

Thank to Life Ins. Companies
for U.S. Savings Bonds
- War on inflation
- Consumer Educ.
- Health care
- Better citizenship
- Housing
- ~~unemployment~~ ^{their} ~~unemployment~~

Chs Robt MacLellan
John Pellstrey

President Blake Newton
Cong Timoney
REMARKS John

80% of Amer
families rely
on Life Ins.

VICE PRESIDENT HUBERT HUMPHREY

INSTITUTE OF LIFE INSURANCE

DECEMBER 7, 1965

(Election time)

120 million
Policy Holders

Assets of
\$150 Billion

This is the time of year when the spirit of
Christmas is in the air.

It is the season when people ^{should} stop to count
their blessings - and Americans have many to count

But this is also the season which is marked by
the phrase "Peace on earth, good will toward men."

So it is a time for sober reflection over the challenges
which confront us; the challenge, indeed, to bring
about lasting peace on earth and good will among men.

Non-Partisan Sp.
Jim not going to mention
that the Senate Party
is the Party of Progress
of Jefferson &
Johnson.

Hubert H. Humphrey
44 yrs Ago Read in 1921 Bill Martin
① last night - Election time

✓ Fundamental to meeting these challenges - and
others at home and in the world - is the need to
maintain a strong and prosperous economy. *Long term
stock*

✓ As President Eisenhower ^{once} said, the defenses
of the free world depend not alone on the cutting edge
of our defense sword, but on the sturdy blade behind
that edge which is the economy of America.

✓ Fortunately, America can count among its
blessings the strongest national economy in the history
of the world. *we must keep it that way.*

✓ The story of this achievement is not new to you.

✓ Today an unprecedented partnership exists in our
country - a partnership for prosperity of government,
business and labor.

↳ This partnership was born out of the realization that what each of the partners does affects in a great measure the other partners.

↳ It is a partnership formed because economic enlightenment brought us to the realization that we *consult, work together -* must be united if we are to reach our goals and objectives.

↳ Today, decades of old animosities and prejudices have been cast aside and agreement reached - agreement that we should seek at one and the same time economic *maximum* expansion, ~~full~~ employment, overall price stability, and equilibrium in our balance of payments.

↳ Each of these goals is a co-requisite of the other.

↳ None of them can be pursued at the expense of any one of the other three.

The record established by our partnership is monumental - fifty-eight consecutive months of economic prosperity.

Let me review for a moment where our economy stands today. It is close to producing at the rate of three quarters of a trillion dollars per year.

-- By the end of this year our gross national product will have risen by more than 175 billion dollars over the level of early 1961.

-- During this expansion a total of 7.6 million non-farm jobs have been created - 4 million of them in the last two years.

-- The unemployment rate which averaged 6.8 per cent in the first quarter of 1961 has fallen to 4.2 per cent in November of this year, and our interim goal of 4 per cent is close to being achieved.

Corporate profits after taxes have soared to record levels and by the third quarter of this year were more than 80 per cent after taxes above their early 1961 levels.

Good gains in productivity and moderation in wage bargaining and price policy have kept labor costs in manufacturing essentially flat throughout the current expansion. Consumer prices have drifted up by an average rate of only 1.3 per cent a year.

Despite recent increases, the wholesale price index is still within about 2 per cent of the level of five years ago.

-- And, an intensified balance of payments program has cut back our gold outflow from temporarily high levels and placed us on the road to secure equilibrium in our external payments.

B 455 million in 3 months
4/19/65

(X) | This achievement, I must say, has been made in part because the Federal government has realized, as never before, the necessity of creating a climate in which our free economic system can flourish. We in the Federal government know that we must adopt and pursue policies which stimulate markets, profits, and productivity of American business.

Thus:

- We have cut taxes in these months in the amount of 20 billion dollars.
- We have generously liberalized depreciation schedules, and
- We have given tax credits for the purpose of spurring investment.

With these incentives

- 7 -

~~Thus,~~ aggregate demand has been increased and so has productivity.

↳ And we have expanded with relative price stability - due in no small part to the wise utilization by the private sector of plant and equipment expansion to coincide with growth of markets.

↳ But the one of our four economic goals which concerns us most today is price stability.

Price Stability

↳ Can we keep up our record of essentially stable, overall prices?

↳ It is imperative that we do.

↳ Inflation is a destructive force in our economy. Once a wage-price spiral gets started, it is extremely difficult to halt. And it can do great damage to our balance of payments and to our social fabric.

*Inflation -
damages home
& abroad.*

*Price controls out
of order.*

p rice stability.

Productive capacity in terms of both plant and equipment and available labor force is still sufficient to meet our demands. The steady stream of plant and equipment investment is increasing productive capacity rapidly, and this will continue during the coming year.

Unfilled orders have remained in a relatively constant relationship to Production.

↳ Training and manpower programs are contributing to relieving of pressures upon our labor forces.

This can & should be accelerated

↳ Fair competition from abroad continues to act as a downward pressure on prices in this country.

↳ Over the years of our remarkable economic expansion, we have had an equally remarkable record of near perfect price stability -- a record unsurpassed by any other industrialized country.

↳ But our present stability gives no reason for complacency.

↳ The margins of our plant capacity and labor force are narrowing.

This could be inflationary - or stabilizing

- 10 -

are called upon to
We finance great programs of investment in our human and material resources in the United States.

must
We meet the challenge of sustaining our effort in Vietnam.

Edu
War on
Poverty
Health

yes imperative
So, It is ~~this~~ incumbent on us to avoid any "lost weekend" of wage/price spiral. ~~Short term gain is not~~

< No one knows this better than the life insurance industry.

< Life insurance assets have risen to over 150 billion dollars. These are assets which have contributed greatly to the achievement of a Great Society - assets which, wisely used, have played a vital role in the achievement of our economic goals.

Even a modest price rise of three per cent would reduce the value of those assets by 4 1/2 billion dollars in 12 months. Compounded over a five-year period, there would be a loss of 22 1/2 billion dollars - a sum almost equal to half of our yearly defense budget.

We need a sound dollar both at home and in the world.

We live today in a competitive economic world.

America cannot remain competitive if our prices become inflated.

A loss of competitiveness would hurt all of us - government and private sector alike.

How, then, can we achieve the price stability we seek . . . we must have.

There are those who say we must resort to price controls. ^{and a wage}

Still others say the answer lies in immediately raising taxes or abandoning our programs for a Great Society.

I say it will be achieved through a spirit of consultation prudence, mutual confidence, cooperation, and responsibility by all the partners in our American prosperity.

Each of the partners - business, labor, and agriculture, and government - must have confidence that the others will hold the general good above personal short-run gain.

I assure you that the Federal government means to work for price stability in this spirit.

In this spirit we have offered voluntary guideposts.

These guideposts, it is well to remember, apply to wages as well as prices. They apply to price decreases as well as to increases.

Sometimes we in government are faced with hard decisions, when we feel price stability is indeed threatened.

Steel

During the steel negotiations, President Johnson made clear our determination that unwise wage increases should not threaten our economic stability. ~~and from there we will continue~~

Govt Employees

And I personally had responsibility for meeting with key members of the House and Senate to inform them that a veto would be forthcoming if any bill violating the guideposts were passed for the increase of salaries for government employees.

This was not a cheerful task. But responsibility is not often pleasant.

We will exercise whatever other leadership is necessary to insure that price stability is voluntarily preserved.

