

UNITED STATES DEPARTMENT OF  
**COMMERCE**

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE AT 2:30 P.M. THURSDAY, JULY 15, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR  
PREPARED FOR DELIVERY TO THE ANNUAL CONVENTION  
OF THE ALABAMA STATE BAR ASSOCIATION, THE PARLIA-  
MENT HOUSE MOTEL, BIRMINGHAM, ALABAMA, THURSDAY  
JULY 15, 1965

A friend of mine who is originally from Mississippi asked  
me last week what I was going to talk about here today.

I said, "Something everybody is interested in--money."

He said, "Good, I will give you the opening line for your  
talk. Get up and say, 'I'm glad to be here where possums and  
persimmons are legal tender.' "

The only point to the story is that my friend is 89 years  
old and hasn't lived in this region since 1905. I know possums and  
persimmons are still good eating, but I also know that his little joke  
was old when he heard it as a boy. All I can say is, we'd have to tree  
a lot of possums and gather a lot of persimmons to serve as a medium  
of exchange in the multi-billion dollar economy of one of the fastest  
growing regions in America.

The revolutionary economic changes underway here have  
contributed to the unprecedented advance of the national economy,  
which is still going strong in its 53rd month of expansion.

This region, this state are helping to build for the future of the Nation along with other regions and other states, all of which are interdependent, all of which contribute to each other's material well-being.

Today we live in a complex society. Its needs are complex, and so are the patterns of interaction and cooperation among the groups making up the society. The growing interdependence of these groups upon each other is greater than many realize and more crucial to our progress than many appreciate.

No one has expressed more forcefully than President Johnson that building a great American society depends upon the whole-hearted cooperation of all its components -- the national, State and local governments, the business community, labor, the academic world, professional societies, and the other groupings of our people.

At a businessmen's luncheon in the White House just about a year ago, the President stated: "I believe that we are entering a new era of cooperation between government and business and labor and the many groups which form this nation... It is an economy where the health of business benefits all the people. It is an economy where

the prosperity of the people benefits the health of business. It is an economy where, in large measure, the fortunes of each are tied to the fortunes of all."

While the spirit of working together for mutual benefit has been a powerful force for progress since the beginning of our country, I think today there is a growing recognition that human society can attain true maturity and material well-being only when we all work hand-in-hand in its development, and that this cannot be achieved by any one group, in a spirit of belligerent isolation.

There is no place for segmented thinking in this day of universal problems and universal concerns.

The success of our society rests upon its pluralism -- the fact that decisions are made and policies are set as close as possible to the source and by a great many people, rather than by monolithic government from above. The system works as a coordinated whole through consensus and compromise, through checks and balances.

The economic revolution in Alabama began, I would say, with the realization that the "one crop" economy was dead, and with the resulting recognition that Alabama could move into the main stream of national prosperity only by diversifying and modernizing its economic base,

that is, by participating in the technological revolution which is propelling our national economy on its soaring course.

Twenty-five years ago, agriculture produced a sizable 15 per cent of the income of Alabama. In recent years, it has accounted for no more than five per cent.

Moreover, in laying the ghost of King Cotton, perhaps we should do likewise with the fable of Alabama's mineral eminence. Although Alabama has a substantial output of minerals -- \$216 million dollars in 1963 -- it represents only slightly more than one per cent of the U. S. total and ranks 20th among the states in order of mineral production.

The principal minerals, by value, were coal, cement, stone and crude petroleum--not, you will notice, iron ore, which has continued to decline and in 1963 accounted for only 5 per cent of the state's total value of mineral production.

To me, this is most interesting, for once iron ore was of great significance in the development of the state, particularly with respect to Birmingham's iron and steel complex. This is another manifestation of the economic breakthrough taking place in Alabama. Agricultural and mineral production combined make

up only 10 per cent of the income of Alabamians today. I would call that a dramatic and very pronounced shift in the state's economy.

It means that the state's economy in the past 20 to 25 years has become extremely advanced and complex. With only a tenth of the people's income derived from agrarian and extractive enterprises, and with nine tenths coming from more recently developed business activities, the economy is stronger and richer and provides a much better, bigger and more stable market than did the prior dependence on mineral and agricultural pursuits.

