

GARDNER COWLES DINNER (DATE: 4/4/66)

LOCATION: WALDORF ASTORIA (TIME: 10:00 PM)  
(JADE ROOM)  
GUEST SPEAKER: VICE-PRESIDENT HUMPHREY

REEL #1

COWLES

Gentlemen, I want to explain the predicament we're in. The Vice-President was called to the White House at five o'clock today by the President for a high-level conference on Viet Nam - and he was to have left the White House by eight o'clock to have been here shortly after nine. He called me about forty minutes ago and said he could be here about ten minutes af ten. And I said, now you better give it to me straight, I want to know. I want to know what the secret service said. And they said they could get him here by that time. So you'll have to be patient for about thirty minutes and the Vice-President will be with us.

We have a good many celebrities here tonight, some of whom I think know more about the economy possibly than some of the people in Washington. And I'd like to suggest that we hear from four or five of them for five or six minutes apiece. And I suggest we might start with my old mentor, here, Sidney Weinberg.

WEINBERG

This is a new role for me to be the 'Vice-President of the United Statesx' - although he's in the same

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WEINBERG

party that I'm connected with - but it's a shame that Hubert isn't here - and I'm sure he'll do a good job. But I don't know what I could talk to you about that he wouldn't say - and I don't think he'll be as frank about it as I will because I'm not running for office and nobody can fire me. But I don't know quite what to say - and this was not staged. Two minutes ago I was told I was going to be 'Vice-President of the United States' and I don't like it...because I hate to be second. But I think I could tell some of you, who weren't at the Wednesday night White House Conference on Economics -- many of you here were - something that happened, and maybe I can tell it in un-diplomatic language. I think that the President did a great job in being the sole actor on the stage. He presented a very complicated economic problem to the audience. Secretary - who's Secretary of State now? Rusk was the first speaker and he did a very profound and a very interesting job. And he was followed by McNamara who confused everybody with statistics. But they were very interesting....if you understood them. The whole purpose of the meeting was to find out how the businessmen felt on a number of issues, the most

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important of which was the question of whether or not the businessmen thought we ought - the administration should now propose a tax increase - also a question of whether or not the administration should advocate the repeal of the seven per cent credit. I think it was the consensus of opinion and there may be a difference in this -- Mr. McCabe was there and many others here - as to whether or not any of these things should be done now. I think the consensus was that was not the time to propose an increase in taxes -- this was not the time to increase taxes because they hadn't seen what the effect was on the increase in the prime or best rate as they call it now, and that there were other considerations, and maybe, naturally, this thing would be contained - the inflationary situation would be contained. With regard to the seven per cent credit, I think most businessmen or the great consensus of them were that this should not be repealed at this particular time because it wouldn't do much good because the lead-time with regard to the seven per cent credit is a long ~~time~~ lead time. In the automobile industry - these gentlemen, here, who are from the automobile industry know that this is a long lead-time

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- and in most businesses it's anywhere from nine months to a year and a half -- and they wouldn't get any immediate effect to dampen down the overheating of the economy, if that's what they were after, by repealing it at this particular time. The President asked for a vote with regard to who was interested in taxes, or words to that effect, and somebody said but what kind of taxes are you talking about, up or down?

VOICE(from floor)

Who asked that question?

WEINBERG

I think it was Mr. McCabe that asked the question. Now, that's the extent. Now, Hubert Humphrey, let's talk about him a little, the poor fellow. He can only go to parties and no funerals. But he's a very nice man and a very dedicated fellow and a good friend. And I think he's learned a hell of a lot about businessmen and what they think and how they act...and I personally am for him. I think he's done a hell of a good job and he's a good man in his place. There's a man here that's a very good friend of his and he's going to tell him everything I said - and that's all right with me. But this fellow, the President of



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the United States is a very peculiar fellow as you can see - because Humphrey isn't here. He's the kind of a fellow that can send for you - and telephone you any hour of the night and any time of the day because he's really more immobilized than Franklin D. Roosevelt was, who was a cripple. Franklin Roosevelt couldn't walk. This fellow could walk but he never goes out of the White House except with his dog around the ground, so he's there all the time calling everybody up. Now, I'm going to let some of these other people do the talking from now on. Thank you very much. (applause)

COWLES

Thank you, Sidney, very much. I realize this is an imposition, but I know everybody in this room would like to hear from the president of the largest corporation in the world what he thinks the economy looks like for the next few months ahead. Jim Roach. (applause)

ROACH

Thank you Mike, and gentlemen. Sitting here at the table tonight with Tex Cook and seeing General Clay in the audience reminded me a little bit of a meeting we had in Washington last Friday where we were supposed to observe a very rigid time schedule - and we attempted

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to - and I had the job of chairmaning the meeting for the afternoon - and I was supposed to hold everybody down to this allotted time schedule which, at the briefing the night before - which unfortunately I couldn't attend - was supposed to have been five minutes. And this one speaker got up and he proceeded to speak for about fifteen minutes. And after he talked about seven minutes, I handed him a slip of paper with the word 'time' on it in large letters and it made absolutely no impression at all. And finally we concluded the program. And after it was all over he came up to me and he said, well, I'm very sorry, he said, I thought that our schedule today was supposed to have been seven minutes - if you told me it was going to be five minutes, I would have been much briefer. So I think we're in pretty much the same kind of a situation here, tonight, maybe trying to hold forth for the Vice-President of the United States. And I feel like Mr. Weinberg, I never thought I'd find myself in this kind of a holding position. Nevertheless, we're going to do our best. And without being presumptuous maybe I could say a few words about how we view the current business outlook and the problems from the

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vantage point that we occupy. First of all our automobile business is, as I think everybody knows, has been excellent. Shortly before we came down to this meeting tonight we got the final results for the last ten days of March-and our deliveries in March were an all-time high record for passenger cars and trucks both. I think that speaks for itself with respect to the dynamics of our industry. And I know that we have several of our very illustrious competitors in the group tonight and I think we could all get together in the corner of the room and congratulate ourselves that we're fortunate enough to be in this wonderful automobile business. We have a product that has great appeal, of course, because it provides personal mobility for the average American citizen to come and go as he pleases. We're also fortunate, I think, in that our products do wear out and they have to be replaced. And one of the facts, I think those of us who are not too closely associated with the business sometimes maybe don't see as clearly as we do is that currently, with the tremendous number of cars that we have in operation, our annual replacement demand, on the basis of scrappage rate alone, is upwards

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of six million passenger cars a year - which means that just to maintain the average level of our car inventory we would have to build that many to keep pace - so to that extent we are very fortunate to be in this business. But, as in every other business, we are not without our problems as I'm sure you know - and now I am speaking for the industry and not for myself. We are confronted at the moment with the all-important problem of automotive safety. I think we can all agree that the number of accidents - the number of people who were killed last year was a great tragedy - and I think that it behooves all of us in the industry and outside the industry to do whatever we can to attempt to remedy that situation. And I can assure you that we in General Motors and we in the industry are working very diligently to do whatever we can to help improve that record. However, it's a very complex affair. It isn't as simple as it may sound just reading the statistics. There is currently before the Congress in Washington a proposal for a Traffic Safety Bill - Traffic Safety Act for 1966. There are many fine provisions in this bill, and there are many provisions in this bill which we in the industry



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can support wholeheartedly. However, there are some other provisions in the bill which are not quite so simple. And we are hopeful that as time goes on, that working cooperatively with the state and the federal authorities, who are concerned with this problem, that we as an industry can cooperate to the extent of coming up with some meaningful solutions that will help the problem. In the automobile industry we think we've been doing a pretty good job of building safe automobiles. Going back over the past twenty or twenty five years the death rate per hundred million miles of travel has gone down from some sixteen per-~~cent~~ hundred million miles to five point six last year. We think that that's progress. That's due to the design of the automobile, the driver-education perhaps, and to highway construction. In the United States we have the safest record of any country in the world. We're proud of that. We think that it can be made better and we're going to continue to devote our best efforts to making it better. We think we're building safe automobiles. Some of the things that you read, from time to time, you might think that we're making these automobiles for other

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people to drive. But we drive them ourselves - our wives drive them -our children drive them. Well, maybe we still have a lot to learn. I think that conscientiously and diligently we have built into these cars the utmost safety within the state of the art as we know it. But this is a very real problem and we're hopeful that out of this attention that's being given to our industry in Washington at the present time is going to come a factual and honest and a realistic approach to the real problems that are involved. And if we in the industry stand ready to accept our share of the responsibility - if it is the driver - then whatever has to be done to try to improve the environment in which the driver's capacity, or whatever it may be, that too has to be stepped up to - whether it's politically expedient or not - to take care of that end of the business. And if it's highway construction -- we know, for example, that the accident rate on some of our freeways - some of our expressways is much lower by almost two thirds as compared with other roads. Then that is still another phase of the problem but it is a problem with which we're all concerned - it's something that we

