



STEVENSON-KEFAUVER CAMPAIGN

General Headquarters: Dyckman Hotel

27 South Sixth Street, Minneapolis 2

Federal 8-8796

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For Release: Friday P.M.

October 26, 1956

GOP'S 'TIGHT MONEY' SQUEEZE BLOW TO SMALL BUSINESS, HOME BUILDERS

The Republican Administration's "tight money tourniquet" is squeezing small businesses out of existence, plunging the home-building industry down-hill, and creating "a desperate shortage of financing for municipal construction," Senator Hubert H. Humphrey declared at a DFL luncheon rally in Duluth today.

"High interest rates and tight credit have a great appeal to the Crusaders, but just what effect are they having upon the average American?" Senator Humphrey asked.

"What effect", Senator Humphrey asked, "do they have upon the 64% of our families which still have incomes of less than \$5000 a year? What effect do they have upon the states and municipalities in desperate need of schools and hospitals?"

Senator Humphrey compared the state of small business in 1952, the last year of the Truman Administration, with 1955. "In 1952," he pointed out, "manufacturers with assets under \$250,000 enjoyed a 10.6% return. After three years of Republican control...small firms saw their profits dwindle to 5.45%."

Citing recent statements of an economist of a leading conservative publication U.S. News and World Report, that banks and other financial institutions are doing well, Senator Humphrey agreed that "there can be no doubt that banks and other financial institutions are doing well. Indeed," Senator Humphrey declared, "the rise in interest rates has been a bonanza for big bankers."

America's small businessmen, on the other hand, Senator Humphrey pointed out "are finding credit more difficult to come by all the time, and interest rates steadily rising."

"In a tight money market such as this," Senator Humphrey continued, "which has been the result of the Republican Administration's fiscal policies, the small businessman is put in the impossible position of trying to compete with the giants of industry while being forced to pay exorbitant interest rates and in many cases finding it literally impossible to obtain funds at any price."

Senator Humphrey cited a recent survey of small business banking procedures, which revealed that since March of 1955, the percentage of companies with a net worth from \$5000 to \$25000 who had good banking connections and were regular borrowers from banks had fallen from 53% to 18%. "Firms with net worths of \$25,000 to \$100,000 were also hard hit, with regular borrowers dropping from 82 to 44%", Senator Humphrey observed.

"In plain language," Senator Humphrey declared, "small business is finding the going extremely tough and it needs more than just a friendly smile from Gettysburg and a pat on the back from the Treasury to set matters right."

Turning to the housing industry, Senator Humphrey pointed out that credit restrictions and higher interest rates permitted by the Federal Government have made it almost impossible to find financing for GI and FHA mortgages, and as a result "fewer homes are being built for the low and middle income families."

The tight money policies of this Administration, Senator Humphrey stated, have also driven up the interest rate on municipal bonds from 2.19% in 1952 to "well over 3%" on the average. "To put it in human terms," Senator Humphrey concluded, "soaring interest rates have deferred the construction of vitally needed schools; they have slowed down the program to remedy stifling traffic problems; they have served to choke off public housing and a host of other improvements."



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For Release: Saturday a.m.
October 27, 1956

GOP 'PROSPERITY' STATEMATE TO REAL PROGRESS, SENATOR HUMPHREY DECLARES

America's working men and women face a "ceiling on opportunity and progress" under Republican administrations, Senator Hubert H. Humphrey declared last night in an address before the Itasca County DFL 'Bean Feed' at Bovey, Minnesota.

"Our resources and our technological know-how should assure us unlimited opportunity for progress if we maintain a dynamic, expanding economy," Senator Humphrey said. "But under hesitant Republican leadership, lacking in vision and imagination, we face instead a stalemate in progress that places a ceiling on every man's opportunity to better conditions for himself and his family.

"Under the Republican definition of 'prosperity' what is good enough for today is good enough tomorrow -- and you are lucky to have what you have now, let alone dream of a better America in the years ahead.

"Workers know that it is not enough to just keep pace with last year's economic record. They know that the key to maintaining a dynamic, expanding economy is to keep pace annually with 700,000 new job seekers, and with new production techniques.

"But the Eisenhower record in economic growth has been at best a slow down, and at worst a stalemate.

"Just compare our economic growth under Democratic leadership, and under Republican leadership, using the last three Democratic years in comparison with the first three GOP years.

"Under the Democrats national income went up 39%. Under the Republicans, it went up only 10%. Under the Democrats, weekly factory earnings went up 31%. Under the Republicans, such earnings went up only 10%. Under the Democrats, the average person's income went up 22%. Under the Republicans, it went up only 10%. Under the Democrats, industrial production went up 39%. Under the Republicans, it went up only 8%. Under the Democrats, factory employment went up 21%. Under the Republicans it has gone down 1%.

"And American workers generally know who benefits under the supposed 'prosperity' we have, let alone under the prosperity we could and should have.

"They know that the rate of increase in corporate profits has far outstripped workers' gains.

"In automobiles, for example, General Motors' profits shot up 113% between 1952 and 1955; Ford's profits increased 274%; auto workers' wages rose only 14%. In steel during the same period, the profits of U. S. Steel rose 158%; steel workers' wages rose only 21%. In oil, Gulf Oil profits rose 54%; oil workers' wages rose only 14%.

"That is the kind of 'prosperity' the Republicans boast about -- prosperity for the few, but not for you.

"Not only has the Eisenhower Administration failed to measure up to the requirements of an expanding economy, fairly shared, but it has systematically

repudiated its own promises of 1952 and opposed, whenever possible, the liberal forward-looking legislative measures proposed by Democrats to promote the general welfare.

"Our workers in organized labor know that theirs is no narrow or special interest, but that labor's program must be the nation's program -- and stretch across-the-board to such areas as civil rights, school construction, public power, conservation of our resources; all of them areas where White House leadership and a little Republican support might have made the difference in the last session of Congress between the failures we experienced and the successes we might have had," Senator Humphrey declared.

Senator Humphrey appealed for "an avalanche of votes" from the Iron Range area to "help carry Minnesota for Adlai Stevenson and Estes Kefauver, to send John Blatnik back to Congress, and to assure re-election of Governor Orville Freeman and the entire state DFL ticket."



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