Above all, we will continue vigorously our policies to help people become more productive. We took initiative toward this goal in the 89th Congress, ~~where in 10 short months we made into law the hopes and ideas of 40 years.~~

Programs to Strengthen our Nation

- Programs for better medical care and education,
- Programs for better housing and cities,
- Programs for greater social and economic opportunity.

And we will pursue efficiency in government with diligence. President Johnson works night and day toward the elimination of waste in the United States government.

To this end he has directed a program of cost effectiveness for all departments and agencies of government.

Thorough analysis will be applied to all programs.

Significant savings and greater efficiency will result.

This Administration is fully committed to a fiscal policy designed to maintain economic stability and meet our commitments abroad as well as to assure a balanced and fully prosperous economy at home.

Upgrade
Human
Resources

Educ

149
M.I. 100
base

A 410,000,000
Savings

✓ In recent years we have brought the economy into a gratifying balanced equilibrium by stimulative fiscal and monetary actions. ✓ Now the challenge is to maintain that balance -- to avoid excesses while sustaining the advance.

✓ To achieve this, the President is determined that the January Budget Program should not be inflationary.

✓ It is well to remember that our present growth rate produces additional cash revenues to the Federal Government in the amount of 8 billion dollars a year, thus restraining the growth of private income and spending. ✓ This amount will be augmented next year by a sizeable step up -- nearly 6 billion dollars a year -- in payroll tax rates.

↳ Monetary policy, too, has an important responsibility to see that the economy does expand without overdoing expansion. ↳ It must be easy enough to meet the credit needs of a healthy expanding economy. ↳ It must be taut enough to avoid excesses that could arise from too easy and overly large additions to our credit and money supplies.

no easy money!

↳ It must, furthermore, be coordinated with our fiscal policies to provide the right overall formula for continued economic advances in 1966.

↳ It was well coordinated for 57 months of expansion; it was not coordinated this past weekend. ↳ I regret that the Federal Reserve chose to move the discount rate upward before it was possible to give full consideration to the January budget decisions and to the outlook for private spending for 1966.

He Regard for Bill Martin - independence of Fed Reserve.

When all these facts are in, we will know our job and we will carry it out diligently. Part of our task will be to develop an appropriate fiscal monetary program in light of Federal Reserve action.

This Administration ^{with your help} is equal to the task of pursuing all four of our economic goals in a balanced way.

~~All we ask is that the ^{all} other members of the partnership refrain from economic excesses . . . that they consider as an element in their decision-making the public interest and our common, long-term goals.~~

We ask, too, that those in the private sector give us not only their cooperation, but their guidance. For a partnership works well only when all the partners equally take responsibility and initiative.

L I believe we will be successful in maintaining our steady, even economic expansion - without inflation.
EJ have faith not only in ~~Washington~~ ^{our govt}, but in the men and women of America who have, throughout our history, always responded to the needs of the time.

L In this season, we will not only count our blessings.

L We will do what we can so that those blessings may multiply for the gain and good of all ~~of~~ ^{of} us.

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✓ 24 yrs ago Today Pearl Harbor

Aggression

✓ now again - new Aggression

We have learned lessons

Please we seek + Pursue - else all is lost

FOR RELEASE P. M. NEWSPAPERS
TUESDAY, DECEMBER 7, 1965

REMARKS BY THE HONORABLE HUBERT H. HUMPHREY
VICE PRESIDENT OF THE UNITED STATES
AT THE 27TH ANNUAL MEETING OF THE INSTITUTE OF LIFE INSURANCE
WALDORF-ASTORIA HOTEL, NEW YORK, NEW YORK
TUESDAY, DECEMBER 7, 1965

This is the time of year when the spirit of Christmas is in the air.

It is the season when people stop to count their blessings -- and Americans have many to count.

But this is also the season which is marked by the phrase "Peace on earth, good will toward men." So it is a time for sober reflection over the challenges which confront us: the challenge, indeed, to bring about lasting peace on earth and good will among men.

Fundamental to meeting these challenges -- and others at home and in the world -- is the need to maintain a strong and prosperous economy.

As President Eisenhower said, the defenses of the free world depend not alone on the cutting edge of our defense sword, but on the sturdy blade behind that edge which is the economy of America.

Fortunately, America can count among its blessings the strongest national economy in the history of the world.

The story of this achievement is not new to you.

Today an unprecedented partnership exists in our country -- a partnership for prosperity of government, business and labor.

This partnership was born out of the realization that what each of the partners does affects in a great measure the other partners.

It is a partnership formed because economic enlightenment brought us to the realization that we must be united if we are to reach our goals and objectives.

Today, decades of old animosities and prejudices have been cast aside and agreement reached -- agreement that we should seek at one and the same time economic expansion, full employment, overall price stability, and equilibrium in our balance of payments.

Each of these goals is a co-requisite of the other.

None of them can be pursued at the expense of any one of the other three.

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Let me review for a moment where our economy stands today. It is close to producing at the rate of three quarters of a trillion dollars per year.

- By the end of this year our gross national product will have risen by more than 175 billion dollars over the level of early 1961.
- During this expansion a total of 7.6 million non-farm jobs have been created -- 4 million of them in the last two years.
- The unemployment rate which averaged 6.8 per cent in the first quarter of 1961 has fallen to 4.2 per cent in November of this year, and our interim goal of 4 per cent is close to being achieved.
- Corporate profits after taxes have soared to record levels and by the third quarter of this year were more than 80 percent after taxes above their early 1961 levels.
- Good gains in productivity and moderation in wage bargaining and price policy have kept labor costs in manufacturing essentially flat throughout the current expansion. Consumer prices have drifted up by an average rate of only 1.3 per cent a year. Despite recent increases, the wholesale price index is still within about 2 per cent of the level of five years ago.

- And, an intensified balance of payments program has cut back our gold outflow from temporarily high levels and placed us on the road to secure equilibrium in our external payments.

This achievement, I must say, has been made in part because the Federal government has realized, as never before, the necessity of creating a climate in which our free economic system can flourish. We in the Federal government know that we must adopt and pursue policies which stimulate markets, profits, and productivity of American business.

Thus:

- We have cut taxes in these months in the amount of 20 billion dollars.
- We have generously liberalized depreciation schedules, and
- We have given tax credits for the purpose of spurring investment.

Thus, aggregate demand has been increased and so has productivity.

And we have expanded with relative price stability -- due in no small part to the wise utilization by the private sector of plant and equipment expansion to coincide with growth of markets.

But the one of our four economic goals which concerns us most today is price stability.

Can we keep up our record of essentially stable, overall prices?

It is imperative that we do.

Inflation is a destructive force in our economy. Once a wage-price spiral gets started, it is extremely difficult to halt. And it can do great damage to our balance of payments and to our social fabric.

As of today, there is no immediate threat of inflation.

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Most economic indicators point strongly to continued price stability.

We have unit labor costs which are no higher than a year ago and below the level of 5 years ago.

Productive capacity in terms of both plant and equipment and available labor force is still sufficient to meet our demands. The steady stream of plant and equipment investment is increasing productive capacity rapidly, and this will continue during the coming year.

Most of the wage negotiations for major industries have been completed and have set reasonable wage patterns for the next year over multi-year contracts. We see no prospect of sharp increases in wages.

Training and manpower programs are contributing to relieving of pressures upon our labor forces and fair competition from abroad continues to act as a downward pressure on prices in this country.

Over the years of our remarkable economic expansion we have had an equally remarkable record of near perfect price stability -- a record unsurpassed by any other industrialized country.