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all have to work cooperatively together to try to correct. And we in the automobile industry, I think, stand in the vanguard of those who are ready to do our part to solve this problem. Because we are in an industry that has put America on wheels - it has given us a mobility that no other country in the world enjoys - it's a privilege that we all have and that I'm sure that we want to maintain - and to that end I hope that we can all put our shoulder to the wheels, so to speak, and come up with the answers that are required to maintain this great industry in which we're engaged, which is such an important part of our economy, and at the same time bring about the improvements that we all expect to achieve. Thank you. (applause)

COWLES

Thank you Jim. One of the other eminent guests here tonight is the president of the 'great' Ford Motor Company, R.J. Miller. R.J., would you like to say a few kind words for the Mustang. (applause)

MILLER

Thank you very much Mike, Mr. 'Vice-President' Weinberg once removed, Mr. "Vice-President' Roach twice removed and gentlemen. I wish you asked me to speak here last

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MILLER

year or some earlier period, Mike. I think my confidence would have been considerably higher. I just returned from a trip through Australia and New Zealand, the Kinetta operation over there. I got there about a week or two before Fred Donner did, by the way, so I hope I didn't foul the water for him too much. But let me tell you a bit of a story that happened to me after I was addressing our Ford dealers in Australia. I used to think ~~xx~~ I was a fairly good speaker. And after making my comments, I leaned back and one of the dealers came up to me and he said, Mr. Miller, may I tell you something very frankly? Well, I leaned back in anticipation and said why sure. He says, I think you're a lousey talker and I think you made a lousey speech. Well, that kind of shook me up just a little. However, the General Manager of our Australian operation was there and he says, R.J., you shouldn't listen to a thing that man says - everybody knows he doesn't have any opinion of his own. He says all he does is just repeat what everybody else is saying. I am a fill-in for the Vice-President of the United States, here, in this moment and it's a real pleasure to be such a stand-in, personally.



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To set the stage a bit more for his coming I might tell you a bit of the impact that he had on Australia as I saw it. I had the pleasure in being in Canberra a few days after he had been there - and coincidentally it was my birthday, by the way, and Ambassador Clark had given a little party for that occasion and had told me in some detail of what 'Sir Hubert' had accomplished in Australia. These people are real friends of ours by the way. You go around the world and it's a real pleasure to arrive at another country that is backing us and our stand in Viet Nam. And ~~had~~ he had me read the speech that the Vice-President made in Canberra and I thought it was one of the most polished and effective and sincere speeches that I had ever read. And I asked the Ambassador - I said, well, this man must really have some good speechwriters because this speech reads just like he sounds. And he told me, well, I got news for you, he gave this entire speech without the benefit of a single note. And I wish that all of you here could have a chance to read what this man said - to know what kind of a good will Ambassador he is around the country - because I think you would be impressed, as I was, at

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MILLER

the capability and sincerity that comes through from him as he speaks extemporaneously and sincerely as he does on this very sincere crisis that is keeping him in Washington, D.C. Now, before Jim/<sup>was</sup>~~ix~~ called upon, I was going to outline, as he did, that we see a great year ahead for the automobile industry. We used to worry about putting two back to back - and now this is the fourth year in a row it appears to have record sales. And I'd like to endorse what he said on this field of safety. It's a complex field. There are many facets to be attacked. We propose to do our part in the auto industry and we know that the citizenry of this country will get behind a broad scale program covering all the aspects of it. Thank you very much, Mike. (applause)

COWLES

Thank you very much R.J. Just a fery few weeks ago I was in Johannesburg, South Africa and I was honored by a dinner party given by Harry Oppenheimer the head of a great deBeers diamond trust and perhaps the leading businessman in South Africa. And one of the guests there that evening was the head of the Central Bank of South Africa and after dinner, talking with him,

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he said to me that the man in the United States whom he admired the most was William McChesney Martin head of the Federal Reserve, and he asked me whether I thought Mr. Martin had enough stature in the United States so that he was perfectly secure in his job. And I told him that in my opinion Mr. Martin had enough standing and stature with the business community in the United States that the President of the United States would not think of allowing him to leave the Federal Reserve System over a disagreement in policy. He said Mr. Cowles, if you are right, then the economy of the world is in good shape. He said if the views of Mr. Martin, in my opinion, prevail, the United States will have neither extreme inflation nor a serious recession. He said the economy of the United States is so enormous and weighs so heavily, has such an impact on every other economy in the world that it is very difficult for any other country to do any sensible planning without an intelligent appraisal as to what the economy of the United States is going to do in the year ahead. And I was very much impressed by this statement. This man, this very eminent banker carries very great weight

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in South Africa.\* I think probably the greatest expert on the Federal Reserve System and many other things, marketing and the general economy, here, tonight, is ~~Thomas~~ Tom McCabe. I'd like to hear Tom comment on what he thinks the problems of the economy are for the next few months. Tom McCabe\* (applause)

McCABE

Thank you Mile. I know I'm getting old because every fellow at the table tried to help me up. I remember so well, when I was head of the Federal Reserve preceeding Bill Martin, that we had an organization in America called The Kruger Associates. They tried, I think, to kind of act like the business council and once or twice a year they gave big dinners like Mike and John do here. And they came to me one day and in a very hush-hush voice said we'd like to have you be the speaker of the ~~xx~~ evening at one of our Kruger Association meetings. I said well what is this organization? And the proceeded to tell me - this is made up of the blue chip organizations - General Motors and Ford and all the others in the country and we want you to speak off the record and you'll be the principle speaker of the evening. I didn't know



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anything about this organization, but I looked over the roster and saw all these blue chip names, just like the people sitting in this room, and decided well, I guess this is all right. So I went to this dinner and found when I got to the dinner that two of the members spoke before I did and talked on some phase of the economy. And lo and behold just as we went in the room here was President Truman, who they had asked as a special guest to come. I tried to back out of it saying anything, because the President was there. And they said oh, no, he came because he said he wanted to hear what you had to say. So anyway the dinner started. And I'll never forget Hiram Bachelor, God bless him, the Allegheny Drum Steel Company, got up and delivered this tirade against the President and the administration for an action they had just recently taken on steel prices. Well, the President was very embarrassed and squirmed in his seat. Then, they called on Bill Price of Westinghouse and he delivered this impassioned speech, a manuscript - and they told me that everything was off the cuff-and/<sup>he</sup>~~you~~ talked informally on taxes and how the government was at fault on taxes - and the

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President squirmed around in his seat. So, when these two fellows got through - the two members - they called on me as the speaker of the evening. And I looked out over the group. Get the picture. Here were all my friends in industry. And here was the President of the United States - and I was then head of the Federal Reserve - I was a Washington bureaucrat. And I said I'm having a heck of a time to decide whether I belong to this group of my friends, industrialists, or whether I'm a bureaucrat belonging to the administration. I said right now I feel like Pat the Irishman. They sent for the priest and the priest came and saw Pat. He thought he was a gonner and he said Pat, are you willing now to accept God and renounce the Devil? He said Father, as for the former, I'm perfectly willing - but, as for the latter, I don't think I'm in a position right now to antagonize anyone. Well, first of all I think we all ought to stand at this point and drink a toast to our great hosts, Mike and John, who have put on this party and year after year have given us the opportunity to meet with the Vice-President of the United States. I don't know when you started this but it seems to me you started it way back a century

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McCABE

or two centuries or three centuries ago. So I propose that everyone in this room stand and drink a toast to our great hosts Mike and John. (all stand, drink and applaud) And you know, when Sidney Weinberg stood up here and talked tonight it gave me a great thrill because if there's really one great patriot in the United States -- I don't know how far he goes back - whether he goes back beyond Roosevelt or not -- that's as far as I can go back -- I don't know whether Hoover did or not - but being one of the most intimate consultants of Presidents - it doesn't make any difference whether he's a Republic or Democrat over all these years -- they can't appoint a cabinet or any principle job in the world - an Ambassador - whoever it is - without consulting Sidney. And I know now -- but I'm a great believer in giving flowers and compliments while they're alive. I hate like the deuce to go their funerals and try to give them some flowers when they've passed on. But I'm going to ask every man in this room to stand and drink a toast to the great patriot Sidney Weinberg. (all stand, drink) Here comes the Vice-President. I think I'm going to - I think I'm through. Isn't that right? Isn't he here? Is he here?

