE PAST FEW MONTHS, ECONOMIC CONDITIONS HAVE IMPROVED.

L A RECOVERY IS UNDERWAY. L NEEDLESS TO SAY, I WELCOME IT. L BUT DO NOT FORGET HOW FAR WE RETREATED BEFORE THE RECOVERY BEGAN, NOR HOW SMALL A BEACHHEAD WE HAVE ESTABLISHED AND HOW MUCH GROUND IS STILL TO BE REGAINED.

L IF WE ARE TO BE VICTORIOUS IN THE STRUGGLE TO ACHIEVE AND SUSTAIN FULL EMPLOYMENT, WE MUST BE EQUIPPED FOR MODERN COMBAT!

L THE INFLATION OF 1974 AND THE NEAR-DEPRESSION OF 1975 ARE WARNINGS THAT OUR GOVERNMENTAL MACHINERY IS ILL-EQUIPPED TO DEAL WITH THE COMPLEX AND VOLATILE ECONOMY OF THE FINAL QUARTER OF THE 20TH CENTURY.

L THE EMPLOYMENT ACT IS IN MANY RESPECTS ARCHAIC TODAY.

L WE CANNOT FIGHT THE BATTLES OF THE SPACE AGE WITH A BOW AND

ARROW. L THE OUTMODED ECONOMICS OF THE PAST MUST BE REPLACED

WITH A NEW ECONOMICS THAT PUTS ALL OF AMERICA'S RESOURCES

BACK TO WORK.

L IT IS TRAGIC THAT WE LACKED THE FORESIGHT TO MODERNIZE

OUR INSTITUTIONS SOONER. L WISER AND MORE TIMELY POLICIES COULD

HAVE MODERATED THE INFLATION OF 1973-74 AND, I BELIEVE,

GREATLY MITIGATED THE SUBSEQUENT RECESSION.

L IF OUR FAILURE TO ACT SOONER IS TRAGIC, FAILURE TO

ACT NOW WOULD BE UNCONCIONABLE. L FAILURE TO LEARN FROM OUR

RECENT EXPERIENCES WOULD BE A DERILECTION OF DUTY, A VIOLATION

OF PUBLIC TRUST.

THIS WEEK CONGRESSMAN HAWKINS AND I, JOINED BY A NUMBER
OF CO-SPONSORS, INTRODUCED THE FULL EMPLOYMENT AND BALANCED

GROWTH ACT OF 1976. THIS BILL IS AN ATTEMPT TO MODERNIZE OUR

ECONOMIC POLICY MACHINERY IN ORDER TO ACHIEVE THE ELUSIVE

NATIONAL GOAL OF A DECENT JOB FOR EVERY AMERICAN. IT SETS A

NATIONAL GOAL OF REDUCING UNEMPLOYMENT TO 3 PERCENT IN FOUR YEARS.

no small task.

LET ME BRIEFLY REVIEW THE BASIC PROVISIONS OF THIS BILL.

THEY ARE SIMPLE AND STRAIGHT-FORWARD.

FIRST, THE BILL PROVIDES THAT GOALS MUST BE SET FOR
ECONOMIC PERFORMANCE AND ECONOMIC POLICIES SYSTEMATICALLY

COORDINATED TO REACH THEM. BY GOALS, I MEAN QUANTITATIVE

ANNUAL TARGETS FOR EMPLOYMENT, PRODUCTION, AND PURCHASING

POWER.

THESE MUST BE PROPOSED EACH YEAR BY THE PRESIDENT AND DEBATED AND

ACTED UPON BY THE CONGRESS. THE FEDERAL RESERVE BOARD WOULD BE

DIRECTED TO FOLLOW POLICIES CONSISTENT WITH THOSE TARGETS PART

OF THE REASON WE HAVE NOT REACHED OUR FULL EMPLOYMENT OBJECTIVES

IN THE PAST IS BECAUSE WE WERE NOT SURE WHERE WE WERE TRYING TO GO

OR HOW FAST WE WERE TRYING TO GET THERE.