But our present stability gives no reason for complacency.

The margins of our plant capacity and labor force are narrowing.

We finance great programs of investment in our human and material resources in the United States.

We meet the challenge of sustaining our effort in Vietnam.

It is thus incumbent on us to avoid any lost weekend of wage/price spiral.

No one knows this better than the life insurance industry.

Life insurance assets have risen to over 150 billion dollars. These are assets which have contributed greatly to the achievement of a Great Society -- assets which, wisely used, have played a vital role in the achievement of our economic goals.

Even a price rise of three per cent would reduce the value of those assets by 4-1/2 billion dollars in 12 months. Compounded over a five-year period, there would be a loss of 22-1/2 billion dollars -- a sum almost equal to half of our yearly defense budget.

We need a sound dollar both at home and in the world.

We live today in a competitive economic world.

America cannot remain competitive if our prices become inflated.

A loss of competitiveness would hurt all of us -- government and private sector alike.

How, then, can we achieve the price stability we seek . . . we must have.

There are those who say we must resort to price controls. Still others say the answer lies in immediately raising taxes or abandoning our programs for a Great Society.

I say it will be achieved through a spirit of prudence, mutual confidence, cooperation, and responsibility by all the partners in our American prosperity.

Each of the partners -- business, labor, and government -- must have confidence that the others will hold the general good above personal short-run gain.

I assure you that the Federal government means to work for price stability in this spirit.

In this spirit we have offered voluntary guideposts.

These guideposts, it is well to remember, apply to wages as well as prices. They apply to price decreases as well as to increases.

Sometimes we in government are faced with hard decisions, when we feel price stability is indeed threatened. During the steel negotiations, President Johnson made clear our determination that unwise wage increases should not threaten our economic stability.

And I personally had responsibility for meeting with key members of the House and Senate to inform them that a veto would be forthcoming if any bill violating the guideposts were passed for the increase of salaries for government employees.

This was not a cheerful task. But responsibility is not often pleasant.

We will exercise whatever other leadership is necessary to insure that price stability is voluntarily preserved.

Above all, we will continue vigorously our policies to help people become more productive. We took initiative toward this goal in the 89th Congress, where in 10 short months we made into law the hopes and ideas of 40 years.

- Programs for better medical care and education.
- Programs for better housing and cities,
- Programs for greater social and economic opportunity.

And we will pursue efficiency in government with diligence. President Johnson works night and day toward the elimination of waste in the United States government. To this end he has directed a program of cost effectiveness for all departments and agencies of government.

Thorough analysis will be applied to all programs. Significant savings and greater efficiency will result.

This Administration is fully committed to a fiscal policy designed to maintain economic stability and meet our commitments abroad as well as to assure a balanced and fully prosperous economy at home.

In recent years we have brought the economy into a gratifying balanced equilibrium by stimulative fiscal and monetary actions. Now the challenge is to maintain that balance -- to avoid excesses while sustaining the advance.

To achieve this, the President is determined that the January Budget Program should not be inflationary. It is well to remember that our present growth rate produces additional cash revenues to the Federal Government in the amount of 8 billion dollars a year, thus restraining the growth of private income and spending. This amount will be augmented

next year by a sizeable step up -- nearly 6 billion dollars a year -- in payroll tax rates.

Monetary policy, too, has an important responsibility to see that the economy does expand without overdoing expansion. It must be easy enough to meet the credit needs of a healthy expanding economy. It must be taut enough to avoid excesses that could arise from too easy and overly large additions to our credit and money supplies.

It must, furthermore, be coordinated with our fiscal policies to provide the right overall formula for continued economic advances in 1966.

It was well coordinated for 57 months of expansion; it was not coordinated this past weekend. I regret that the Federal Reserve chose to move the discount rate upward before it was possible to give full consideration to the January budget decisions and to the outlook for private spending for 1966.

When all these facts are in, we will know our job and we will carry it out diligently. Part of our task will be to develop an appropriate fiscal monetary program in light of Federal Reserve action.

This Administration is equal to the task of pursuing all four of our economic goals in a balanced way.

All we ask is that the other members of the partnership refrain from economic excesses . . . that they consider as an element in their decision-making the public interest and our common, long-term goals.

We ask, too, that those in the private sector give us not only their cooperation, but their guidance. For a partnership works well only when all the partners equally take responsibility and initiative.

I believe we will be successful in maintaining our steady, even economic expansion -- without inflation. For I have faith not only in Washington, but in the men and women of America who have, throughout our history, always responded to the needs of the time.

In this season, we will not only count our blessings, we will do what we can so that those blessings may multiply for the gain and good of all among us.

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VERBATIM TRANSCRIPT
OF AN ADDRESS BY

THE HONORABLE HUBERT H. HUMPHREY
VICE PRESIDENT OF THE UNITED STATES

BEFORE

27TH ANNUAL MEETING OF
THE INSTITUTE OF LIFE INSURANCE
LUNCHEON

NEW YORK, NEW YORK

WEDNESDAY, DECEMBER 8, 1965

12:30 P.M.

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VICE PRESIDENT HUMPHREY: Thank you very much.
Thank you very much, Mr. Pillsbury.

My friend, John Pillsbury, Mr. McClellan, and
the President-elect Late Newton, my good friend and
colleague in the government, Congressman Tunney, and
members of the Board, and ladies and gentlemen.

First of all may I say I haven't had such a nice
introduction from a Democrat as I just received --

(Laughter)

-- from this good friend and fellow Minnesotan.

(Applause.)

And I did send that letter, and I think I put a
P.S. on the bottom of it and said, "Oh, how did we
ever lose you."

(Laughter.)

Well, there are many thoughts running through my mind. First, I want you to know that I am going to make a totally nonpartisan speech. I am hardly even going to mention the Democratic Party, -- is the party of progress, and of Jefferson and Johnson.

(Laughter.)

Now I have fulfilled all of my duties --

(Laughter.)

-- that is, partisan duties, and I can proceed in the spirit of this occasion. I know that you have had a wonderful morning. I have heard of the panel and the discussion and the splendid presentations of the participants in this panel. And the fact that this entire morning was given over to the young adult indicates to me that the life insurance business has the proper perspective, looking to this future of ours. And it is going to be a rich future. And looking to that market, I might add, too, where, as we were saying and as you were told where fifty per cent of the entire population of this nation next year will be under the age of 25.

This is a young country. And as a young nation, it has the tremendous amount of vitality and indeed it has I think the staying power that this great nation is going to need.

I want to make it quite clear that I recognize that tomorrow the distinguished Chairman of the Federal Reserve Board will speak here. The President and I worked it out this way, you see.

(Laughter.)

This is the first time that an administration official got ahead of Bill Martin.

(Laughter.)

But I do hope that you convey to him my warm regards and greetings, because I happen to think he is a great public servant and an outstanding man, and one that has served his nation with great integrity and ability. We will have a chance to discuss a few matters with him a little later.

(Laughter.)

I understand he has been down to the ranch.

(Laughter.)

I saw a picture in the Daily News today, and if you really want to see a picture and prove that old Chinese addage or axiom that says that one picture is worth a thousand words, you see that one.

(Laughter.)

I didn't mean to promote the circulation of that particular publication on this moment, even though it did support the Democratic Candidate, may I say, in

the mayorship up here.

(Laughter.)

But it tells a lot.