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McCABE

I had a lot more to say you know.

VOICE

Tom McCabe is going to continue until the Vice-President arrives.

McCABE

No. No. Wait a minute. No. Wait a minute.

VOICE

You can see him when he comes in. He's gone to the 'can.'

McCABE

He's gone to the men's room they say. (laughs)

VOICE

By popular demand Tom McCabe has agree to continue until the Vice-President actually comes in the room.

VOICE

Mr. McCabe, go on.

McCABE

Well, you know when our friend Miller of Ford Motors was talking here I was thrilled to the core because his predecessor in the Ford Motor Company, Bob McNamara, we had the pleasure in our company to have him -- Well, they're raising fingers. I don't know whether it's one or two fingers. (APPLAUSE FOR V.P.) I'm

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(to Humphrey) trying to keep things going while you were out there.

HUMPHREY

You were great. Thank you.

McCABE

And they waved one finger, or two,--and I couldn't distinguish whether it was one finger or two.

COWLES

Hubert, you know Jim Roach, President of General Motors.

McCABE

Thank you Mike.

COWLES

Thank you Tom.

HUMPHREY

Well, all right boys.

COWLES

Mr. Vice-President, we're tremendously honored that you would come up here after this terribly busy day in Washington. We all appreciate your coming even at this late hour, and we're particularly relieved because Sidney Weinberg offered to be 'Vice-President of the United States' in case anything happened to you. Gentlemen, I give you the President - the Vice-President

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of the United States. (applause)

HUMPHREY

Well, thank you very much Mike and John and gentlemen. You know there was almost a slip of the tongue here by my friend Mike. It isn't that I was opposed to it in any way I want you to know. I think I should let you know why I'm tardy and was unable to join you in this evening of fellowship in which - an evening I know has been very informative and profitable, because I've already been told about your speakers. But of later there's been some problem between the President and the Vice-President and I might just as well confide in you about it - it'll get out sooner or later so we'd just as well have it come out out of a very distinguished group rather than just ordinary sources that inform on us. But some of you, I'm sure, were present at the Gridiron Dinner in Washington sometime ago. I was sitting there with a speech tucked in my inside pocket. And the program was that when the President of the Gridiron called upon all those in attendance, at the Statler, to rise and drink a toast to the President of the United States - that, after that was completed, since the President would not be

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there, that it was traditional and customary for the Vice-President to respond to that toast. Well, there were many influential men in the audience and I'd geared up a good speech, robbing the best brain talents that I could find throughout the country - it was one filled with humor - one filled with philosophy - one filled with the charge to those that needed to be charged - and I was all set. And just about the time that they were ready to have the toast to the President, in walks the President. So that speech is now for the memoirs of this administration and will be found at a later date, gentlemen, in the library at Johnson City, Texas. Now, it's perfectly understandable that these things do happen - after all I'm only number two and I know that. But a little later, when Madame Ghandi was here, I was the guest on Tuesday evening at the Indian Embassy. On Monday night the dinner had been at the White House and obviously the President made some remarks and there were toasts to the President of India and the toast to the President of the United States - everybody joined in. Then, Tuesday night was my night. We were over at the Indian Embassy - and Mrs. Humphrey and I were all dressed up - came on over there. And, when we arrived -- there had been

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a reception ahead of time - and they'd made sure that the reception would be over by eight - and so they had had the dinner start at eight-thirty. When I arrived, why, some of the reporters came up and said, why, he's in there - and I said who? as if I didn't know. (laughter and applause) And this reporter said the President. He said do you think you could get him to come out? I said well, why don't you go in and ask him? But I went in - and eight~~X~~-thirty came - the President was still there. Eight-forty-five, the President was still there - and the man who came to the reception 'stayed for dinner.' Now, I had noticed the seating arrangement when I arrived - and Mrs. Humphrey and I walked in - they take you over and show you that chart, the seating arrangement. And right away the Ambassador said, oh, Mr. Vice-President, there's no need of you looking at that - of course you're sitting alongside of Mrs. Ghandi this evening, and Mrs. Humphrey will be alongside of me and just don't pay any attention to it. And I thought, that's fine. Well, I want you to know that, when the dinner finally got underway, I was at the end of the table -- and that's the second speech that I have in here that I haven't used yet.



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Now, not long ago I was at the White House correspondents and I was a little late getting there - like this - because we'd had a little meeting at the White House and I'd stayed back to talk to the President. And, when I arrived there, why much of the program had taken place. But, then it got later and later. And, when I arrived, I waited and stalled, like I'm doing now, for a little while. And when it got to be 11:15 I let loose and I said - the President said if he didn't arrive by 11:15 it was my time. Now, gentlemen, I want you to know the President said if he didn't get here by ten I could speak - so here I go. (laughs)

The truth of the matter is we're outsitting each other there tonight. I had intended to be with you much earlier but we did have a leadership meeting tonight and we had some other matters that are of mutual concern to all of us. -- Mutual concern, I think, covers all of us - ~~an~~ and great concern to our country and the world. Someone once asked me a long time ago what is <sup>it</sup> that takes ~~so~~ to make a successful Senator? I said be there. That's the first thing. You can't be a success if you're not there. And what is it that makes you at least to be a Vice-President in fact and not in theory? And the answer is to be there.

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HUMPHREY

And I put my official duties first and I'm sure that you all understand that. But you haven't had anything to worry about. I've already been filled in here. Sidney Weinberg has already shown that he's a candidate for Vice-President in 1968. I thought there's full employment in this economy and I didn't think Sidney was on that three point eight list of the unemployed. He had some comments to say about the Vice-President. I'll take those up with him personally. I want Mr. Roach to know that I believe in traffic safety and I'll join you on that. And then I heard that Mr. Miller had a little word to say that was very nice and complimentary. Well, that's just because we're both Vice-Presidents. We stick together. We really stand our ground. So tonight I'll take just a few moments, because you have questions in your mind and I'm going to try to be responsive. I remember my visit here a year ago and that was a very - I think - good exchange. I did get into a little trouble on it I remember. I talked a little bit about minimum wages before the administration was ready to say anything about it. But other than that we came out pretty well - at least as far as my number one constituent

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is concerned. And you were very kind - you kept the confidences that were here on that evening. Our international position is no better than our domestic position. Our international strength is no stronger than our economy and the solidarity of our people. We have enough trouble internationally with the uncertainties of areas of the world in which we have commitments and in which we are to be found, as today's news and yesterday's news indicate, without having too many uncertainties at home. Now, we have some very important questions that we need to face - and we're going to be watched. I don't intend to take you on any world journey because time does not permit. But I do think it's fair to say that people all over the world are watching to see whether or not we really mean what we say. I've been asked many times as to what is the real justification for our commitment in Viet Nam - with all of the pain there and all the trouble - all the fragility of that government - all the uncertainties? And believe me there are plenty. And I have said that the main reason is because we are committed to a principle, a principle that we honor our treaties and our

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obligations - and that we resist aggression and know that it is a pattern of international conduct that bodes no good for any nation. And, if aggression is permitted to go uninhibited, it can only result in tyranny and despotism taking over vast areas of the world. This denies everything that we believe in - in self-determination - in freedom - in independence. And if we were to permit it - with our vast power - we would be the laughing stock of many who have trusted us and we would also betray the honor of our country. So people are watching to see whether or not we mean what we say. I think they know we mean what we say but sometimes it's difficult to convey that message with certainty. The second thing people are wondering is can this economy that we're so proud of sustain international commitments without getting out-of-hand? In other words can we, over a long period of time, really be a leader, with all of the duties and burdens that leadership imposes on the world scene, without having an economy that erupts or heats up and thereby destroys the values of the country? We're being watched to see whether or not we have an economic structure that can take it - not for a month - not



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for a year but for a generation - and maybe longer. The truth is no one knows how long we will have to be on guard in this world. I think it's fair to say that this world of ours is not <sup>growing</sup> ~~going~~ very much more peaceful in the immediate future - even though we shall strive for peace. Because the peace that we get and that we hope for is not something on a piece of paper - it will be a peace in which there is real meaning in terms of a better life for millions and millions of people. So we're being watched on the political front to see whether or not we can keep our international commitments and fulfill them. And we're being watched and surveyed and analyzed on the domestic-economic front to see whether we have built a system here that's capable of sustaining a position of world leadership. Dwight Eisenhower said in 1949, when he was called to Washington by Harry Truman to head up NATO, that our military was but the fine cutting edge of our strength - that the basic strength of this country was in its economic structure. And he meant by that not only the system of our economy but the people involved in it - and this is surely true. And it's right now that our economic structure