With this transition, which is mostly the result of your economic diversification in line with the national pattern, capital formations have also expanded, as is usually the case with the creation of an effective system of production. Today, the income of the people of Alabama is 8 and one half times what it was 25 years ago. Products and services are now available to the people of the state that a few years ago were beyond the grasp of the average consumer.

To me, this is real growth. This is an approach to the standard of living that we would like to see enjoyed by all people in all parts of the Nation.



Last year, per capita income in Alabama increased at a rate greater than the national average, rising 6 percent, compared to the national gain of 4 per cent. Alabama still ranks lower than most states in per capita income, but any gain is a good gain, and the first steps to prosperity are the most difficult.

There are many other healthy signs that Alabama is coming into its own as a full partner in the Nation's economic progress.

Last year, Alabama received \$406 million in capital investment for new and expanded industries. About \$175 million of that was for the establishment of 127 new plants in 49 counties, which will provide more than 10,000 jobs when fully operational. The rest will be used to expand existing plants in 56 counties, creating an additional 11,712 jobs.

This year Alabama is doing even better. Through June 15th, the state recorded \$210 million in new and expanded industry, approximately four times the amount invested during the same period last year.

I would say that industry is certainly showing its confidence in the Heart of Dixie --and the Heart of Dixie has a strong beat.

What's more, this is obviously a solid, broadly based growth that will do much to generate economic activity throughout the state. The industrial expansions announced so far this year are scattered through some 50 cities in 38 different counties, while new industries will move into 44 cities in 34 counties.

Reflecting this state-wide economic stimulus, retail sales reached a record high in 1964 of \$3.5 billion, representing an 8.6 per cent increase over 1963. In fact, retail sales rose in 63 of your 67 counties.

The employment picture is another indication that Alabama is moving towards economic maturity. The latest figures available show that the civilian labor force in April rose 22,400 over the March estimate to a total of 1,834,300. Despite a decline of 5000 farm workers over the year, the labor force was actually 8000 higher than in April 1964.

Unemployment at 3 per cent of the labor force is below the national rate, and is down from 3.8 in April of 1964. It is at its lowest than at any time in the period from January 1958.

You can be proud of what Alabama has accomplished and confident in its future promise. But there are many barriers you must clear away to insure continuation of your economic rise. For example: 25 per cent of Alabama's population lives in homes without plumbing; 27 per cent of its family groups exist on less than \$2000 a year--and it should be noted that of this 27 per cent, 112,000 are white and 97,000 are Negro.

But still, there is no mistaking the fact that an economic revolution has taken place in Alabama.

And I can say the same thing about the national economy.

Our economy has never done so well for so long without the harsh spur of war. It is behaving better than any of the experts predicted, better in fact than any dared hope at the beginning of the rise early in 1961.

So, paradoxically, because it is so good, some people begin to worry. They glance nervously at the tintype of the past and observe with great trepidation that in the 111 year history of the business cycle the United States has gone through no less than 26 ups and downs, and that the average peacetime expansion has lasted no more than 26 months.



With an Alice in Wonderland logic, they tell themselves that this is too good to be true. When history has so often proved that nothing succeeds like success, I see no reason to fear success.

In today's rapidly changing world, a world in which the United States is setting the pace of change, there may be some resemblance between past and present social and economic conditions, but there will never be any point by point correlation between the two. And to act on the assumption that there is or can be, is to shackle the possibilities for progress with what appears to be the comfortable certainties of recorded history.

A month ago, when I spoke before the National Press Club in Washington, I stated without equivocation that business is great and it's going to get even better. Virtually all the reports we have received since then, both within the Government and from the business community have done nothing but reaffirm that position. We look for continued progress as far as the trained eye can see.

It can be expected, after the brilliant economic performance over the past 53 months and the phenomenal increase in the first quarter of the year, that the rate of growth will lesson somewhat during the rest of the year and on into 1966.

But a slackened pace does not mean we should be subject to the Wonderland logic that we have to continually run faster to keep from falling behind.