SECOND, THE BILL PROVIDES THAT THESE ANNUAL GOALS BE

ESTABLISHED WITHIN THE FRAMEWORK OF A LONGER-RUN PLANNING

PROCESS. THIS PROCESS WOULD BRING TOGETHER ALL THE DIFFERENT

ELEMENTS IN OUR COMPLEX SET OF ECONOMIC POLICIES, SEE WHAT THEY

ADD UP TO AND WHETHER THEY WILL ACHIEVE OUR GOALS.

THIRD, THE BILL ENVISAGES THAT AGGREGATE FISCAL AND MONETARY

POLICY WILL CONTINUE TO BE THE BASIS FOR SUSTAINING AN ADEQUATE

LEVEL OF OVERALL PRODUCTION THROUGHOUT THE ECONOMY.

h BUT THE BILL GOES ON TO RECOGNIZE THAT FISCAL AND MONETARY POLICY

MAY AT TIMES NEED TO BE STRENGTHENED BY A VARIETY OF SUPPLEMENTAL

POLICIES. [THESE POLICIES FALL INTO TWO CATEGORIES; ONE CATEGORY

CONSISTS OF THOSE STAND BY POLICIES WHICH TAKE EFFECT WHEN RECESSION

THREATENS. [THESE INCLUDED ANTI-RECESSION ASSISTANCE TO STATES AND

LOCALITIES, EMERGENCY WORK OPPORTUNITIES FOR THE UNEMPLOYED, AND

THE SYSTEMATIC TIMING OF PUBLIC WORKS TO OFFSET ECONOMIC FLUCTUATIONS.

h THE OTHER GROUP OF SUPPLEMENTAL POLICIES ARE THOSE WHICH

WE NEED ON A CONTINUING BASIS [SUCH AS JOB TRAINING AND PLACEMENT

SERVICES; EMPLOYMENT OPPORTUNITIES FOR YOUNG PEOPLE, AND POLICIES

TO ASSIST IN COMBATTING INFLATION.

h IN ADDITION, THESE MEASURES INCLUDE A PROGRAM FOR IMPROVING

THE EFFICIENCY OF THE FEDERAL GOVERNMENT BY, AMONG OTHER THINGS,

REQUIRING A REVIEW OF EXISTING GOVERNMENT RULES AND REGULATIONS
TO ASSURE THAT THEY STILL SERVE A PURPOSE, AND AN ANNUAL EVALUATION
OF 20 PERCENT OF THE DOLLAR VOLUME OF EXISTING FEDERAL PROGRAMS.

THESE, I BELIEVE, ARE THE ESSENTIAL ELEMENTS OF A COORDINATED
NATIONAL ECONOMIC POLICY, A NEW ECONOMICS FOR THE MODERN AGE.

DON'T KNOW IF THIS BILL CONTAINS ALL THE ANSWERS, CERTAINLY I
EXPECT IT WILL UNDERGO SOME CHANGE IN THE COMMITTEES OF CONGRESS.

Repeat,
I DO KNOW THIS: THE NEED FOR ACTION IS URGENT. THE ECONOMY
DOES NOT JUST TAKE CARE OF ITSELF. FULL EMPLOYMENT WILL NOT JUST
HAPPEN. IT MUST BE MADE TO HAPPEN -- AND IT WILL NOT WITHOUT
YOUR HELP.

BATTLES ARE WON ~~NOT SIMPLY~~ BY THOSE WHO ARE BETTER ARMED, and
BUT BY THOSE WHO HAVE THE CONVICTION THAT THEY ARE FIGHTING FOR
A JUST AND VITAL PURPOSE.

THE GREAT QUESTION BEFORE US IN 1976 IS WHETHER WE HAVE THE
CONVICTION AND SENSE OF DEDICATED PURPOSE NECESSARY TO BRING OUR
ECONOMY TO A SITUATION OF NON-INFLATIONARY FULL EMPLOYMENT AND
KEEP IT THERE.