I come here today to visit with you and not to lecture you, and to just talk out loud and to think out loud about some of the matters that affect our people and this nation. I also want to thank you. And this is about as an appropriate time as any to thank you, because we are entering the Christmas season and it is a time when one should express his appreciation and gratitude for many blessings and gifts.

We owe a debt of thanks to the life insurance companies, and particularly to the Institute, for your friendly and helpful assistance in promoting the savings bonds drives of the United States Savings Bonds. And this has, of course, had a great effect upon our basic economy, acting as a damper upon any forces of inflation.

We are indebted to you for consumer education, for a great deal of information in the field of health, both personal health and public health, and for better citizenship, -- constantly reminding the people of this nation of our duties as citizens, as well as our privileges. And above all, reminding us that we are

citizens.

I hope that we can stress this point just a little bit more. We are not just people of different ethnic groups or religions or fraternal orders. Even though we are that, and America is a beautiful mosaic of diversity and of differences and of different peoples and cultures. But above all, we are one people. And I have said to a group that I had a chance to talk to just briefly today, that the highest honor that can be bestowed upon any person anywhere, higher than the honor of elective office or of being President or Vice President or Prime Minister or King or Emperor or Chairman or whatever you wish to call a leader, the highest honor is just to be a citizen of the United States of America. There is nothing that exceeds it.

(Applause.)

This is a very exciting time to be alive. I can't imagine a better one. Many people spend their time musing about the good old days. Actually, I don't recall any that were quite as good -- at least for me -- as these particular days.

(Laughter.)

And each of us is entitled, you know, to have his own interpretation of life. Exciting in every

sense of the word.

Last evening in this very banquet hall I had the privilege of sitting with several of the Nobel Laureates, the great scientists of the world. They were here attending a dinner of the Whitesman Institute. And I couldn't help but reflect, as I was privileged to meet these individuals, these fine people from many countries of the world, what an exciting age we have and in which we live.

Our astronauts --- right now we ever think about them. There they are in outer space and they will be there for two weeks or maybe more. They will perform experiments that were unheard of and aren't dreamed of even five years ago, two or three years ago.

Everything that Buck Rogers indicated that he was going to do, when we were reading the Buck Rogers comic books and strips -- this is happening, and then some. All of the most fantastic far-out dreams that anyone ever had in the field of science are now either in the embryonic stage of achievement or are well along the path of success.

I think it is a wonderful time to be alive. Ninety-five per cent of all the 95 out of every 100 scientists, or 95 per cent of all the scientists that

ever lived are alive and at work in laboratories this very hour. This is an amazing figure, when you stop and think of all of the time of recorded history. And most of those scientists are in the Western countries, as we term them, in the countries that are industrialized. And possibly it is this fact of science, technology and its rapid advance in these two to three centuries in the Western nations that has placed us in this high pinnacle of affluence and prosperity and progress.

This time of year, as I said, gives us a chance to reflect upon the many blessings that we have, to stop and count those blessings. And we Americans, above all other people, have much to count.

I am today going to cite some of the economic facts of our life. But let me quickly put one to you. Fifty per cent of the total production of goods and services in this world takes place here in the United States of America. The other fifty per cent goes to the other three-bill, two-hundred-million people that are in the other parts of the world.

This, I think, tells us how we have been blessed. And many people have an explanation for these blessings. I think in part, of course, it is due to our fabulous system of enterprise and our system of government.

At least these have contributed immeasurably to that achievement. But it may not be all.

But be that as it may, I think that we know that our nation has additional responsibilities, because it has been given additional blessings. This is the season which is marked by the phrase "Peace on Earth and Good-Will Towards Men." And that challenge is still with us just as it was on that first night of Christmas.

So it is a time for sober reflection, real thoughtful meditation over the challenges which confront us, the challenge indeed to bring about the lasting peace on earth and good-will among men. I can think of no greater challenge to this country. I can think of no greater need than to constantly pursue peace, honorable peace, step by step, year by year, generation by generation, until it is achieved.

Now, fundamental to meeting these challenges, and particularly the challenge of peace, and the challenges both at home and abroad, is the need to maintain a strong and prosperous economy. And I speak not only of the maintenance of that economy for this year, in 1966, but I speak of it for the long run. Because we are going to be confronted with powerful, hostile forces for the foreseeable future. And any

planning that we make individually or as a cooperative effort between government and people, that planning must take into consideration the long pull. It is my view that the totalitarian, the Communists, the forces of the extremes, they have the feeling that we don't have the lasting power, that we are soft, and above all that we won't stay with it.

I want to make sure that we build into our system, into our life, into our nation, and with our allies, the resources and the will to be able to stay with the duty and the charge of leadership. Remember this, leadership which is ours, we maybe didn't ask for it, we didn't connive about it or conspire to get it, but it is ours and leadership is not luxury nor does it even afford you the privilege of luxury.

Leadership is responsibility, the mantle of responsibility and not the cloak of comfort. And we must be willing to make whatever adjustments, sacrifices that are required to maintain this role of leadership. Because if we fail, it is without saying that there are others who will more than be willing to pick up that cudgel of leadership and to use it for their purposes.

That is why I speak of the economy today. Because the economy, while it doesn't sometimes have the same

emotional impact, when you speak of the economy as if you spoke of ideals and principles. It is the economy which is the sustaining power, the fuel for this great engine of our democracy.

President Eisenhower, I recall him speaking in 1949 in the Coolidge Auditorium of the Library of Congress. President Truman had asked him to go to Europe to review the -- or to help organize the NATO defenses, right after the adoption by the Senate of the treaty, on the North Atlantic Treaty Organization.

And President Eisenhower said something there that has never escaped my memory or escaped my mind. And I have used it many times. He said that the defenses of the free world depend not alone on the cutting edge of our defense sword, but on the sturdy blade behind that edge, which is the economy of America.

Some of us are prone to think that if we just have a good military establishment today, if we just have a splendid intelligence service today, or foreign service today, that's enough. General Eisenhower, who understood war and peace and dedicated his life to peace, told the American people the basic truth, that the cutting edge of the sword is no better than the sturdy blade behind it. The temper of that steel, which is another way of saying the strength of our economy.

Now, fortunately America, with all of its responsibilities, can count amongst its blessings the strongest national economy in the history of the world. There has never been anything like this and it tells us that we must keep it that way.

Now the story of this achievement is not new to you because you are an integral part of it. Today an unprecedented partnership exists in our country, a partnership for prosperity, a partnership of government, business, of labor, yes, of agriculture and the other economic forces. Like many a partnership, it is not without its difficulties. But the test of a partnership is the capacity and the ability and the willingness to negotiate out, as we say, those differences which may exist and to present a common front.

Now, this partnership was born of the realization that what each of the partners does affects in a great measure the other partners. It is just like the world in which we live. There is no way to escape the effects of what happens in other parts of the world.

John Pillsbury and Hubert Humphrey come from the Middle West. I have said to the people in this section of America, where I have grown up from boyhood to manhood, that what happens in the Middle East, in the far-away places of the Middle East, in the cradle of the

Caribbean, may much more directly affect the people of the Middle West than anything that happens in the Middle West. The question of peace and war. This is a small world. There is no place to hide. There is no way that we can isolate ourselves any longer from anything that happens in this world. We can cushion the impact. We can even delay it. But we cannot isolate ourselves from it.

Now, this partnership is formed because economic enlightenment brought us to the realization that we must be united, not on a forced unity -- which is unanimity -- but a unity that comes out of consultation and discussion. We must work together to reach our goals and our objectives.

