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Paradoxes of our Times

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January 24, 1964

PARADOXES OF OUR TIMES

Last Wednesday, the Senate adopted a rule of germaneness in debate. It is not a straightjacket on talk by any stretch of the imagination. It is not likely to strangle in the throat any earth-shaking observation which a Member may be inspired to pronounce in the Senate.

But what it does do--this first significant change in Senate rules in a long time--is to remind me and my colleagues that when there is a point before us we should speak to it.

I happen to have been the sponsor of this rules change. But I did not have the opportunity to apply it to myself in the Senate before leaving Washington. I should like tonight, therefore, to give it a trial run in my remarks to you.

For there is a point before the nation at this time. And I intend to speak to it frankly and fully. It is a point of particular significance to Jaycees both as citizens whose pursuits converge largely on business and as civic leaders whose interests encompass our society as a whole and extend to the nation's furthest social horizons.

The point before us at this time is the state of the nation's economy. What is especially germane to this point is the tax cut which is now pending in the Senate and which, I hope and anticipate, will be enacted into law without undue delay.

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The statistical indicators tell us that the economy of the nation is now operating at a record level. At the end of 1963 the gross national output was \$600 billion for the year. We began to move towards this new high shortly after the late President took office in 1961. In two and three quarters years \$100 billion was added to the total output, in a continuous and unparalleled peace-time expansion of the nation's economy.

I do not speak as a partisan and I do not believe you will think that I do when I say that a full measure of credit for this remarkable achievement attaches to the late President, John F. Kennedy. You may recall that he found a certain ironic humor in the fact that he was blamed unmercifully for a decline in stock prices but no one ever gave him any credit for prosperity.

In retrospect, it is readily apparent that he made an exceptional contribution to the growth of the nation's economy. You will recall that he came to office at a time of recession. But he brought to the Presidency a unique intellectual vitality, the courage of his own well-founded self-assurance and a deep conviction that we could do a great deal more, in a constructive sense, with our manifold resources than we were doing. These qualities expressed themselves in countless actions--legislative and executive--which, in turn, had the effect of releasing the pent-up eagerness of all of us to get the country moving again.

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And under his leadership, we did. Once off dead center, a powerful national momentum developed which withstood the shock of Mr. Kennedy's death, continued into the new Administration, and carried us to the high plateau of economic activity on which we now stand at the opening of 1964.

What does a climb to an astronomic six-hundred billion annual national output mean in tangible terms? It means that seventy million Americans have jobs. It means that real income per family is ^{up} more than \$600. It means, in the context of very stable prices, that these gains in income have not been eroded by inflation.

It means, too, that business--most business--is in excellent shape. Corporate profits in 1963 exceeded \$50 billion before taxes and \$25 billion after taxes. The income of small unincorporated businesses and professional enterprises showed the best year-to-year increase since 1956. There were also fewer business failures in 1963 than in 1962. At the end of the year there was a net gain of 50,000 in the total number of businesses in the nation.

These figures properly present the state of the nation's economy in very glowing terms. We might stop at this point and bask in the glow, enjoy its warmth, pride ourselves on its richness. But the rule of germaneness to which I referred at the outset of my remarks requires us to talk to the point; it does not require that we stop talking before the point is fully explored. And there is more, much more, that is germane to the state of the nation's economy. There is, so to speak, not only the bright and visible side of the moon. There is also the other side, the darker side.

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There are, in short, what I would term certain paradoxes of our times. To consider them is to temper pride with a sober realization of shortcomings. To consider them is to face up to the responsibilities of public life. To act prudently on the implications of the paradoxes is to discharge these responsibilities with maturity and integrity.

This record-breaking national output to which I have referred was still far below any reasonable concept of the nation's economic capabilities. We could have added, without any strain, another \$30 billion of goods and services to the \$600 billion total of 1963 if we had utilized fully our existing resources. But these additional goods and services are now forever lost to all who might need them. It is a form of immense and appalling waste that thirteen percent of our factory capacity lay idle during the year 1963.