WHEN I DISCUSS THE HUMPHREY-HAWKINS BILL, I AM TYPICALLY
ASKED ONLY ONE QUESTION: WHAT DOES IT COST? THIS EVENING, I WANT
TO ENTER A PLEA TO ALL WHO ARE LISTENING. PLEASE, DON'T JUST
ASK ONE QUESTION, ASK THREE QUESTIONS. BY ALL MEANS ASK WHAT
THE HUMPHREY-HAWKINS BILL COSTS. BUT THEN GO ON AND ASK: WHAT
WOULD THE COSTS BE WITHOUT IT, AND, FINALLY, WHAT ARE THE BENEFITS.

LET ME TRY TO GIVE BRIEF ANSWERS TO THESE IMPORTANT QUESTIONS.

THE ACTUAL DOLLAR COST TO THE FEDERAL GOVERNMENT OF THE
HUMPHREY-HAWKINS APPROACH WOULD VARY WITH THE STRENGTH OF THE
PRIVATE SECTOR, A FACTOR WHICH IS DIFFICULT TO PREDICT.

But, we can make some educated guesses. If the economy continues

to recover from the recent recession in a strong and steady fashion,

we have estimated that the full employment goal spelled out in the

Humphrey-Hawkins Bill can be met over the next four years at a cost

of not more than \$8 to \$12 billion each year.

*as compared to
3 to 4 times as much
w/ Haining*

I repeat, the cost of direct job assistance by the government

depends on the strength of the private economy. I expect a strong

private economy. I expect the residual role to be filled by

government-assisted employment to be relatively small and the

cost to be quite manageable. Once we've recovered from the recent

recession the costs are likely to be very small indeed. I am not

advocating and do not support putting massive numbers of people

on the federal payroll.

I WOULD LIKE TO DISPEL THE MISCONCEPTION THAT HAS GROWN UP ON THIS POINT. BUT, I DO WANT PEOPLE WORKING AND PRODUCING, NOT WAITING IN WELFARE LINES.

NOW LET ME POINT OUT WHAT IT COSTS NOT TO HAVE FULL EMPLOYMENT.

-- EXCESSIVE UNEMPLOYMENT COST AMERICANS \$230 BILLION IN LOST INCOMES AND PRODUCTION IN 1975 -- \$3,000 FOR EVERY FAMILY IN OUR NATION. / BY THE END OF THE DECADE HIGH UNEMPLOYMENT WILL HAVE COST OUR PEOPLE AT LEAST \$1 TRILLION.

-- EXCESSIVE UNEMPLOYMENT COST THE FEDERAL GOVERNMENT SOME \$18 BILLION IN LOST REVENUES AND INCREASED SPENDING TO PROVIDE THE VICTIMS OF RECESSION WITH UNEMPLOYMENT COMPENSATION, FOOD STAMPS AND WELFARE LAST YEAR. / IT HAS RESULTED IN THE LARGEST DEFICITS IN OUR NATION'S HISTORY.

-- EXCESSIVE UNEMPLOYMENT COST OUR STATE AND LOCAL GOVERNMENTS

Lost Revenues - Social costs

\$27 BILLION DOLLARS LAST YEAR AND PRODUCED THE WORST BUDGET CRISIS

IN OUR CITIES IN FORTY YEARS,

EXCESSIVE UNEMPLOYMENT AND RECESSION COST AMERICA ^{thousands} ~~10,000~~

of BUSINESS FAILURES LAST YEAR, IDLED NEARLY ONE-THIRD OF OUR INDUSTRIAL

PLANT AND EQUIPMENT, AND ROBBED OUR ECONOMY OF BILLIONS OF DOLLARS

OF BUSINESS INVESTMENT.

I HOPE THAT AS A NATION WE ARE NOT SO BLIND THAT WE CANNOT SEE

THE BENEFITS OF INVESTMENT IN WORK OPPORTUNITIES FOR ALL WHO WANT

TO WORK. MANY PEOPLE SEEM UNAWARE OF THESE BENEFITS. LET ME REMIND

YOU OF A FEW *of those benefits,*

WE CAN PRODUCE BILLIONS IN ADDITIONAL INCOME FOR ALL OUR PEOPLE

BY FULLY USING OUR HUMAN AND CAPITAL RESOURCES.

h WE CAN DRAMATICALLY REDUCE CRIME AND IMPROVE THE SAFETY OF
OUR NEIGHBORHOODS.