Today decades of old animosities and prejudices have been cast aside. We don't call each other names any longer. You haven't heard anyone in government call someone an economic royalist for a long time. And you haven't heard anyone in government call the labor movement labor bosses and crooks for a long time. We are trying to find ways of communicating in respect, ways of moderation, ways of communication, rather than just insult and invective.

We seek an agreement, at one and the same time, economic expansion, maximum employment, overall price

stability and equilibrium in our balance of payments. This is a big order. But these are the points upon which we seek to find common ground. And each of these goals is a co-requisite of the other. None of them can be pursued at the expense of any one of the other three without serious results and sometimes disastrous results.

Now the record established by our partnership is monumental. And who knows it better than the life insurance industry, better than \$150 billion of assets, with over 120 million policyholders, without almost eighty per cent of the American families holding life insurance policies. Of course there are still some to go. I don't think I don't need to remind you that you be out to do something about it.

But we have had an effective partnership. It has produced results. It is not an accident that you have had the longest sustained period of economic growth and expansion that this country has ever known, at least in modern history.

Now, let me review for just a moment where our economy stands, because it is mighty close to producing at the rate of three-quarters of a trillion dollars per year. By the end of this year our Gross National Product will have risen by more than \$175 billion over the level

of early 1961. During this expansion a total of seven and a half -- better than that -- 7.6 million non-farm jobs have been created, four million of them in the last two years. The unemployment rate, which is at a peak of 7.2 and averaged out at 6.8 in the first quarter of 1961, has fallen to just slightly below 4.2 per cent in November of this year. And our interim goal of 4 per cent is close to being achieved. And I should add that that rate of unemployment now primarily represents many people who are either without skill or are technologically or educationally illiterate. And in that group are a number of our teenagers. There happen to be two million young men in this country between the ages of 16 and 21 that for all practical purposes of modern industry are unemployables. This is something that this government is working on, and something that everybody ought to be concerned about -- twenty million illiterates, adult illiterates in America.

We did leave some tasks undone. And an adult illiterate is a wounded man on the battlefield of competitive industry. He must have that wound bound up, that illiteracy overcome, and he needs the training, the work discipline, the skills. I think there are three great goals that we must have in mind for this group of people that have been left behind so to speak

in the mighty flow of this economy and this society. And there are a number of them.

First they must regain their self respect, each of us must help them in that endeavor. Some way, somehow we must find the way. Secondly, they must have the tools of communication, to be able to read and to write, to express themselves, to understand. And thirdly, they must have a marketable skill. And it is these three basic goals or objectives that we are directing so much of the attention of our government towards in these days.

Another factor in the record of our prosperity is that corporate profits after taxes have soared to record levels, and by the third quarter of this year were more than 80 per cent after taxes above their early 1961 levels. Good gains in productivity and moderation, in wage bargaining and price policy have kept labor costs and manufacturing essentially flat throughout this five-year current expansion. Consumer prices have drifted up by an average of only 1.3 per cent a year; despite recent increases the wholesale price index is still within two per cent of the level of five years ago. That is quite a substantial record, it seems to me, for a country that is doing the things that this nation is doing at home and abroad.

An intensified balance of payments program has cut back our gold outflow from temporarily high levels, which were dangerous to the very security of this nation's finance and the stability of the dollar, and have placed us once again on the road to secure equilibrium in our external payments. This is not to say that the difficulties are overcome. It is to say that they are becoming manageable if -- "if" we pursue the course upon which we are presently entered.

Now this achievement has been made in part because the federal government has realized as never before the necessity of creating a climate, an environment, an attitude in which our free economic system can flourish. We in the federal government know that we must adopt and pursue policies which stimulate markets, profits, and the productivity of American business.

We know that the greatest force for economic expansion in America is the private enterprise system itself, to release its dynamism, its power, to find the way to do it. Oh, I have heard many people say, "Well, you didn't always used to talk that way." Well, maybe some people didn't listen as carefully as they should and maybe I also might add that there is such a thing as the process of learning.

(Laughter.)

All of us have learned a great deal and all of us have changed a great deal.

Not long ago I was in Dallas, and we had about 200 or 300 very top businessmen of the Dallas community there, and they were there to listen to me. And somebody introducing me said, "Why, Hubert Humphrey has changed." And I looked at them and I said, "The fact that you are here indicates that you have changed, too."

(Laughter, Applause.)

I would hope that we all have learned as this nation changes in its economy, its political responsibilities, its tremendous duties and obligations of leadership.

Now, this learning that I speak of has brought about -- was brought about and has brought about certain fundamental policy changes in government. We have cut taxes in these months in the amount of \$20 billion. I am happy to say that I was one of the early advocates of both a corporate and individual tax cut. We have generally liberalized depreciation schedules, and we have given tax credits for the purpose of spurring investment.

I had the experience of breaking with many old

friends in Congress when we had the investment tax credit before us, because I felt that this was one way to modernize the American plant, to give incentive to American manufacturers and others, to upgrade their whole technical capacity, and to become more competitive.

Now, with these incentives the aggregate demand has been increased. And so has our productivity, and we have expanded with relative price stability due in no small part to the wise utilization by the private sector of plant and equipment expansion to coincide with the growth of markets.

But one of the four economic goals which concerns us most today is price stability. This is at the heart of every discussion in the marketplace. We ask ourselves, can we keep our record of essentially stable overall prices. Since the month of August there have been indications that the economy is heating up. Some concern and justifiable concern has been expressed.

I think it is fair to say, though, that when we ask the question, can we keep up this record of basic price stability, that it is imperative that we do so. And we ought to set ourselves to the task of seeing how to get it done.

Now, in inflation -- who knows more about it than

people in the insurance business, inflation is your mortal enemy. Inflation is the mortal enemy of an economy such as ours, which is a consumer-oriented economy. Inflation is the enemy of the investor. I don't know just to -- I can't recall anyone that inflation really helps. So we need to avoid it like the plague. Once a wage-price spiral gets started, it is extremely difficult to halt and it can do great damage to our balance of payments. It can do great damage to our foreign -- to our competitiveness in foreign markets. And it can do tremendous damage to the social fabric.

As of today there is no immediate threat of inflation if we maintain self-discipline and if elements in our economy do not seek short-run gains at the expense of long-run strengths. This is a matter now of character, of national responsibility and individual responsibility. Most economic indicators, I am pleased to tell you, point strongly to continued price stability.

For example, we have unit labor costs which are no higher than a year ago, and below the level of five years ago. That is a fact. Productive capacity in terms of both plant equipment, plant and equipment, and available labor force, is still sufficient to meet

our immediate demands. The steady stream of plant and equipment investment is increasing productive capacity and efficiency rapidly. And this will continue during the coming year. I believe that within a few days we will have the figures on projected new plant -- that is, new investment in plant and equipment. And these figures will once again point out that American industry is redoubling its efforts to increase its productivity, to lower labor costs, unit costs, and to increase its efficiency.

Now, most of the wage negotiations for major industries have been completed and have set reasonable wage patterns for the next year over multi-year contracts. Therefore, we see no indication or prospect of sharp increases in wages. Unfilled orders have remained in a relatively constant relationship to production.

Now, these are the factors which can affect price or the range of price stability. Training and manpower programs are contributing to relieving the pressures upon our labor forces. Much more can be done and much more should be done. We can do a great deal more in our Job Corps centers. We can do much more in our vocational education program. We are going to have to dig a little bit deeper now into this limited reserve

of untapped and unused manpower that is ill-equipped, ill-trained and ill-educated, and see whether or not we cannot upgrade it.

