

From the Office of:

SENATOR HUBERT H. HUMPHREY
1313 New Senate Office Building

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HUMPHREY URGES NEW USE OF DEFENSE

R & D TECHNIQUES TO MEET CIVILIAN NEEDS

Senate Majority Whip Hubert H. Humphrey (D-Minn.) urged today that "systems-analysis" techniques developed by military research and development be used to deal with national civilian needs when defense expenditures are cut back.

Humphrey told a national convention of the Independent Bankers Association in Minneapolis that it is imperative that the government take action soon on his proposal to create a Commission on Automation, Technology and Employment to prepare and plan for the expected cutback of some \$5 to \$9 billion in defense spending by 1970.

All too often in the past American military security was endangered by inadequate planning and preparation for defense, Humphrey said. "Now we are being faced with a situation where economic security could be endangered by inadequate planning and preparation for the changes in defense spending and the problems of automation."

"If we are going to have full employment in America," Humphrey said, "we have to develop a whole new variety of economic activity. There must be new products, new services, new industries."

He said that our experience with defense production has shown that there is a direct link between university research and industry and it has proved to be extremely beneficial to both groups. "If we can establish a similar link between university research and non-defense industry," he added, "we can get the economic growth we need."

Humphrey said the shifts in defense spending have already started. He noted that President Johnson's budget submitted last January "achieved a \$1 billion cut in actual defense spending" and "lopped \$3 billion more in future planned spending."

(MORE)

"There is going to be more of this in the offing," Humphrey said. "Informed persons in our Defense establishment foresee cuts of \$5 to \$9 billion by 1970."

Humphrey said these cuts are not coming "from any weakening of our defense posture. We are overwhelmingly superior to any military force that might be arrayed against us. We are going to remain so. But new developments in strategy, the equipment and devices which an enormous expenditure in technology in the past has produced for us - all this will enable us to keep our superiority at less cost."

Humphrey said the American economy has been so strong it could build an entire defense industry on top of a thriving civilian economy - "for the first time in all history a society has been able to move both plenty of guns and plenty of butter."

Humphrey said the signs that we can safely cut back some of this heavy spending for defense are coming at a time when it is obvious that the civilian economy has not grown "quite enough to absorb all of the people who need jobs."

"We are facing the problem of absorbing the postwar baby crop coming on the labor market," Humphrey said.

"Instead of our recent growth rate of 2 to 3 percent, the economy has to grow more like 4 to 5 per cent. To compensate for the advances of automation in old industries, where higher productivity is being achieved with fewer workers, we need new jobs, new products and new industries."

Humphrey said this development can be stimulated "the same way we stimulated our fabulous defense development. We must first determine it is in the national interest to do this. Then we must transfer savings from one part of our economy - from the public defense sector to increased investment in the non-defense public sector."

"We have vast needs in education, in transportation, in communications, in weather control, air and water

(MORE)

pollution, in medical facilities and technology, housing and many, many more areas. The national scope of many of these problems, the degree to which they cut across many political jurisdictions, the complexity of disciplines which must be coordinated to solve them - all this precludes ordinary private development.

"These problems are admirably suited to the same kind of 'systems-analysis' approach that have paid off so well in defense. Many disciplines--scientific, engineering, political, economic, sociological and psychological have been put together in our defense R and D.

"This new social tool must be used now for something else, unless it is to be lost. The Department of Defense could be empowered to grant some of this re-allocation itself, if this would smooth the transition in keeping some highly expert research teams together.

"In the case of primary industrial research, the Department of Commerce is an obvious agency to foster basic investigation into what new things we need, what we can use, what might - with ordinary private capital - be developed profitably and what kind of basic research would be too unprofitable for private investment.

"This sort of basic research can be distributed among existing university centers, or perhaps be put into new regional institutions. This can stimulate the new growth and development of the entire economy and nation."

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30th Annual

~~message~~ LBS

R & D

Defence Uncertainty
Revenue

New Industry -
Defence Cut Backs

Tax - Investment
Tax Reduction

Farm - 200,000
leaving a year

Educ - univ

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SPEECH SCRIPT

INVESTING IN AMERICA'S FUTURE

(For Independent Banker's Association)

April ~~12~~, 1964

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W. P. S.