We had a record total of 70 million employed in 1963. Yet, we had the uncomfortably high figure of 4 million plus unemployed. And that, too, represents a form of immense and appalling waste of the nation's capacities. To be sure the want ads in many cities are overloaded with job openings for IBM programmers or punch card operators. But how many ads summon men and women to the textile mills? Average earnings for factory workers exceeded \$100 a week by year-end. But the statistics are understandably silent on the average wage of unemployed factory workers. And \$100 a week/^{average} means nothing to the non-factory worker at a federally ^{level} guaranteed minimum wage/of about \$50.00 a week or to those at even lower wage levels because they are in non-covered employment.

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The sight of teenagers driving their own cars to high schools is a common phenomenon in the suburbs of most large cities and is a part of the glow of a \$600 billion a year output. Yet at other schools, teenagers drop out, not because they cannot keep up with their studies but because their families cannot keep up with the minimal costs of maintaining their children in school. This paradox occurs in Washington, in New York, in any city in the nation, including Providence, Rhode Island. And that, too, is a most uncomfortable reality which is on the darker side of the moon. No matter how seemingly unimportant it might have appeared to be a generation or two ago, the fact is that, today, the individual and the nation suffer a common and tragic loss when such abilities and talents as may exist in any boy or girl are not adequately utilized because of ^{inadequate} education.

Look around any large and growing city. Luxury apartments rise as mushrooms in the ~~panorama~~. But look closer and you will find that they rise in the midst of the rot and decay of the rat-infested tenements.

The towns boom around the new space installations. But down the spine of Appalachia and in pockets of depression elsewhere--in the coal towns and the textile towns--there is the stagnant backwash of a tide of progress which has moved onward and elsewhere. Here in Rhode Island we have it in the contrast between a rising electronics industries and the decline of textiles. All this comes about, to be sure, through

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the medium of an impersonal economics. Nobody wants really to hurt anyone else in the process. But the fact is that the blows of drastic economic change are felt as a most personal pain by those who are unfortunate enough to be in the wrong place at the wrong time. And I, for one, will not accept the premise in this day and age that the only acceptable response of society in a free enterprise/^{system}to this situation is a monumental indifference.

These paradoxes to which I have alluded are man-made. Our creativity as a people has produced the glow. Our neglect as a nation has yielded the grim. Our responsibility as citizens is as much to end this neglect as it is to contribute to the glow. It is, may I say, a human responsibility which has little direct relationship to politics. The one-fifth of the nation's families which survive on less than \$3,000 a year are not a political pressure group. The school drop-out is far more likely to wind up in the total alienation of the street corner society than in the political club houses of one party or the other. The fact is that most of the poverty-stricken are politically apathetic or inert. Indeed, a third of them are children.

If there was one concern of the late President which transcended all others, it was his concern with this growing body of the disinherited in the nation, this growing body of men and women and children which is untouched by the affluence of our economy. Mr. Kennedy saw this situation as an economic problem. Even more, he saw it as a human problem, as a

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social problem--in the last analysis--as a religious problem. He saw it, in short, as an intolerable hypocrisy and as an inadmissible denial of the promise of American life to millions of Americans.

His response to this situation insofar as the economy was involved was two-fold--on the one hand he sought to precipitate a broad attack on the problem of unemployment and under-utilization of resources by a general stimulation of economic activity. At the same time, he sought pinpointed remedies for specific structural problems such as technological unemployment and depressed areas.

Throughout 1961 and 1962 and into 1963 these Kennedy policies were spelled out in a great range of legislation and administrative action. In this connection, the last Congress was the most productive by any standard since the first Congresses of the Roosevelt Administration. It enacted the Revenue Act of 1962 which reduced business taxes by \$2.5 billion a year as a stimulus to investment. It passed several measures to bring about revisions in the monetary structure and otherwise to discourage the flow of capital and gold abroad. It increased the supply of credit availability to small business. Federal-sponsored loans to small businesses in Rhode Island, for example, rose to a record high of \$4.8 million last year.

Besides stimulating general business investment and expansion, in the United States, specific measures were enacted to combat unemployment and pockets of poverty which were spreading throughout the land. Area redevelopment and an accelerated public works program were initiated.

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In Rhode Island, again, to be specific, a total of \$1.6 million had been invested in projects approved by the Area Redevelopment Administration through the end of 1963. These projects were expected to provide an estimated 1,410 jobs. One of the projects approved was a loan to the Providence Redevelopment Corporation to provide access roads, streets, water and sewers to the new industrial park.