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is being tested and tried. It's so good in many ways that it gives one almost a feeling that he should stand up and cheer. There have been fantastic developments in our economy - and more to come. But it's also so good that in a very real sense it stands the possibility of getting a bit out of hand - and a bit out of hand in a highly volatile economy, in a high-velocity economy can be catastrophic. It is like jet ~~x~~planes - it's like <sup>supersonic</sup> ~~supersonic~~ flight - it's like space - one little thruster on a space capsule threw that thing into a turmoil - it didn't take ten or twenty - just one. At the speed that that space capsule Gemini 8 was going, one imbalance, one basic imbalance of thrust threw it into a tumbling operation that could have been catastrophic. Fortunately, there were built-in protections that brought it back, plus training, self-discipline, reliability upon the part of those that were the directors of that Gemini capsule. I think it's fair to say that any major imbalance in our economy can cause us serious economic troubles. Now, we'd had problems on the balance of payments - and we're not out of the woods on that yet. We've come a long ways. We're better than we were

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but we're not good enough. And next year it's apt to be a little worse because our imports are up - our exports have not expanded as they should - and the commitments overseas are heavy -- so we know we face that. We now know that we face certain crises which, if not checked, can erode the value of securities - of savings - and particularly for many people in this country that cannot keep pace, either in wages or in sales, with what happens. So that's where we are. Now, basically, I am a congenital optimist - and I think that's true - and I believe we need a few of those in the government because we do have some almost highly-developed, professional 'bellyachers' - you always have a few. They can see the dark side of the moon all the time. There's only one side for them. I maybe see the bright side a little bit more than some people think I should, but I'm not unaware of the fact that there are very serious problems facing us, and the question is whether we have the self-discipline in our economy, as well as in our international position, to have a cruising speed that will take us to our goal rather than to come in on crash landings that could lead to trouble? Now, gentlemen, those are

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HUMPHREY

just a few introductory remarks to tickle your intellectual appetite. I know some of you feel that you're entitled to a good bite at a 'live' Vice-President and I think <sup>you</sup> /~~I~~ ought to start to have your dessert. All right, let's go. (applause)

COWLES

Who has the first question?

McCABE

Mr. Vice-President, I attended the President's meeting last Wednesday and I think all of us were thrilled - and I think, without exception, everybody was there would go back and seriously do everything within his power to carry out the program - the President was trying to reduce capital expenditures. I remember, over a year ago, when the President made his appeal to us, in a similar meeting, on the balance of payments, every businessman went back thoroughly determined to do everything within his power to carry out the President's program. Most of us at great expense had borrowed money and gone through every gyration we know to carry out the President's program. We tried to increase exports. I don't know of a single man in this room -- and I never talked to a businessman



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McCABE

who is negative or against the President's program in Viet Nam. They're critical of the things that led up to Viet Nam but in the main every businessman that I've talked to in America is almost solidly behind the President in his approach. But what confused us is why is it that businessmen who are trying to be patriotic and do everything in their power to back the President - and I think every man in this room ....(inaudible) when he makes an appeal to us to do it? But the thing we can't quite understand is why is it that his own party in the Congress and the labor group, that he can't make this same appeal and get the same response? Because this is a mystery. We've got a strong economy. We've got a magnificent economy. We've got great leadership and, irrespective of who the President is, a Republican or Democrat, we back him to the limit when he makes his appeal to us. What can we do to get the other segments of society to back the President in the same way?

HUMPHREY

Well, Mr. McCabe, I first want to say that I'm not only well aware of the great voluntary effort that was made on the balance of payments, for which I

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HUMPHREY

congratulate and thank everyone here. I'm also very much aware, of course, what the President said to you last Wednesday - and what he said to the municipal officials on Thursday - and then he had me call in all the leaders of the municipal groups on Thursday afternoon. But you should know that these pleas are not only for the businessman. The labor leaders, many of them have been brought in - and all of them will be - just as we called in the top echelons, or at least a number of the top business leaders - obviously, you couldn't call all of them - but a good cross-section - so the President now will be calling in the top labor people. I've already sat down with Mr. Wirtz - with several of the top members, including Mr. Meaney, and we have discussed frankly, candidly, brutally-candidly the problems that beset this economy and the stake that labor has in a balanced economy - a stable economy. And I have said before labor conventions, with unmistakable clarity, that inflation does a working man no good - that it destroys his so-called fringe benefits - it eats up his pensions - and, frankly, that he can never keep up with it and that he ought to have a sense of prospective and

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HUMPHREY

indeed a balanced judgment on this whole matter of prices and wages. We're not going to be asking one side, I assure you. Tonight we talked about government employees. I heard the President say tonight at seven o'clock to the leadership of the Congress on the 'pay bill' - and I have the notes right in my suit. I have some people to talk to. Last year I called in all the postal workers, all the government workers' representatives while the President was in the hospital. The House had passed a pay bill that would have increased pay seven per cent - and they passed it. The President was in the hospital after his operation. Two days after that operation he called me and he said I want you to go back and get that bill so that it falls within the guidelines. I cannot ask private industry and I can't ask a union - as he had in the steel case and others - to stay by the so-called guidelines and then have the Congress legislate double the guidelines. I'm just not going to do it. And you tell them I'm going to veto it. Well, that was a nice assignment - and I did. And I called them in-and I had two meetings - and I said boys, you make up your mind. You can either get a

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bill passed that the President will veto - and we'll move heaven and earth to sustain the veto - or if you want to be really good with your members, you'll take a bill that will stay within the guidelines - then come back next year and see if you've got anything more to get. They took the bill. It wasn't easy. Now we're going to do exactly the same thing this year, Mr. McCabe. There is a pay bill that the Congress always wants to give a little bit more, particularly an election year. I've done that. I'm not criticizing anybody. I've always taken care of Hubert as best I could on those years - and particularly when you're running - and that's a human frailty and there aren't many 'statesmen' every two years, I tell you, when you're really working. That's one of the advantages of the Senate - you depend on that two thirds that isn't up every two years. The Founding Fathers were pretty smart about that. But we're going to insist on equal justice and equal treatment. And we're going to talk as we have already on the instance of the New Jersey case in the building trades - we're going to do our level best to see that people exercise some self-discipline and some voluntary restraints.



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Frankly, this government doesn't want any price controls. It doesn't want any wage controls. We think it would be a colossal mistake. We hope that we can do this through self-discipline, through voluntary action, through fiscal policy. And we pray we don't even have to use taxes - but that is something that we'll have to take a look at down the road. We're not going to let the economy heat up if it's in our powers to stop it. Now, that is an administration position. We think it can be best done, however, by the kind of cooperation which we witnessed Thus far. We hope and pray that it can. But let me make it crystal-clear that if it appears that it can't - and we'll know pretty well by July, by the end of the second quarter if we have to - in order to keep this economy within balance and to see to it that we do not have a great deficit in our federal budget at the end of the year - we will have to go to the Congress and talk to them about some kind of a <sup>surcharge</sup> ~~XXXXXX~~ on taxes that will be equitable. We hope we don't have to. We have no immediate plans for it. I don't want to be misunderstood - but we're not going to ask people to make sacrifices some place and have no one

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HUMPHREY

else make them in other places - that's just not going to be the case. (applause) Yes, sir. Anyone else? (aside) I see you fed them, here, well, Mike.

VOICE

May I ask a question?

HUMPHREY

Yes, sir.

VOICE

Is it feasible to assume that it is clearly understood....(inaudible) circles that a tax bill - an added tax, unless accompanied by a reduction in government expenditures, would actually be inflationary? That if we just siphon off six billion dollar or five billion from the private economy and don't cut government expenditures it will be morex inflationary than to leave it in private hands? Is there hope that this is understood?