I am pleased to speak to this convention of the
Independent Bankers. No group is more intimately related
to the economic and social life of communities. No one has
a more vital role than you in developing those communities.

I want to talk tonight about making a great new investment
in them - a new investment of money, of enterprise, of
imagination. With your help, we will do it.

∟ The face and form of America is changing. Almost
no corner of the nation is untouched. But one large
section of the country is showing the stress of that
change in very sharp ways. The area is very large. It
is the vast "heartland" of America - the midlands from
Canada to the Gulf, and from Ohio to the Rocky Mountains.

∟ This region has been declining ~~in political influence,~~
in relative population, in economic strength. The farm
population has been swindling yearly by 200,000 a year.

∟ Its industrial growth rate has been slower than the rest
of the nation. Its share of defense industry has gone
down markedly. Although its universities turn out the
largest proportion of Ph.D.'s in the nation, they export
most of this talent.

These trends are obviously not good for this region or the people in it. Nor are they good for the nation as a whole. Many of the sturdy virtues of independence and self-reliance have been nurtured in this heartland of America. Neighborliness and community have had more vital meaning here where a man's friends know him when he lives and care when he dies. One does not have to be a romanticist about rural or small-town life, nor share Jefferson's pessimism about democracy in any other than agrarian society, to deplore this trend to drain the heartland.

Piling people up in the giant cities has put severe strains on the cities, too. Of course problems of the large cities merit special concern and treatment. They are overgrown, overcrowded and underplanned. They represent the other side of the coin of a tremendous imbalance that is taking place in America.

But I want to concentrate on the problems of the heartland,
because in renewing it, I believe we make the most
fundamental attack upon our total problem.

I am not talking about returning people to the
farms. That is no longer possible. The technological
revolution there is too nearly completed. I am talking
about restoring a region with new economic activity, for
more people. If we are going to have full employment
in America, we have to develop a whole new variety of
economic activity. There must be new products, new
services, new industries. These could and should be
dispersed through the whole of America.

The defense industry in America has firmly established the link between university research ~~and~~ industry, ^{finance} If we can establish a link between university research, ^{finance} and non-defense industry, we can get the new economic growth necessary in the American midlands, and cease to export all of our talent elsewhere.

If we are going to have more leisure in America along with increased economic productivity - and the technological revolution is bringing that - people need to be related to an area of versatile and wholesome opportunity for recreation and centers of study. The midlands of America have unparalleled opportunities, if they are developed.

The kind of planning that once revitalized the Tennessee Valley can and should be done many times over.

We must revitalize this great part of America,
renew this heartland with people, jobs, and thriving
communities. But this is going to take the investment
of money, imaginative planning, and a new spirit of
enterprise. In all of these there has to be the full
partnership, and complete cooperation at the Federal,
State, and local levels. There is no most important
leg, on a three-legged stool.

Mention money and investment to a banker and he
pricks up his ears. This is his business. This invites
his critical judgment. And that is exactly what I want
to do - stimulate your critical concern.

∠ We have the resources in America to do what we want and
need to do. We are the richest nation on the face of the
earth. Our economy is growing. We are known as "the affluent
society". We can make it grow more, employ our people,
see to it that they can rise by their own efforts above
poverty, and arrest the trends that are draining one part
of the country and piling up masses in other
parts. We can do this within our present use of financial
resources.

∠ I am not advocating a shift in our resources. I am
advocating that money that has been spent in one direction
and has served its purpose, be channelled now in different
directions to serve new purposes, new plans, new values.

The main resource for new money has already started to come. President Johnson's budget submitted last January, achieved a \$1 billion cut in actual defense spending. It lopped \$3 billion more in future planned spending. There is going to be more of this in the offing. Informed persons in our Defense establishment foresee cuts of \$5 to \$9 billion more by 1970. Here then, is the source of money. It is not coming from any weakening of our defense posture. We are overwhelmingly superior to any military force that might be arrayed against us. We are going to remain so. But new developments in strategy, the equipment and devices which an enormous expenditure in technology in the past has produced for us, will enable us to keep our superiority at less cost. — *Soviets in*

*Trouble too, — Seek to Cut Back on Defense
Coulash — Not Revolution!*

L Now what do we do with that money? It has been in the public sector of our economy. Defense expenditures account for 10 per cent of our Gross National Product.