h WE CAN IMPROVE THE PHYSICAL AND MENTAL HEALTH OF OUR CITIZENS
AND SAVE GREATLY ON HEALTH CARE COSTS.

h WE CAN PROVIDE OPPORTUNITIES FOR ALL OUR WORKERS TO USE,
PRESERVE AND ENHANCE THEIR SKILLS AND WORK HABITS, RATHER THAN
SITTING AROUND IDLE WHILE THESE VALUABLE SKILLS ERODE.

h WE CAN MAINTAIN A STRONG PRIVATE ECONOMY WHICH INVESTS IN
NEW PLANT AND EQUIPMENT BECAUSE IT IS CONFIDENT THERE WILL BE A
MARKET FOR THE GOODS IT WILL PRODUCE.

FillLY, I AM CONVINCED THAT THE BENEFITS OF FULL EMPLOYMENT
INCLUDE THE PRESERVATION OF DEMOCRATIC CAPITALISM AS WE KNOW IT IN
THIS COUNTRY.

A WELL DEVELOPED SYSTEM OF UNEMPLOYMENT COMPENSATION AND OTHER

FORMS OF TEMPORARY INCOME SUPPORT HAS BROUGHT US THROUGH 1975

WITHOUT SERIOUS VIOLENCE AND DISORDER. BUT HOW LONG CAN WE RELY

ON THESE PALLIATIVES? A SYSTEM WHICH CANNOT PROVIDE THE DIGNITY

AND SELF-ESTEEM WHICH COMES FROM HONEST WORK AND SELF-SUPPORT IS

A SYSTEM THAT IS IN TROUBLE. AND WE MUST NEVER FORGET THAT OUR

ECONOMIC PERFORMANCE IS VERY CAREFULLY WATCHED IN MOSCOW - PARIS -

PEKING AND IN THE DEVELOPING NATIONS OF THE WORLD. THE FUTURE

STRUCTURE OF THE WORLD ECONOMY WILL DEPEND IN LARGE MEASURE ON

OUR ABILITY TO PROVIDE DECENT JOBS AND INCOMES TO OUR PEOPLE.

As you know, I AM AN OPTIMIST. I BELIEVE THIS MESSAGE OF THE
IMPORTANCE OF FULL EMPLOYMENT CAN BE BROUGHT TO THE PEOPLE AND THAT

THEY WILL RESPOND.

I BELIEVE THAT ON THIS THIRTIETH ANNIVERSARY OF THE EMPLOYMENT

ACT OF 1946 WE ARE ON THE THRESHOLD OF ENACTING THE FULL

EMPLOYMENT AND BALANCED GROWTH ACT OF 1976. BUT YOU AND I HAVE

WORK TO DO IN THE MONTHS AHEAD IF THAT THRESHOLD IS TO BE CROSSED.

h THIS IS A PRESIDENTIAL ELECTION YEAR -- A YEAR TO FOCUS THE
ATTENTION OF THE NATION ON THE WASTE OF UNEMPLOYMENT AND THE HUMAN

TRAGEDY THAT IT IS. WE MUST SEIZE THIS OPPORTUNITY TO MAKE THE

REESTORATION OF FULL EMPLOYMENT -- OF WORK RATHER THAN THE DOLE FOR

THE MILLIONS WHO WANT JOBS -- THE CENTERPIECE OF A NATIONAL DEBATE

ON ECONOMIC REFORM. !!

h IT IS TIME THE AMERICAN PEOPLE DEMANDED SOME DETAILED ANSWERS
FROM ALL THE CANDIDATES ON WHAT THEY WILL DO TO RESTORE BALANCED

ECONOMIC GROWTH AND FULL EMPLOYMENT.

THIS IS THE NUMBER ONE ISSUE FOR DEMOCRATS AND REPUBLICANS ALIKE.

IT IS TIME FOR THE DEBATE TO BEGIN. FOR THIS IS THE ONLY WAY THAT

WE WILL RESTORE THE SPIRIT AND DIRECTION OF AMERICA.

"Life, Liberty, & Pursuit of Happiness"

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