HUMPHREY

If what you're saying, sir, is that we should make some attempt to cut government expenditures, there's no doubt about that -- and we are - and the budget that the President presented was a tight budget. Our problem is to keep the Congress from not expanding

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HUMPHREY

that budget. We right now face increased costs and actually increased appropriations. We met on that very thing and this is why we had quite a session here this evening. What we did tonight, with the leadership in Congress, is exactly what happened with some of you businessmen Wednesday, last week. We've had a 'hoe-down', knock-down, talk-down session about what we expect out of Congress and the kind of leadership that we hope can be exerted in Congress. The President is asking, for example, that there be held back projects that we don't think are essential for the coming next four quarters. The President has said that some of the construction projects which would add to the capital good's outlay ought to be held back. The Vice-President is preparing a letter to the President saying that he doesn't think they ought to build a Vice-President's home either while this is going on - I want you to know that - even though I must say that the Congress authorized one. It'll never be built in my time - I've been around Washington too long to know that. So, if any of you are planning to visit me in that new house, you better get used to the one I got - it's mine too - it's all

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paid for so it's in good shape. But I don't think it's right for me to encourage a Congress to do something on that item when we're asking them to cut back on what we think are really very vital, important projects, but can be withheld for a while. We are not doing any construction on many of the military bases. We're trying to get by with some. We can get by as best we can. We're asking that certain dams and projects and school construction and others that are not vital be held back. And insofar as The Great Society programs are concerned, sir, there is, I think, a total amount of new money in the Great Society - in that budget was six hundred million dollars - six hundred million. Now, we did ~~not~~ knock out a number of old, obsolete programs. For example, we don't think that it's really necessary to have this huge federal outlay of what we call Federal Aid For Impact Areas in schools - this runs into hundreds of millions of dollars. Why? Because we've got a new federal aid program to elementary and secondary schools all over the country. So, we tried to cut it out. The Congress says, oh, no. And the President <sup>we will</sup> said ~~xxxx~~ then trim back the amount on the elementary



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and the secondary schools. They said oh, no. We like that too. And I want to make it clear that we are putting money into education - we think it's important. We think that this contributes to the long run strength of this country and to the immediate strength of this country, but we're trying our best to measure it. I'm one of those that said to you, before, publicly and in print, that I think a number of the programs that we passed last year ought to be examined in the field this year - that we don't need many new programs - and I've said so - the President has said so - and that while we are going to fund the programs that we passed last year, we're not funding them up to authorization - and the reason that we're not is we want to see what their impact will be - and more importantly, now, with price rises and with substantial increase in the wholesale price index we think we ought to take very measured and prudent steps. This is our view and we believe that it will be helpful. I might say that Mr. Gray of the Whirlpool Corporation testified before one of our committees. I was reading his testimony on the way up here and I would suggest -- I don't know if

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HUMPHREY

Elisha is here tonight or not -- but, if he isn't, I'd suggest that some of you might want to take a look at it. It was very, very good sound testimony on the whole question of our economy. And he pointed out that while there is some problem in the federal budget, that this within itself cannot be looked upon as a major factor in inflationary pressures. It is one of the factors. But the major factor is the bullishness of the consumer who believes that every day that this price is going to go up so he gets into the market. And the second thing - the aggressiveness of the business economy that's beginning to feel, well, if I don't build now it'll cost more next year. Now, one of the things we have to do is to demonstrate that we can hold the line of stability so that the consumer will feel that there's a chance to get a fair chance if they wait a few months - or it might even go down a little. For example, the last report I saw before I left tonight shows that food - certain food products - and I know there are a number of food people here tonight -- hogs, cattle, fowl have gone down in price. And I don't think you can say - you can't predict whether this will be true two,

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three months from now -- even though I think it will. Having come from the midwest, I think milk production will be a little bit better this summer, but I believe that milk production will be related somewhat to the price of beef. If you can put that old 'cutter,' an old cow at a pretty good price on the beef market, there's no use of milking her because you only have to sell the cow once - you've got to milk her twice a day. So all of these things are relative. We've been putting feed grains into the market - much to the chagrin of certain people - much to the dismay of them. Why? To try to hold some reasonable balance in the feed grain market because feed grain prices are related to cattle prices and poultry prices. This is a historic trend. But we can't control the weather - and they're going to have a frost-down in the south tonight it's going to be cold. I've always felt the Lord was on our side but occasionally he does give us a little rough time. And when you get a frost in the vegetable gardens, in fruit orchards, the price of vegetables and fruits go up. And I want to forewarn you - I got the chance to hold the floor - and I want to tell you I've been saying, in

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HUMPHREY

the Congress of the United States for years, you ought not to be too worried about those farm surpluses. But we've had a fetish in this country about those ~~xxx~~ surpluses. The surpluses that your government had was the best balance in this economy to hold down the rise in the cost of living than anything you ever had. It cost you a little bit money in terms of tax money but nothing compared to what you're having to pay as the prices go on up. A year ago we were scrounging around trying to find a place to sell our beef. We bought up beef for school lunch programs. The price of beef was catastrophically low. Thousands of people were literally ground out of the market. Bankers couldn't collect their loans. This year the price of beef is up because the beef-raiser said, well I'm not going to get caught on that one - we'll just cut back. And the same thing was true of hog prices a year ago - low. Today they're high and there's just one simple reason - there aren't as many hogs to feed the ~~xx~~ increasing number of people, plus the fact you like better bacon, you like better beef, you want better products, and when you want quality you got to pay for it. Now, I just took a look at what the supplies will be, on



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HUMPHREY

the way, before I came up here - what the supply situation may be on our agricultural commodities - and I think -- and by the way what I'm telling you I told the government - I'm part of the government - I told the Department of Agriculture - I've spoken to the President about it - we have two crops in plentiful supply in this country, tobacco and cotton. They're hard to eat and that's a fact. You have feed grains in supply four months. That's no supply of feed grains for a country that bears worldwide responsibilities. And by the end of 1967, October, based on normal yields, we ought to have about another four month's supply - a total of four months for this year and next year. And in 1964 the production of feed grains went down twenty million tons below 1965 - the variables of nature. If you get a 1964, my dear friends, in the year 1966, the price of feed grains will be up and God-almighty can't prevent it. They'll just go up by the nature of the market. And the price of beef will go up and the price of hogs and the price of chickens. You need excess feeds as a stabilizing factor on the market. Now rice. We have three quarters of a month's supply that we'll

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have on August 1st, 1966. We don't even have that much now. We'll have on 1967 three week's supply. And yet we are committed in Asia - and they really don't like some of the products that we eat here - they are rice eaters - and we're going to increase the production of rice - but to my mind it could well be looked over more carefully. On wheat. Now, we are helping the Indians and we're going to have to help them - and we should. We've already shipped six and a half million tons. We may have to ship another six million tons. We presently have sixteen million tons which is a one year's supply. We will have as of July 1st, 1966, a four month's supply carry-over. Now, I lived in the depression years. drought. I remember the/~~strong~~ And I just want to say to my good friends there are plenty of indications that drought ~~strong~~ patterns repeat themselves. There's going to be even more drought in the northeast according to every weather prediction of any meteorologist - so get ready to measure out the water again - and that is something we just have to look forward to. Now, if we should have a drought in the wheat-producing areas of this country in the coming year - and it could

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happen because the drought wave has been going across - it was in Western Europe four years ago - it moved into Eastern Europe three years ago - parts of the Soviet Union - and it was in the Soviet Union last year in depth, and in China, and it's moving right across the earth--And this is a historical pattern - and if it does, we'll have wheat not at what you're paying for it -- so we need to take a look ahead, and that's why this former Senator and this Vice-President, one who's been deeply interested in our abundance of food supply, feels that we always ought to have on hand a substantial carry-over of foodstuffs just as you always want to have on hand a substantial number of seven hundred and fifty pound bombs in the kind of a world in which you live - depots of weapons. My gracious, somebody got all excited when somebody said there was a shortage of weapons in Viet Nam. The biggest shortage now is rice, in several countries, not weapons. And you're not going to win any wars with just weapons - you're going to need food. And I suggest that some of our very fine business people in this audience put their mind to the task of analyzing whether or not we're still in the straight-jacket of scarcity ~~scarcity~~ <sup>economics</sup>. I believe that we

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HUMPHREY

could open up some acreage. I don't believe you have to have price supports on it either. I think you can have the two price system - of where you have a certain amount, that you have some reasonable guarantee of income, but you also permit other people to do a little more planting without any penalties. So I believe this can be done - and this has been advocated. It might need your help. Okay. Next. Yes, sir.

VOICE

My name is George Akins. I operate a chain of supermarkets in Florida. I grew up behind the grocery counter the same as you did behind the drug counter. I think I can speak for the business community when I saw we were extremely worried about the welfare state. Businessmen are particularly worried about the outlook in Washington. As a druggist and as well, the President down in Texas, there, I think you had the feeling of a businessman as we had. Something happens to you people when you get to Washington. You get on 'cloud-nine' and we aren't quite able to follow you. Now, the thing that disturbs me is this welfare state. My father raised eight children. He was a college graduate and my mother was a college



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VOICE(FLORIDA)

graduate. He raised eight children - seven of them have gone to college - I did not. He did all of that on three thousand dollars a year. Now Washington is telling me that now a lazy stumble bum is entitled to three thousand dollars a year whether he works or not. My father was a hard-working man. He's proud of the fact that he put seven kids through college. He's gone now but he regretted that he didn't put me through. Maybe he should have and I wouldn't have been as successful...(inaudible) But what I say to you, Mr. Vice-President, we businessmen resent our President....(inaudible)

HUMPHREY

Yes, sir.