L Defense is far and away the largest single element in our Federal Budget. No one has objected to it. Defense has been in the national interest - indeed it has been, and is, a national necessity. We have had a consensus on this national value and have paid for it collectively.

^ But, let us note something else about our defense industry that is extremely important. It began happening at the time of the Korean War, although the full import is only now being realized. The point is simply this: we have built an entire defense industry in addition to - or on top of - a normal civilian economy. For the first time in our history - for the first time in all history - a society has been able to have both guns and butter. Up to and including World War II, it was possible to have one or the other - butter or guns - but not both in equal sufficiency at the same time.

Following World War II the American economy underwent an enormous expansion. The pent-up demand for goods, the stored up savings caused a surging prosperity instead of an expected post-war depression. The 60 million jobs that had seemed like a dream a few years earlier, were soon ^{70 million today.} reached and surpassed. Then came the Korean war. Our defense expenditures shot back up again - to \$35 billion.

But this time there was hardly a ripple in the civilian economy. The Korean War was followed by a continued intensification of the Cold War. The defense budget has crept up. The civilian economy has likewise grown spectacularly.

L We have become rich enough to have our cake and eat it too - or almost rich enough. The civilian economy has grown, but not quite enough to absorb all of the people who need jobs in the present adult population. And now we're facing the problem of absorbing the post-war baby crop coming on the labor market. Instead of our recent growth rate of 2 to 3 per cent, the economy has to grow more like 4 to 5 per cent. To compensate for the advances of automation in old industries, where higher productivity is being achieved with fewer workers, we need new jobs, new products, and new industries. (Commissioner on Technology, Employment, & Automation)

Ten Age
Unemp.
30,000
jobs
a month

L I am proposing to stimulate this development the same way we stimulated our fabulous defense development. We must first determine that it is in the national interest to do this. Then we must transfer savings from one part of our economy - from the public defense sector - to increase the non-defense public sector of our economy.

↳ Note well that, I am not talking about new spending,
new debt, or about any increase in the over-all public
sector of our economy. I am talking about a shifting of
funds within a sector, a changing of the purpose for which
some of those funds are spent. That change of purpose is
to stimulate the private economy. Particularly it is to
restore to it some of the research and development funds
and talent which have been denied to it because of our
defense needs.

↳ First, however, you may ask if we can save money on
the order of billions, why not apply it on the national
debt, or simply put it all into tax reduction?

How have we - \$11 1/2 Billion

Debt reduction is important. I do not believe the nation could or should ignore it. But I do not think it should be timed for a period when the economy is not growing fast enough, and we have as many unemployed as we do. The result would be deflationary and would further aggravate our situation. The surplus for debt reduction should come out of the productivity of a fully employed economy.

further
Some tax reduction might be wise - especially if large

reductions in defense spending can be made at one time.

But there is an opposite danger to debt reduction if we apply all of it to tax reduction. That is the inflationary tendency. We have just enacted one major tax-reduction bill, with the frank purpose of stimulating the economy by it. We shall have to watch our experience with it, and what problems of control of inflation come with its results, to get wisdom here for future action.

h Meanwhile, we have a lot of unfinished business in America, that requires wise investment in research and development. public works and Education.

Research and development investment has paid off handsomely in defense. It has shown the indispensable link between university-centered basic research ^{for} and industry.

Seventy-five per cent of all research and development in

the U. S. at the present time is defense-related and

supported by the Federal Government. The lion's share

of that is spent in a few industries dominated by aero-

space and electronics. Not only is the allocation of funds

lopsided but so is the allocation of talent in scientists

and engineers. As a result, research and development in the

civilian industrial sector has been starved. Of \$17

billion dollars ~~per year~~ spent in R & D, no more than \$1

billion goes into new ways to develop our peacetime

industrial and commercial base.

We can correct that imbalance. We can do it by directing our research into developing the private sector of our economy and developing our regions.

We are all conscious of the large amounts of Federal money put into university centered research on the East and West coasts and the stimulus to industrial development around them. We have wondered why the Midwest universities ^{Rocky mountain, Southern} could not share more in these grants, and be ^{Research} centers to serve our own regions as well as keeping some of our talent at home. Here again we must be careful to read correctly what has been happening.