Fair competition from abroad continues to act as a downward pressure on prices in this country. Now over the years of our remarkable economic expansion, then, we have had an equally remarkably or near-perfect price stability, a record unsurpassed -- I repeat, by any industrialized country -- far better than Japan, Germany, or Britain, with all due respect to our visiting friends, or France or Belgium, or the Netherlands -- there has been no industrialized nation that has had as good a record of price stability in the last five years as this nation.

But our present stability gives no reason for long-term compacency. The margins of our plant capacity and labor force are narrowing. We are called upon to finance great programs of investment in our human and material resources in the United States. And these programs of investments, my fellow Americans, are needed.

Now we are going to have to place some priorities upon them. I am sure we can't do everything that we want to do all at once. But I would say to this audience that the wisest investment that the federal

government, the state or the local government, or private groups can make will be in the area of education. Education pays the richest dividends of any investment any public or private investment we can make. And I hope that nothing happens either publicly or privately which will cut back the commitments, the investments that we have in mind for the upgrading of our educational system from pre-school to elementary, to secondary, to higher education, to our technical institutes. Because this is in a sense the margin of strength that is on our side.

Then there are investments in the war on poverty, in health -- all of which I think are important. We must meet the challenge of sustaining our effort in Vietnam. And this is now under review. So it is incumbent on us, yes, imperative, to avoid any lost weekend of wage-price spiral. There just isn't room for that kind of a binge in this family called America.

Now no one knows this better than the life insurance industry. Your assets have risen as I have indicated, and as you know, to a tremendous figure of about \$150 billion or more. These are assets which have contributed greatly to the building of a

better America.

Think of the programs in housing alone, to which your assets have been put to work; assets widely used have played a vital role in the achievement of the nation's economic goals. But even a price-rise of three per cent would reduce the value of those assets in your custody, belong to the people of this land, by \$4.5 billion in twelve months. Compounded over a five-year period there would be a loss of \$22.5 billion, a sum almost equal to half of our yearly defense budget. This puts the matter of price stability, I think, in proper perspective.

We are talking about other people's money as well as our own. And we are talking about vast sums of money, even when we talk about a half a per cent or one per cent or two or three per cent rise in prices.

Now we need a sound dollar, both at home and in the world. It is one of the most powerful weapons that this nation has today in all aspects of diplomacy and foreign economic policy. We know we live in a competitive world, and we are going to face more competition in the years ahead, and we know we cannot remain competitive if our prices become inflated. And a loss of competitiveness will hurt all of us, government and private sector alike. How

then can we achieve what we need and seek, namely, price stability.

There are those who would tell you that we ought to get ready and resort to price and wage controls. And I predict that there will be some voices raised like that in the popular assemblies of legislatures and Congress -- some voices. Still others says that the answer lies in immediately raising taxes or abandoning our programs of upgrading the human resources of this nation, programs of the Great Society.

I say that it will be achieved through a spirit of prudence, mutual confidence which is based upon frank discussion with one another, cooperation, consultation, and responsibility by all members in the American economic family. Each of the partners, now, business, labor, and agriculture and government, must have confidence that the others will do their part of the job, will hold the general good above the personal short-run gain.

I am here to assure you of one thing, that the federal government means to work for price stability in this spirit. We are a partner, we intend to keep our part of the bargain. In this spirit we have offered some voluntary guideposts that we adhere to

as well as the private sector must be adhered to. These guideposts, it is well to remember, apply to wages as well as prices. They apply to price decreases as well as increases. And sometimes those of us in government are faced with some mighty hard decisions. When we feel that price stability is indeed threatened, during the steel negotiations, President Johnson made clear our determination that unwise wage increases should not threaten our economic stability.

And I can say here to this audience for the first time that I visited many times with the representatives of labor, advocating a course of caution and prudence and moderation. And I personally had a responsibility during the time of the President's illness for meeting with key members of the House and the Senate to inform them that a Presidential veto would be forthcoming if any wage bill violating the guideposts were passed by the Congress for the increase of salaries for government employees. I just laid it on the line. It wasn't exactly my most joyful assignment.

This was not a cheerful task. But leadership and responsibility is not often very pleasant. If you just want to have a ball and enjoy life, don't get yourself elected president of the institute, or the

head of an insurance company, or get yourself in a position where somebody says that you're a leader in government.

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Now we're going to exercise whatever other leadership is necessary to insure price stability and to see that it is voluntarily preserved -- voluntarily preserved. We're going to talk to you about this. We're going to ask for your help. We will continue vigorously our policies to help people become more productive. We took initiative towards this goal in the Eighty-ninth Congress. programs to strengthen the nation, to upgrade our people, to improve medical care and education, to help our cities do a better job, programs of social and economic opportunity and we will pursue efficiency in government with diligence. At this very hour there are management consultants from the private sector of this economy, the best that we can get, going over every department of our government, working with the Bureau of the Budget, and as much as I want to be respectful of the government may I say the Bureau of the Budget is an agency with a big mind and a small heart. (Laughter.) It knows how to get a job done. Compassion is not exactly one of its great qualities.

I shouldn't maybe say that. That wasn't cleared at all but I just said it anyway. (Laughter.) I hope that Charley Schultze, who is a fellow Minnesotan, and by the way the Director of the Budget will forgive me but we need a tough-minded Bureau of the Budget.

The President demands -- he doesn't ask -- he demands

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the elimination of waste in our government. In every Cabinet meeting, my fellow Americans, a Cabinet officer has to give a report in the presence of his colleagues of the elimination of obsolete programs, the reduction of his manpower, his plans for increased productivity. It's every bit as tough an assignment and cross examination as any board of directors of any corporation ever put through one of its managers.

The President has directed a program of cost effectiveness for all departments and agencies of government and has only recently ordered a cutback of 25,000 Federal employees. Thorough analysis will be applied to all programs, and significant savings and greater efficiency have resulted and will result.

You maybe read the morning's paper. One hundred and forty-nine old military bases are going to be closed at a saving of almost a half a billion dollars, and there will be great gnashing of the teeth and agony I can tell you when that decision comes down. And we've closed up some other things, including unneeded hospitals, experiment stations. We're going to examine meticulously the work of this government to make sure that when we spend a dollar to the best of our ability, your dollar by the way, not ours, the public's dollar, that the public is going to get to the best of our ability to produce it

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a dollar's worth of goods and services.

Now this Administration is fully committed to a fiscal policy designed to maintain economic stability, to meet our commitments abroad, and to assure a balanced and full prosperous economy at home.

In recent years we brought the economy into a gratifying balanced equilibrium by stimulative fiscal and monetary actions. Now the challenge is to maintain the balance, to avoid excesses while sustaining the advance. To achieve this the President is determined that the January budget program which is already under careful observation, study, trimming, cutting, adjustment, should not be inflationary.