VOICE(FLORIDA)

...that any lazy ~~xxxx~~ stumble bum is entitled to three thousand dollars whether they work or not. Now the point I make - we are charitable people in Florida. We want to help our neighbor. We like to do it on our own. But the government thinks we're not doing it good enough so they're going to do it for us. Now, will you tell me why that a man that is no good, a lazy bum, is entitled to three thousand dollars a year from the government? (applause)

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HUMPHREY

Well, you make a good case. You make a good case ~~xxxx~~ if you had anything to base it on. My dear friend, the trouble is it's hypothetical. The government of the United States isn't guaranteeing anybody three thousand dollars a year. The Government of the United States says that they think that is a minimum that people ought to have - and we're trying to train people so they can go and earn it. Now, I can't help that you folks in Florida provide local assistance for the poor - you ~~make~~ do it and you have a state government that does it. I happen to think it's all right. But the relief checks are not given out by the federal government - you're giving those out. The federal government has Social Security.

VOICE(FLORIDA)

We're giving thirty-one dollars a month and the federal government wants us to give ~~xx~~ eighty-three right now.

HUMPHREY

Well, the federal government doesn't provide the money. They may give you some advice. (laughter) And I might say to my ~~g~~ friend who is in the retail business that I was in it long enough to know that people that come into your store without money take up your time and

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HUMPHREY

don't take much of your merchandise. It never hurt anybody in this country to think in terms of having people with an income that's a little better than three thousand dollars. Since we've opened this up just let me say quite frankly that most people in Washington and New York spend as much money parking their cars as my father used to make - and it isn't dad's fault or my fault. I didn't put those rates in the parking lots--it cost money to drive an automobile - and the federal government didn't put them on either. I think that it's not right to call a government's program a welfare state program when in fact what this government has tried to do more than any government that I've ever had a chance to participate in is to get this private economy of our moving - in fact we've gotten it moving so well that we're sort of having to apply some of the brakes. We're talking about, Mr. Roach and Mr. Miller, how we can build in a little safety in this vehicle called our economy. We've emphasized training - we've emphasized education - and I may say that I know of no nation or state that has ever spent itself into insolvency in training and in education. But I do know that recently the Journal of Commerce and The Wall Street Journal conducted a

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survey of the top five hundred corporations - and those five hundred corporations said that the first thing they looked for, before they were going to invest in new plant, was the quality of the education in the area and the plans that the community had for advancement ~~ment~~ in education. Now, that wasn't my view. - I happened to agree with it - but these were hardheaded practical businessmen. Furthermore, I'm of the opinion that a government that has cut taxes, a government that has advocated it - and I advocated it in 1962 - a government that has given investment tax credit - a government that has recommended accelerated depreciation - I think that government doesn't endorse what we call welfare statism - it endorses the state of opportunity. We think that it's to the benefit of this country to get people trained, and we think it's to the benefit to get them off the relief rolls - and we've been taking them off the relief rolls - and so have you. We're doing it through Job Corps - not as good as some people like. Some people say, well, I read about that. Now look at those fellows in the Job Corps - lazy - many of them troublemakers. Well, they were more troublemakers when they were on the streetcorner.



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HUMPHREY

And in the Job Corps we have a record of seventy-five out of every one hundred completing their task - and of the seventy-five, fifty-seven being able to get jobs that they never had before. Now, I think that's a wise investment. Those people become, as we said, taxpayers instead of tax-eaters - but it takes a little time. You do not make a doctor by waving a wand over his head - and it costs a lot of money to educate a doctor - but it's good for the country - and I might add that the public pays an awful lot of that bill. The university medical school costs a lot more than a doctor's tuition and you pay it. But the doctor pays it back in taxes and in service and a thousand things. The thing that's made this country great is that we've invested in human resources and we have invested in our capital plant - we've taken some risks. And I might add that one of the most generous welfare states in the world is American business. You make the government look like pikers. You really have some good contracts and some good fringe benefits. When you take a look at Social Security payments and then take a look at my friend from General Motors, what he does for his workers, I want

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HUMPHREY

to congratulate you. I think that American corporate enterprise is one of the most benevolent, one of the most enterprising and one of the most enlightened business systems - the most enlightened the world has every known - and they've done a great deal for the welfare workers and they kind of think it pays. No, I can't agree with you, sir, that there are a lot - I know there are loafers. I suppose every family's got a few of them. I know there are people that don't earn their way, but there are fewer now than there ever were, and we're going to try to make it fewer than that because I happen to be one of those that believes a fellow ought to work. There are a lot of things they ought to be doing. But I also believe that it doesn't do any good just to lecture them and tell them they ought to work. Now, you take my own family. You said you came up in a family where you had a chance to work behind the counter. Most fathers can't have their sons work behind the counter. I want to tell you there aren't that many counters to work behind - and not only that, many father work for somebody else and they just don't like to have you bring your kids in, that's all - it just doesn't work.

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HUMPHREY

I worked for one of the big drug chains one time. And I can imagine my going down there when I had a little boy about twelve years old and saying, well, I just want to bring Skip along because he ought to learn the drug business. They didn't have time for that. But my father did have time for his two sons and he took that time. But you really don't have much time to bring that twelve and fourteen year old boy along to your corporate headquarters - you got to wait until he gets out of school and then maybe you can bring him back into business - if he hasn't left you and decided he didn't want any of that because you didn't have time - enough time home with the family. What am I supposed to do with my sons? If I take him to work, they say it's nepotism. And if they get a job, when I even speak up for them, they say it's influence. So the main thing you got to do with them is hope and pray they're going to ~~go~~ come out all right - and you try to teach them to do a job and to do work. And by the way, I think most people feel that way - they want to do a job and they do want to do their work. So I have to respectfully disagree with you. But I hope the grocery business is good. Thank you. (applause) Yes, sir.

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VOICE

Mr. Vice-President, last Wednesday there was a very important meeting in Washington at which there was quite a few - I guess a couple of hundred investors.

HUMPHREY

Yes, sir.

VOICE

And I read in the press, as a consumer, if I may put it that way, that many of them accepted the President's inflation message that we should cut back capital investment. And I just wonder what you can tell me about what the consumers think when this morning they read in the Times and Herald, as I did - and I assume this is correct - that the government now has announced a four billion dollar program to develop a two thousand mile plane? If that isn't capital investment, I don't know what is.

HUMPHREY

My dear friend, I'm glad you asked that question because I'm Chairman of the Space Council and I know all about this airplane. In fact, last week I sat with General McKee in going over this plane in detail. First of all, we're going to be about two years behind the Europeans in the development of this supersonic,



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HUMPHREY

which is most unfortunate because one of our largest  
dollar earners has been the <sup>export</sup> ~~import~~ of aircraft.

There's going to be a supersonic plane. And while we are sitting around arguing about it, the French and the British are going to build the Concorde. We're going to build a better one. We're going to build a bigger one. We're going to build one that will fly further, fly faster, we think safer and be more comfortable, but it's going to be about a year and a half to two years later than the Concorde. In the meantime, the big airlines, all over the world, are signing up - some of them-at least they're taking a good look at the Concorde, the French and British one. And if we lose that business, the amount of money that we put into that airplane will be peanuts compared to what we lost. We're talking frankly about a fifty billion dollar project, that's what we're talking about - and it may cost four billion dollars to do it - and it isn't all government money - a great deal of this money by the way is private money. Now, we're going to put in this year, in that plane for design and all, I think a little over a hundred of millions of dollars. That's a sort of a

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HUMPHREY

downpayment. We're now at the point - we haven't even made the selection of the design. We still have competition between Boeing and Lockheed. We have a Delta-wing and we have a TF-type of expansion wing - we have different engines - we have to make the selection on all sorts of items. But, when you read the paper, it makes it appear that the plane is ready to fly. My dear friend, it'll be at least 1972 before that plane flies, or 1971. We hope to be able to make some test flights in 1969. And the four billion dollars that are being talked about, that's the end of the line. That's like saying that you've announced that you're going to spend two hundred thousand dollars on your family - for an average guy that means for the next ~~thirty~~ years - but you make ~~that~~ the big announcement - it makes you a bigshot. Well, the four billion dollars is not going to be spent this year - it's not going to be spent next year. The aircraft companies think we ought to spend a little faster than they are - and if I were in their shoes I would too - and we're writing a pretty tough contract with them too - because after a certain amount of government money comes in they've got to repay.