We emerged from World War II knowing that air and space power and electronics were going to be vital. M.I.T. in the East had advanced development in radar electronics and related research during the war. It was a natural place to expand with further research grants. ^{Large}~~High~~ defense industry^{as} in the New England region has grown up around it.

On the other hand, the air industry was already well based on the West Coast in the thirties. It has developed from planes to missiles and also in nuclear investigation. This latter development also began during the War and was based nearby. Related universities became excellent places to use for basic research contracts.

The point is - industry and universities have grown together in this research complex, largely within a defense orientation. And in the growth the Biblical proverb has been amply fulfilled: "to him who hath much, more shall be given; to him who hath little, even that which he has shall be taken away". Defense industry grew on the coasts. In the midlands it declined.

It has not been feasible, and is possibly not good economics, to spread this defense research equally around the country. Military spending should never fall into the category of "patriotic WPA projects" or "pork barrel."

I am not pleading for a redistribution of military
spending. The defense industry has reached a peak and is
going to level off at a ~~much~~ lower plateau. Some parts
of it have already started to become precarious as an
economic base for the communities they serve. Indeed we
ought to be ~~starting now to plan~~ ^{planning now} for something else for
^{these areas} ~~then~~. In any case more defense contracts are no wave
of the future for the heartland of the nation.

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But two other uses of basic research and development
funds point the way for the future. One is adding to the
non-defense public sector, of funds to research the
national needs which are too big for private initiative to
undertake, but from which the private economy will benefit.
The other is to fund directly some basic industrial research
with which some new industries can get started, and then
get their money and credit from *our private financial institutions*

Our consumer economy has developed so rapidly, that
many of the pressing needs of our society are in areas
which are not attractive for private development. This
is true in spite of the fact that many things we need
would have a long-term beneficial effect for citizens
and for the economy.

We have vast needs in education, in transportation, in communications, in weather-control, air and water pollution, in medical facilities and technology, housing, and many, many more areas. The national scope of many of these problems, the degree to which they cut across many political jurisdictions, the complexity of disciplines which must be coordinated to solve them - all this precludes ordinary private development. These problems are admirably suited to the same kind of "systems-analysis" approach that has paid off so well in defense. Many disciplines, scientific, engineering, political, economic, sociological, and psychological have been put together in our defense R and D.

This new social tool must be used now for something else, unless it is to be lost. The Department of Defense could be empowered to grant some of this re-allocation itself, if this would smooth the transition in keeping some highly expert research teams together. Perhaps a different administration should be created. But the important thing is to provide for getting it done.

In the case of primary industrial research, the Department of Commerce is an obvious agency to foster basic investigation into what new things we need, what we can use, what might, with ordinary private capital be developed profitably. Basic defense research has been spectacularly successful. However many of these successes would have been disastrous failures in the private sector. Their supporters would have gone broke before the evolution could have been maintained to the point of success.

This sort of basic research, again can be distributed among existing university centers, ^{*private industry through contract,*} or perhaps be put into new regional institutions. This can stimulate the new growth and development of the entire economy and nation.

With or without money, however, the Federal government - no more than God - can help those who do not want to help themselves. There will have to be a tremendous development also of local initiative and *private* enterprise. This will have to be true locally, state-wise, and regionally. Here is where the imagination must come from what is tied in to local realities and to local control. Here is where needs must be developed that can be supported and are worth supporting. Here is where some capital and credit must be forthcoming to support new enterprise.

^ We have enough resources to meet all of our needs.

Our free-enterprise economy is fantastically more efficient,
more resilient, more adequate to meeting the needs of people
than a Communist society can ever be. It supports the
most powerful defense system in the world as a frosting
on its cake. It is the Soviets who have a war economy,
not us. I am confident we have the wit and wisdom to
apply our savings wisely and well to give our private
economy new opportunities for breakthrough and to develop
equity for all, within freedom for all.