It is well to remember that our present growth rate produces additional cash revenues to the Federal Government in the amount of \$8 billion a year despite tax rate reductions, thus restraining the growth of private income and spending that might be inflationary. This amount will be augmented next year by a sizable step-up of nearly \$6 billion a year in payroll tax rates for the Social Security program. But monetary policy too, as differentiated from fiscal policy, has an important responsibility to see that the economy does expand without overdoing expansion. It's sort of like being able to get a cruising speed in a plane. If

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you get it too slow you stall out. If you get above the cruising speed you burn out, and the difference between a safe flight and a crash landing is a wise pilot and a good mechanism. And the same thing is true in government. The same thing is true in the private economy. It's all a very delicate sensitive apparatus. You know I've had many people say when I'm overseas, "Explain to me the workings of your economy. I'd like to have you take about ten minutes to do that." (Laughter.) Well the workings of this economy are not explainable, really. You have to live with it. You have to know it. It's like trying to explain your brother or your sister or your mother or your loved ones. You have to be a part of a family to really sense what they are going to do and how they're going to react.

I oftentimes think about the great crime that I committed upon the minds of many young people when I used to teach them American government. I was a teacher, a professor of American government, and I was a fairly good student. I studied hard and received my degrees. I received my honors, and then I taught it, and then I went to Washington, and there's very little relationship between the book and what I have seen since. (Laughter.)

I feel I ought to go back if I could find those that I had originally misinformed (laughter) and bring

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them into the full knowledge of what's going on, but I'm not at all sure that you can explain it.

Somebody once said to me, "How do you know in politics whether you're winning or losing." I said, "I feel it on the back of my hand," (laughter) and do. You just feel it. You don't know, it's just there. Of course once in a while it's kind of nice to have a good public opinion poll that you can really rely on. (Laughter.) But they do occasionally misinform you.

But what I am saying is that to explain this economy is very difficult, but we do know how to run it, and it is a combination, a synthesis, a harmonization, a synchronization that no one can really explain in one bulletin or a ten cent pamphlet, and when we speak of monetary policy and fiscal policy we are in complicated areas.

Our monetary policy must be easy enough to meet the credit needs of a healthy expanding economy, but it must be taut enough to avoid excesses that would arise from too easy and overly large additions to our credit and money supplies. It requires the careful balance and the careful pull and tug and release all the time. No one wants easy money unless he just wants a binge, that lost week end, and surely no one wants money so tight that it restrains the productive capacity, the

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inventive capacity, the creative capacity of a vibrant, vital economy. So you try to find the happy medium to balance the equilibrium. It must therefore -- when I say "it" I mean the monetary policy must therefore be coordinated with our fiscal policies to provide the right overall formula for continued economic advances in 1966.

Fiscal policy is generally the responsibility of the government, the Executive branch and Congress. Monetary policy generally the responsibility of the Federal Reserve System and the banking structure.

Now this coordination of fiscal and monetary policies has been going on very well for better than 57 months of expansion. I would say with a note of sadness that it was not as well coordinated this past week end. This is not to condemn what happened, it is to speak of the mechanism, the procedure. Some people would say the timing. I think there is a psychological factor here more than an economic factor involved.

I just don't want people abroad or at home to think that there is a major policy disagreement in this government, so that no one knows which of the forces is going to have the upper hand next month, because you can't plan investments that way. You can't look ahead and

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plan your future that way. We need to be working in harness, as we say, the working together, to have our differences within the family and then settle them, making what adjustments need to be made what concessions need to be made, trying to find some solid ground upon which all of the fiscal and monetary policies and policy makers can move together in harmony.

Now I say this because I regret that the Federal Reserve chose to move the discount rate upward before it was possible to give full consideration to the January budget decisions and to the outlook for private spending for 1966.

These remarks must not be interpreted by anyone as any lack of respect for the Chairman of the Federal Reserve Board, because I not only respect him, I have long admired him, and they should not be interpreted as any lack of understanding as to the independence of the Federal Reserve Bank and Federal Reserve Board in our social economic structure. It is a part of the check and balance system within the economy, the Federal Reserve System and the Federal Reserve Board, but I repeat that just as we have a separate branch of the legislature, the Congress has a separate distinct function to perform and has separate powers, as does the Executive. We do not run the Federal Government

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by the Congress and the Executive being at arm's length. You run it by consultation, by communication, by coordination, whether you have a Republican President or a Democratic President. During the time that Dwight Eisenhower was President and there was a Democratic Congress there were regular meetings with the leaders of the two political parties, and during the time that I've served as a leader in the Senate, as the majority whip, and now as Vice President, we have regular meetings with the majority and the minority leaders. It's the only way that you can operate this government. And all that the Vice President is suggesting here today is that maybe when we make decisions we should proceed in the path of consultation before the fact, not after the fact. I believe that that is the better way.

Fortunately yesterday the President met with all of his economic advisers and I believe that out of that has come a word that we frequently use in this period, consensus, agreement, understanding, and I'm sure that this will be the case.

Now when all of the facts are in though on private spending, the projection of investment, the cost of the Vietnamese struggle, the January budget figures, we will know our job, we'll know what the facts are, and we will

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be able to design the fiscal and monetary policies that relate to the facts, and we will carry out that job diligently.

Part of our task will be to develop an appropriate fiscal and monetary program in light of the Federal Reserve action, and I want to assure you that this Administration, with your help, is equal to the task of pursuing all four of our economic goals in a balanced way. We ask that those in the private sector give us not only their cooperation but their guidance, for a partnership works well only when the partners equally take responsibility and initiative. There isn't any room here for a sort of a side road excursion. We must all stay on the main highway.

I believe we will be successful in maintaining our steady even economic expansion without inflation. I have faith not only in our government but in the men and women of America who have throughout our history always responded to the needs of our time, and of the time.

In this season we will not only count our blessings then, we will do what we can so that those blessings may multiply for the gain and the good of all of us. I can't help but think that as we speak now of this season of peace on earth, good will towards men, how

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little peace there is.

Twenty-four years ago today -- Pearl Harbor -- a day that will live in infamy. Twenty-four years ago. But Pearl Harbor only was a calendar date in the beginning of our struggle in World War II. World War II started long before that, at least the pre-conditions were established. The failure of the League of Nations, our failure to participate, the feeling that we could isolate ourselves from a world that was in change -- and we went through it -- a great depression that distorted both men and economies, the rise of Communist power in Russia, the rise of Naziism in Germany and Fascism in Italy, the rise of Imperialism in Japan, and we thought we could isolate ourselves from it, not everyone, but too many. Even government thought it could, and we found out that the oceans were no longer barriers, they were conduits, bridges. We found out that the appetite of an aggressor is never satisfied. I hope we've learned the lesson of appeasement and there is no day better to review it and to refresh our memory than December the seventh, Pearl Harbor Day, because appeasement was not an act of peace, nor an act of honor, nor was it even good judgment. Aggressors are never satisfied, and the time to nip aggression is before it becomes a Juggernaut and a

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monster.

So many have said and I suppose it could be almost proven if not by fact by theory that had Hitler been challenged when he re fortified the Rhineland Hitler would have been through. More importantly had Hitler been challenged in Germany by the free forces and the democratic forces he would never have obtained power.

Two lessons: Those of us who believe in freedom must practice it at home and jealously guard it, remembering that there are always some elements even in the most healthy of societies that become impatient, arrogant, demanding and dictatorial, filled with bitterness and hate, and they peddle their wares, and secondly we must remember that you have no right, much less is it good policy, no right to give away other people's freedom, or even share in the giving away of it, or to stand idly by when you could prevent it, because the sins of omission are frequently worse and more evil than the sins of commission.

What does this tell us. I mentioned a while ago that one of the factors that we're not sure of as of yet in the entire budget picture is what about Vietnam. How much. What commitment. What more to do.