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R. #1

HUMPHREY

The money that the government puts into this, if they don't come in on schedule and if they aren't able to live up to their specs, they got to pay back seventy-five per cent, ninety per cent, depending on the type of contract that's written. And we'll be able to collect so much more taxes from those aircraft companies, if they ever get that plane built and it flies, that the four billion dollars will look really as sort of The New Deal pump priming.

VOICE

Mr. Vice-President, I'd just like to bring my point out - that following last Wednesday night's meeting a lot of industrialists made public announcements, including...(inaudible) that we would cut back capital expenditures. I do not disagree with what you're saying about this - what we have to do in the aircraft industry. But what does the public think when they hear the President of this country get on the television - and I'm sure most of you gentlemen heard him talk about 'he's not going to buy the more expensive cuts - he's not going to build a room...(inaudible) in Johnson City - he's going to cut back. And if this is what we all have to do for inflation, we got to

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R. #1

VOICE

cut back capital expenditures. And I don't know of any industry - and I've spent my life in industry - that is planning any capital expenditures that's wasting money. But we have commitments...(inaudible) including many other companies, of cutting back. And then this morning I picked up the paper, and I don't mind telling you gentlemen that I had one hell of a time explaining this to my wife - and I didn't succeed. I'll be very happy, Mr. Vice-President, if you'll help me explain this.

HUMPHREY

The government didn't announce this.

VOICE

...(inaudible)...cut back capital expenditures...(inaudible)  
The government comes out and says four billion dollars for..

HUMPHREY

Well, my good friend, I can't help what an interpretive news story is. I heard what the interpretive news stories are on many, many things. But you're talking about your capital expenditure for 1966. I submit you ought to let us talk about our capital expenditure for 1966. I know that I talked with some leading directors of big businesses, of late, who told me what



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R. #1

HUMPHREY

THEIR plans are for expansion for the next ten years. Now, I didn't walk out and say well, I just met Mr. so and so and he's announced that his corporation's going to spend six billion dollars in the next ten years. Well, we can't control what is interpreted out of a government announcement. Now, we are going ahead with the supersonic design. We're going to spend a limited amount of money for this year for design and we're going to try to make a selection as to design. We're going to try to run some tests on somemore engines - and this is the year. Next year we'll maybe spend two hundred million dollars. You really get into this when you build the prototype, my dear friend - and when you build that - which is a custom-made job - and we've made the selection - then you run into the large amounts of money. But that isn't going to be any four billion dollars either -- and I want you to know that a good deal of this so-called figure is recoverable - so I can help you in talking to your wife. I've got a problem. You can talk to my wife too. I'll sort of reciprocate with you. Yes, sir.

VOICE

Mr. Vice-President....

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R. #1

HUMPHREY

Yes, sir.

VOICE

...(inaudible)...we are already in an era of advanced inflation compared with the last few years. What is going to be the administration's attitude in respect to unions and their demands for seven, ten and fifteen per cent increase in wages in view that they cannot return the services...(inaudible)? Is it not perhaps the greatest move toward inflation that we have? As for Ford and General Motors and other big industries that are represented here tonight, do you think sincerely that these big fringe benefits, etcetera, have been given out...(inaudible)

HUMPHREY

Well, Mr. Botts, let me first of all congratulate you in Warner-Lambert on your ~~kind~~ kindness and generosity to some of our universities up in this area. I just wrote you a letter. Did you get...

VOICE

I had nothing to do with it....(inaudible)

HUMPHREY

Well, you had something to do with it.

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R. #1

VOICE

A little bit.

HUMPHREY

And I saw the article in the New York Times and I sat down and wrote you a letter. I hope it gets there. I thought I'd answer that question - and I want to do it as candidly as I can. We have, through the President, appealed to the business community for those companies that are contemplating rather substantial capital outlays over and above what anybody had estimate. I think they're running about sixteen per cent above the estimates. We had asked the business community to try to look selectively upon these capital outlays and to cut back where they could. That's what was asked. We've asked the municipalities to do the same thing - and the Governors. We're asking the unions to stay within the guidelines.

VOICE

Suppose they don't?

HUMPHREY

Well, I imagine every businessman isn't going to cut back either. I mean we're not going to go around with the F.B.I. on you, I hope - and there's no intention.

END OF REEL #1 PART #1

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R. #2 PART #2

HUMPHREY

But let me assure you that strong pressures have been brought to bear and will be brought to bear - and was last year and it will be again this year. That's the most that we can do within what we call voluntarism. Now, we have said quite candidly to you, sir, as a businessman, to Mr. Meaney, to Mr. Reuther, to others as labor leaders - we said, look, we do face certain inflationary pressures - they're beginning to take their toll - there are signs that indicate there could be trouble lying ahead - let's exercise some self-discipline - let's exercise some restraint. We're asking you to do it. They don't like it - they've said so frankly. If you want to know the truth, they said they don't like it at all. But that didn't mean that we ran under the table and hid out. We're still doing what we tried to do on Wednesday night - what the President tried to do with the business community - and we're going to give everybody a fair shake. We're going to try to do the best that we can within what we believe are reasonable limits. Now, in the last five years, since 1960, the real spendable income of workers went up eighteen per cent. Last year, the increase, I think - let's see, I think



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R. #2

HUMPHREY

my notes - what I was looking at from The Council of Economic Advisors - said we've been having about a four point two average wage increase over the past five years, with about a one per cent cost of living increase each year -- which gave them about a three point two net increase in wages due to productivity - and that is what has been more or less the guideline that has been set down by The Council of Economic Advisors. Now guidelines are not mandatory and nobody wants that less than the business community itself. I was down with the business council, down to the Hot Springs, and there was quite a discussion going on about whether we ought to have any guidelines at all. So noone's particularly pleased with this but the choice we have, it seems to me, is between exercising some self-restraint in the budget, in government expenditures, in the private economy, amongst the labor leaders and the consumer spending, or having to be forced to much more stringent measures. Now some people think you ought to raise the prime rate somemore. There are others that say well that's a cost too - it has both inflationary and deflationary effects. Other people say you ought to just levy the

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R. #2

HUMPHREY

taxes. Some other people say just leave the market - just leave it alone. There were two professors, out from Chicago, recently, had a big debate with a couple of so-called administration economists, that said you ought to have none of this - you ought to have no voluntarism - you ought to have no preach-~~ments~~ ments from the President - you ought to have no guidelines - just let everybody go to it and that the market will take care of it. There's a case to be made for that but we don't think that happens to be the best case. And just as we have tried to hold some prices, we're going to try to hold wages, sir, I can assure you that is the commitment of the President of the United States and, as the gentleman said, a while ago, from Florida, he said he imagines I support him - and I do - and I don't expect to win any popularity contest out of it either. Yes, sir. Anybody else?

VOICE

(inaudible).....what happens if that government falls?

HUMPHREY

Will there be? Speak quite specifically to what the President endorsed. The Ky Government? The President

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R. #2

HUMPHREY

of the United States met with the Chief of State in Saigon and The Prime Minister-Chou and Prime Minister Ky - as did I. We don't endorse individuals but we do endorse a program and we do endorse, yes, a government to carry out that program. Both the President and myself have been rather careful to note that there were very difficult political problems. But I would be less than candid with you -- I don't think we would have helped the situation, following the Honolulu Conference, if we'd announced that we had reason to believe that there was serious political problems that might result in a fall of that government. One of the real difficulties that a man has in talking about these things is that everything that he says as President or Vice-President or Secretary of State has a way of getting back someplace. Now, when you're a member of Congress - and I was for sixteen years - you have a luxury of freedom that few people ever experience - particularly as a member of the Senate - you really can talk forever - and you are a power in your own right. You have only loyalty to God, your conscience and hopefully your country and your family, but you have no political discipline and you're

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R. #2

HUMPHREY

not responsible for the <sup>policy</sup> ~~position~~ of the government..  
But the President is, and the Vice-President's words seem to be interpreted as reflecting what the President thinks. So I think it's fair to say that as a President and as a Vice-President or a Secretary of State that we shouldn't have been going around the country stating publicly, well, Mr. Ky's government may fall. Maybe he isn't going to last? We did put a caveat on saying that we endorsed programs. We're pleased with what the government is attempting to do in Saigon - we're backing what they're attempting to do - we're trying to encourage what they're attempting to do and we give it our support, but individuals - those individuals come and go. However, I am not prepared to say what will happen in Saigon. I just frankly don't know and, if I did, I wouldn't tell you. I just don't think it would be very smart for me to be talking about that. Yes, sir. Yes, indeed, I think this gentleman.