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Apr. 12, 1960

REMARKS AT CAMBRIDGE, MINNESOTA
ON OCCASION OF THE LIBRARY AWARD CEREMONY AT THE EAST
CENTRAL REGIONAL LIBRARY

I am truly honored to participate in this occasion.
The First Award of \$5000 in the Annual Book-of-the-
Month Club Library Awards competition has brought great
distinction to all of the citizens in this East Central
Region of Minnesota. It has brought honor to the State
of Minnesota. More than that, it is deeply reassuring
and inspiring to all who know how much democracy and the
progress of civilization depend upon an educated citizenry.
This Library Award was established in the memory of
Dorothy Canfield Fisher, a distinguished and beloved
American author who also made the cause of disseminating
books and improving libraries a life-time cause. She
said on one occasion:

"Wherever I go, in this country, I always step into the local public library, taking its condition as . . . an indication of the . . . civilized plane of living of the community."

That plane stands high here, as proved already by achievement.

On such occasions as this, it is customary to pay one's respects to books and libraries and to note how indispensable they are in holding man's knowledge. I also wish to do this. But I would also like to take this occasion to suggest that we be open to ever new ideas to expand the use of our libraries, and bring them to bear ever more effectively, on the problems of the new society that is growing in our midst. For example, books are going to be important in the attack on poverty. And books are going to be vital in preparing citizens for the leisure that a Technological Society is going to bring to them.

The knowledge explosion forces us to read more and more to handle everyday practical needs in a democratic society. As intelligent, responsible citizens, we are expected to know something about the newly emerging nations of Asia and Africa, about the complex issues of peace and war, about equally complex issues in our domestic society. We are expected to know about and make decisions on the conquest of space, world markets, racial relations, the impact of automation, the effect of tax cuts - and many more issues vital to democratic government. As our daily jobs are becoming more skilled and more technical, all of us have more to learn and study to improve ourselves and keep abreast of the new developments. For everyday practical needs, we need well stocked, well equipped, and well staffed libraries.

This brings me to the point of offering a suggestion on how to bring more pressure on libraries. I want to see them expand more and be used more by all ages of our society, but particularly by the young.

We have finally brought ourselves in America to facing frankly and consciously that we have poverty in a land of abundance. President Johnson has declared all-out war on poverty and the conditions that spawn and nurture poverty.

In planning any attack on poverty we always find that the basic problem is education and in this connection, we generally find that the most common term educators use for children of the poor is "culturally deprived."

These educators believe that this cultural deprivation is one of the chief factors in the failure of these people to compete in the economic and social life of our society.

By cultural deprivation the educators always cite that the children have little or no acquaintanceship with books at home. There is little conversation and what there is is in an idiom that sounds foreign to the normal society they find outside their home.

These children enter school several years behind their classmates in terms of "cultural lag" and this lag tends to widen as they grow up. We know that the school dropout problem doesn't come merely when the child reaches his teens. It is formed early by an apathy born in the spirit of frustration because they feel they can never become a part of everyday society.

I believe that one of the best ways that we can help close this "cultural lag" is to expand our library programs and make a great many more books readily available to the children - especially books that children can call their own.

We have a great and growing paperback book industry in America and we are seeing the effects of this all around us. Many a drugstore book rack today is better equipped than some of our poor libraries insofar as variety and up-to-date titles are concerned.

We can take advantage of this revolution in the publishing industry. Back in the 1930's a Great Depression started us on a School Lunch program. We still have that program today because it has proven itself to be one of the wisest investments America ever made. I believe we can do something similar to this with a Free Book program for needy children.

Such a program would go beyond the needs of the normal textbooks and the reference books in the school libraries and provide needy children with paperback books of their own novels, biographies of great men, popular books on science, history, adventure, sports and hobbies.

I am confident that a program could be worked out that would protect the economic interests of the publishers who would cooperate with the government in such a program. I am also sure that it would spur a new interest in books that would ultimately lead to even greater sales. I also am confident it would lead to greater use of public libraries.

During World War II an enormously popular program was operated for our servicemen. In cooperation with publishing houses, the government printed millions of books in cheap, paperback forms that could be fitted easily into a soldier's pocket. The shipments of these books were eagerly awaited on ships and at bases throughout the world. The books were passed from hand to hand and read until they were dog-eared and tattered beyond use.

I believe a Free Book program for needy children would be greeted with the same eagerness here at home, especially by children who never see a book at home. And I am confident that the seeds of learning that would be planted by these books would prove to be of incaluable benefit to this country.



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