The accelerated public works program stimulated the provision of local public facilities and short-term "immediately useful" work for the unemployed and underemployed. In Rhode Island, again, the projects included additional sewer facilities, water facilities, a library, a hospital, and several additions to hospitals.

All of this is government spending, to be sure. But we might well ask ourselves: which is really wasteful? Spending for constructive activity of this kind or idle hands and machines?

Undergirding these specific actions has been legislation that has been universally regarded as constituting the most significant advance in education in decades. A Manpower Development and Training Act has been enacted to enable workers whose skills are obsolete to receive training which will qualify them to obtain and hold jobs. In the closing days of the last session a complex of legislation was passed which is designed to strengthen and to expand educational facilities at all levels. The Vocational Education Act of 1963 is a part of this complex. It authorizes an expansion of vocational education programs which will help provide needed skills for high school drop-outs and older workers who need training or retraining.

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In these and in other ways, a beginning has been made in facing up to problems which, over the years of economic affluence, have accumulated within our nation, in some instances, to the point of incipient combustion. And, yet, it is only a beginning.

The paradoxes of our times are not dissolved by an initial confrontation. What remains to be done is of staggering magnitude.

Our economy, for example, is providing hundreds of thousands of new jobs but it is not enough. A million new job seekers enter the ranks of labor each year. Thousands of workers are displaced by automation each year. And there still remains the backlog of four million unemployed.

It is at this point that I should like to make reference to the very germane question of the tax cut. There is no other single measure which is of greater immediate importance to the state of the nation's economy. The \$11 billion tax reduction bill will cut both corporate and individual tax rates. In so doing it will expand consumer demand and increase the incentives for investment. It is expected to stimulate \$25 to \$30 billion more in consumer expenditures and \$5 to \$7 billion more in business profits. It should, through business expansion, increase employment opportunities and thus reduce the stubborn unemployment rate of $5\frac{1}{2}\%$. It will give a sustained lift, year after year, to every facet of the economy. It is a piece of major legislation which has received the full support of business and labor leaders, and financial and economic specialists alike. It has been urged by President Johnson no less than it was by the late President.

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The House of Representatives passed the tax cut last year and I expect to have the opportunity to vote for this measure in the Senate in the very near future. We are now in the midst of the longest sustained expansion in our peace-time history. This measure is the best assurance of its continuance.

The unbroken expansion of the nation's economy is important in itself and it is essential in a larger sense. For on it depends, in the last analysis, our capacity to deal effectively with the great human problems which confront us. On it depends our capacity to end, at last, the paradoxes which gnaw at the conscience of America. We have just begun.

An economic dynamism alone is not, in itself, the high promise of this nation. It is not enough for America if it means, as it has meant, the shunting aside of millions of human beings. We have only begun to meet the problems created by technological change. We have only begun to recognize our responsibilities, as a nation, to the unemployed coal miner or the textile worker, or the rural migrants drawn from the agricultural areas into the crowded city slums, to the middle-aged and older workers who find their skills unwanted and are forced into a marginal existence on a pittance of welfare or inadequate retirement funds.

We have prided ourselves as a land of equal opportunity. Yet there is little opportunity for those who havenot had a decent education. As one woman put it to me recently: "If you don't have no education or

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references, you don't get no job." Now is education the only barrier to opportunity. Nearly one-half of all nonwhites live in poverty, and even education does not remove the effects of discrimination.

Lest we forget it, all those who have been bypassed by the swift flow of the changing stream of economic life are as entitled to their American heritage as are we who are here tonight. There are the Americans who President Johnson has referred to as "living on the outskirts of hope." It is our responsibility to see to it that hope is extended into the outskirts.

After World War II, this country engineered a gigantic rescue operation in helping to rebuild Europe. Americans combined economic help with a deep feeling of humanity. A generous outpouring of aid came from both public and private sources. Can we now do less for our own neighbors?

To be sure, we need to raise our economic level, but we need, even more, to raise our level of concern for one another. We cannot look with a smug pride on any level of output, however high, as long as children are kept home from school by lack of shoes, as long as able-bodied men are left in idleness to bleed out their human dignity.

President Johnson said it in his State of the Union Message: "...the war against poverty will not be won in Washington. It must be won in the field--in every private home and every public office from the courthouse to the White House."