VOICE

Mr. Vice-President, we talked a great deal about inflation, and obviously in part resulting from the war in Viet Nam. It has been announced by the government that about forty-five hundred troops a month ~~will~~ come



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R. #2

VOICE

from the North to the South - and it's also announced by the government that it takes some two or three times that number of troops, on our side, to withstand a guerrilla effort.

HUMPHREY

Oh, yes.

VOICE

Is this a magnitude that we could expect of the expansion of American forces in Viet Nam in the year ahead, or would you care to discuss the magnitude of the expansion of our effort?

HUMPHREY

Yes, I'd be very happy to give you what I know about this and maybe I can be somewhat informative. There is, of course, a constant infiltration of troops from the north and there is very little that we can really do about that except to slow it down. Many of you men have read about the so-called Ho Chi Minh Trail that goes ~~down~~ down the border of Viet Nam through Laos. There is no trails as such - it's a vast expanse of forest that has two to three coverings - totally covered - on which there is many little trails. There isn't a trail. If there was a trail, all you'd need to do is

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R. #2

HUMPHREY

just put in your big bombers and just blast it out. But there are many trails and there are many ways and means that troops infiltrate - and they come in with very little impediment and they carry very little on their backs. The total amount of tonnage that moves from North Viet Nam to South Viet Nam per day is running between a hundred and a hundred and fifty tons per day. Why, my dear friends, we have ships that unload thousands of tons every day in South Viet Nam. It's a different kind of a war. It is a guerrilla war. The ratio on a guerrilla war in Malaya was ten to one. It took them seven years - seven years in Malaya - ten to one. And against the Huks in the Philippines it was fifteen to one - and it took them five years. This is a peculiar kind of war. We've done extraordinarily well militarily - unbelievably well, but we have no intention of trying to match that ratio in troops. We have, for example, six hundred and some thousand Vietnamese troops - they're both the popular forces and the regular army. There will be fifty-five thousand troops from Korea. There'll be forty-five more from Australia. And I'm happy to tell you a slight increase in the New Zealand commitment. We

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R. #2

HUMPHREY

hope to have about twenty-five hundred from the Philippines. So all of these added together we think give a proper ratio to the forces of the allies as compared to the guerrilla forces. However, war has many patterns. It is entirely possible that the North Vietnamese and the Viet Cong may try to meet us in large units. If they do, we'll destroy them. They have not been ~~successful~~ successful in their guerrilla war thus far - the three stages of what we call The Mao Philosophy of Guerrilla Warfare - revolutionary warfare, guerrilla, individual sabotage Two: ~~XX~~ ~~two~~ small units, sabotage, infiltration and guerrilla activities. And 3: the main unit. They tried two and they're coming up on the third. Right now we think there may be twenty-five North Vietnamese troops in the 1st Corps Area in the North. And you're going to rightly ask the question are we prepared? We are. We can defeat their forces. Our problem is military, yes, but, as I said and I say it on good authority, we feel that militarily we're capable of defeating anything the enemy has to throw against us - recognizing that there will be days that there will be trouble, days that some of our forces will be ambushed, a day when a hotel will be blown up by a man that drives a

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R. #2

HUMPHREY

truck in and kills himself. They can do that to this hotel, right now, out here. There's nobody to stop them. There are men in every society...and fanatics. We had a fellow, out here not long ago, tried to bomb the United Nations with a mortar. All the policemen they have around here, and with all the forces, you can't stop all of these acts of terrorism. But we are capable of meeting these forces, on the main, day in and day out, and defeating them. Our problem is political. Their problem is political. A thousand years of Mandarin rule - generations of French colonialism - twenty-five years of war - religious difficulty - sixty-one thousand of their best people assassinated - the people that were village leaders, council members, the elders and their society. This is South Viet Nam. And with a very active, tough, trained, disciplined cadre of Communist forces operating in the countryside it's a very tough battle and I'd be the last to tell you that it will be short or easy - but I will tell you that it's necessary and that I have no doubt that if we stick with it - if we're given the chance to stick with it that we can ultimately win this struggle -- and we won't have to be putting in millions of



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R. #2

HUMPHREY

troops like some of talked about, or hundreds of thousands - we'll put in what is necessary and we think we have a pretty good idea what that figure will be. (applause) Okay.

COWLES

Close it off.

HUMPHREY

Well, Mr. Cowles has said that we ought to close it off and he surely is right. You've been very patient and I'm very honored to have been privileged to come here once again and to talk with you. This is a free exchange of ideas. I general answer questions maybe a little more directly than one should but I felt that you had things on your mind and I had some feelings about those questions. I think the main thing, gentlemen, that we need to recognize is the tremendous strength of this nation. We ought not to sell ourselves short nor should we talk ourselves into trouble. This doesn't mean that you don't recognize trouble when you see it - and there are certain forces at work, economic as well as political, but in this instance I speak of economic, - that could cause us trouble if they get out of hand. It's the same sort of thing

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R. #2

HUMPHREY

that happens to a business or to a person. We take our regular physical check-ups to see if there's any little thing developing that we ought to be aware of - and then we try to take remedial or preventive steps. We're taking a close analysis every week, every month of this economy, and we're watching it. There's no super-brainpower in Washington over and above what the country has - but many men in this room are consulted regularly. Your President and your government doesn't sit down in an ivory tower in Washington and just conjure up ideas. As a matter of fact most of the ideas that are at work in Washington today are ideas that some of you have brought there and they've been discussed and talked over time after time after time x in an effort to do what? What more do you think a President can get out of life except to be President of the United States? I mean his interest is in this country. There's never been a President that wasn't a patriot. Now, his judgment may be wrong on occasion, but I think this President does as much consulting as any President that ever came in the White House - and he isn't consulting with the people in Washington - he consults

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HUMPHREY

with every segment of this economy -- and there have been more men from the business community in the White House the last two years than there were in the preceeding fifteen - you have been down there by the dozens and the hundreds, and rightly so, at invitation. And I'll tell you why. Because this administration - and I'm a part of it - doesn't believe that the government can operate this country - we think the government has a responsibility in this country - we think the government is the coalescing force - but we seek to gain our objectives by persuasion rather than by edict - and we're had mighty good results thus far. I think one of the decisive factors in the growth of this economy in the last few years was the fact that many of you believed that the government was really interested in this economy - the fact that you were talked to - not just about the tax laws, as important as that was - not just the enactments of Congress and the policies of Treasury or Federal Reserve - all of these important - but that intangible ingredient called confidence and the feeling that you were aboard - that there wasn't something going on that you didn't know about - that there was a

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R. #2

HUMPHREY

partnership relationship here - at least that you were being talked to. Now, we want to continue it that way. We think that this is the way you build a strong country. And you may say that we think that you build a strong country through strengthening its people too. And we're not ashamed, gentlemen, to say that we're deeply dedicated to education, very much so, because this country needs more and more higher education. You can't have a space program without higher education in depth. We think this country needs secondary education, more than it's ever had and more of it - and elementary education and Project Headstart. We think that the investments that come into the new generation are investments that pay off. So I wouldn't come to you under false colors. If my advice is ever asked, I'll say that we ought to continue to make wise and indeed substantial investments in our natural resources and in the greatest natural resource, our people. And finally we believe that the eyes of the world are not upon Texas but upon all of us. The eyes of the world are upon this nation. And make no mistake about it - anytime we falter in our leadership, gentlemen, somebody else is willing to pick up the baton - somebody



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HUMPHREY

else is willing to do it. And while some of us may get a momentary comfort out of the so-called split between the Soviets and the Chinese, don't kid yourself, neither one of them are on the sidelines cheering us on, thinking that we're the greatest in the world. Either one of them are prepared to take over anytime we falter. We're trying to maintain decent, responsible relations with as many governments as we can. And while you think we've got lots of troubles, let me tell you that some of the other people got some too. The Chinese have had their fair share. They're out of Indonesia lock, stock and barrel.\* And the Indonesians have only said recently they want to come back to the United Nations and they want friendly relationships with the United States. They've been kicked out of six Africa countries. They aren't doing well in Latin America. We have our problems but I'll be frank to tell you I don't know if they've got any Vice-President in any of these places but if they have I'll take my job to their's anyday. Thank you very much. (applause)

COWLES

Mr. Vice-President, we're all very grateful to you for

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COWLES

giving us an informative and very exciting evening. Gentlemen, the bar is open. The Vice-President says he can stay for a few minutes. Let's adjourn to the other room and have a drink.

END OF R. #2 PART #2

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