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I only want to say this. That had we not done what we have done thusfar the tide of communism would have gained its complete victory in Southeast Asia. This you can be sure of. South Vietnam was on the verge of total collapse, conquest and control, less than six months ago. Today that picture has been reversed. Regrettably government in that area is fragile at best. There isn't really a nation. There was an attempt being made to make one. This is an area that was under the French rule for better than a hundred years, occupied by the Japanese in World War II, the center of civil war for ten years after the war, divided in the Geneva Conference of 1954, under the so-called Geneva Agreement, and South Vietnam under constant new aggression for the past seven to eight years, first absorbing nine million refugees from the North in an already weak fragile, inadequate social, economic, political structure, and when the North Vietnamese found that South Vietnam might survive it was in 1958 and '59 that the new decision was made of the new aggression Mao Tse-tung calls it wars of liberation. What they really mean is wars of conquest with new tools, new methods, new techniques, new strategy, and at this very hour we're finding out and we're testing whether or not Mao's strategy of the wars of liberation

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will be a success. If they are there is no country in Asia and Africa and indeed in Latin America -- any of them that are safe.

Aggression as we know it of history is the mass movement of armies across frontiers, well known lines, boundaries. Aggression in 1965 is penetration, propaganda, subversion, assassination, murder, harassment, fire -- it's a new kind of aggression. The question is will free nations know how to combat it, and we're being tested.

Now I want to make it clear. I know that this is a matter of great concern to every American and it should be. I do not for the single minute, nor would I ever want to deny any American his right to protest, his right to offer alternatives, his right to disagree. As Voltaire said, "I do not agree with a word that you say but I shall die for your right to say it." That's the very essence of the free society, the right to dissent, the right to protest, the right to be different, but there's a difference between dissent and some things that happen. The right to protest, to carry a placard, the right to say, "Get out of Vietnam. Stop the bombings." The right to say, "Call a halt, negotiate, have peace," yes. But the right to try to raise the Vietcong flag on a Federal building, no.

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Not at all. (Applause.)

The right to call a President of the United States one who wilfully kills a murderer; not at all. That is not dissent, and let me say right now it is time that the American people made a very, very sensitive finding between what is dissent, respected, honorable rightfully protesting movements and those if you please who defile and degrade the democratic process of dissent and discussion.

Now there are only a few and they will not change the policy of this country. This nation has no design for conquest or dominion. As a matter of fact, my fellow Americans, you are the nation. I don't think any of you have in your heart the desire for anybody's property or land. Our leadership in foreign affairs has not brought us profit, it has brought us heartache. It has not brought us new territory, it has brought us new responsibilities. It has not eased our burdens, it has taxed our people. It has not given our young people a chance for an easier life, it has taken their lives. One hundred and sixty-nine thousand casualties since World War II, but I ask this audience today what kind of a world do you think it would be if we hadn't stood our ground. What kind of a world do you think it would have been in 1948 if we had not helped Berlin

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when Joseph Stalin was going to strangle it and Harry Truman said you will not do it. What kind of a world do you think it would have been if it had not been for our aid in the Greek-Turkish -- I mean in the Greek civil war. What kind of a world do you think it would have been had it not been for Dwight Eisenhower and his willingness to take a stand in the Middle East.

What kind of a world do you think it would be today were it not for NATO, were it not for the firmness of our position in Western Europe.

What kind of a world do you think it would be today had not John F. Kennedy insisted and demanded that Nikita Khrushchev take out the missiles out of Cuba.

What kind of a world do you think it would be today had we not have met the Communist aggressor in Korea and what kind of a world do you think it would be for your posterity, for yourself and your children if we run, if we yield, if we retreat simply because somebody says they want something, simply because an imperialistic power that knows no morals, knows no ethics abides by no rules decides that the power of the jungle, the power of brute naked force and aggression shall be the standard of international conduct.

We don't intend that to happen. It's a difficult thing. I have seen -- I said to a group of students the

other day, and may I say right now 95 per cent of the students of America support their nation, support their government, 95, 98 -- yes, I think 99.44 per cent of them stand up and are counted as decent, honorable, patriotic, dedicated, intelligent, healthy young Americans.

I am mighty proud of them. There are a few -- there are a few others. I'll only say this in conclusion, that we have no desire to remain anywhere for purposes of imperium or power.

I saw a sign yesterday at a campus that says, "Get out of Vietnam." That is our goal, and we are prepared to leave when those other persons leave South Vietnam alone, and not until, not until.

I heard and I read the other day, "Stop the bombing." Indeed we did and indeed we will if we can have some assurance that the enemy, the Communists, the Vietcong, the North Vietnamese, backed by Chinese Communist imperialist power, if they would cease their attack and come to the table of conference.

I read the placard. It says, "Negotiate." It is exactly what this government has sought to do and seeks to do, not to appease, not to sell out, but to negotiate honorable terms of settlement, to stop the war. No nation is as dedicated to peace as ours, others equally so,

but no more. And I think that the time is at hand for the whole world to know of our unity. The greatest disservice to the cause of peace is to have the word go from this place or any other place that the American people are divided, because it is this bit of information this type of development which is fed into the gristmills of propaganda of Hanoi and Peking that arouses their people to prolong the war when they know that America will not give up that we have the will that we have the resolve, that we have the determination, that we're willing to make the sacrifices. When that thought and that fact sinks in and there is no doubt about it then the leaders of the Communist powers will come to the table, the conference table, and not until then.

If they think they can win, if they think we will weary, if they think we will falter, if they think we will withdraw, they will stay and stay and stay.

So let the message be unequivocally clear that we have what it takes, not in arrogance because we are not arrogant. Not in belligerence because we are not belligerent or bellicose. But we are going to be firm. And we are going to have persevering patience, but we are going to persevere. And we are willing to fulfill every commitment -- the commitment on the battlefield, as well as the commitment in the rice paddies -- because we know that this struggle will not be won militarily alone, but we also know that behind the military the military provides the shield behind which we can help build a better society.

We are not fighting only for the Vietnamese. We are not just that selfless. We are fighting for principle, for law and order, for the charter of the United Nations. We are fighting for the right of people to choose their own life. We are fighting, yes, even for the right of dissent. We are fighting for the very people that carry the placards of dissent. We are fighting for the right of people that carry those placards in Hanoi and Peking and indeed in Saigon.

But more importantly we are fighting for peace, because peace is the objective of this nation. And,

2 believe me, peace requires the same sacrifice, the same courage that it takes to win a war. Peace is not static or negative, it is dynamic and affirmative. Peace is a process and we built it, my fellow Americans, block by block, stone by stone, year by year. Peace, I have compared many times and I do it for you, as the building of a beautiful and a mighty cathedral. It is not done overnight and it does not come by the wishing for it or the hope for it or even the prayer alone. It comes by the master plan, the plan of a master architect, a design, a vision, a dream, and then it comes from the labors of many, generation after generation.

You have seen those great cathedrals in Europe. And they represent civilization for decades. The peace that we seek to build we hope to build sooner but we want to build it with the same firm foundation. And we are building it. We are going to build it with a strong economy. We are building it with our partnership in Western Europe. We are building it by keeping our commitments. We are building it by proving to mankind that not only are we strong, but we are compassionate, that not only are we rich, but we are just, but not only have we unlimited power,

3 but we have concern for God's children.

Peace on earth -- our goal, our hope, our prayer. Good-will towards men -- no nation has more good-will than ours. We will pursue the offering of that good-will and we will pursue relentlessly the cause of peace. And we will do it with strength not only of material resources but strength of character.

Thank you.

(Applause.)

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