Instead of fretting--and I think that's a better word than worrying, becuae even the worriers aren't really that much concerned about a real setback--instead of fretting, let's take a close look at the whereby's of the gains we have made since 1961. Nothing could be more reassuring.

To date, the principal feature of our current economic expansion is not that it has continued so long or achieved record proportions, but that it has been orderly, broadly-based, and without the serious imbalances or excesses that brew trouble.

The best evidence that excesses have been avoided is the remarkable stability in prices. Consumer prices have risen a moderate 1.2 per cent a year. Wholesale prices have remained practically the same as they were at the start of the expansion more than four years ago.

These wholesale prices have crept up a bit in recent months, but not at an alarming rate, and I don't expect that they will because price competition in the marketplace remains severe. We have adequate production capacity, profits are high and there is really no serious cost squeeze because of the beneficial effects of increased productivity in many industries, marketing and distributing innovations and improved new products flowing from reasearch.

Industry has made an important contribution to orderly growth by following a balanced course in capacity and inventory levels. The large 14 per cent increase in spending on plant and equipment last year, and the 12-1/2 per cent additional increase being installed this year, have been needed to meet rising demand, and have not resulted in over-capacity. In fact, our plants are now operating at an average of about 88 per cent of capacity, still below the desired average rate of 92 per cent.

Inventories, by and large, are also well controlled. Computers have made it possible to keep a finger on the flow of materials and to schedule shipments and deliveries with precision. It is a fact, however, that stockpiles of steel have mounted in recent months because of uncertainties about a possible strike, and they will have to be worked off this year and early next year, probably resulting in lower steel production rates then.

Consumer debt is another factor to watch. But the debt created by mortgages and installment buying seems to be within reasonable bounds. It has grown, of course, but so have earnings and assets. As a matter of fact, the ratio of liquid assets to personal debt has risen somewhat in the last few years.

Perhaps most gratifying is the progress made in reducing unemployment and in providing new job opportunities. Four years ago last month the rate of unemployment was 7.1 per cent. Now it's down to 4.7 per cent.

As you know, the imbalance in our international payments has been a matter of serious concern for some years. Our President has taken several steps to reduce the deficit--a drive to increase exports, a campaign promoting travel to the United States from abroad, rigid control of government expenditures overseas, and other measures.

With the help of the business community, we are going to win the battle of the dollar. And it will be a victory for all Americans, because continued domestic economic growth, with increased job opportunities for our growing work force, depends on the sound dollar we are determined to maintain. As an alumnus of the business community, I am mighty proud of my alma mater's performance in this vital program.

We at Commerce are working with some 600 major firms on improving their contribution to a solution of the problem, and we have also contacted 3,000 others whose overseas operations are on a lesser scale.

This has been a most gratifying endeavor for me, because I have never seen a better example of business cooperation with government in the attainment of national objectives.

Business, of course, strictly on its own, makes a major contribution to a solution of the problem through its vastly increased exports and profitable overseas investments. But we needed additional help, and many firms operating in the international economy, both large and small, are cooperating in the President's voluntary program by stepping up exports and various other ways of increasing capital inflows.



I would also like to emphasize that the cooperation of the participating business firms is completely voluntary. The President placed his trust in our business leaders and they are justifying that trust.

While we did recommend a number of guidelines for corporate executives to consider in developing their own program to increase their contributions to the balance of payments, the program is in fact a voluntary one.

As a matter of fact, we think that our balance of payments program for American industry, based on voluntary cooperation within a set of general guidelines, is an excellent example of the way in which business and government can work together to achieve common objectives in the national interest. Everything we hear indicates an overwhelming sentiment in industry to the effect that this approach is far preferable to direct controls on capital movements or the imposition of a tax on overseas investments by American firms or even more unpalatable measures. And there is solid agreement that the payments deficit problem is a serious one that must be licked.

President Johnson has taken a balanced approach to the need for economic expansion, while at the same time keeping expansion in hand. His budget for the coming year was well ordered and in no sense inflationary. His tax policies have proved to be sound. Tax rates have gone down, but an economy moving in high gear has caused tax revenues to go up. Receipts have exceeded estimates made as late as January by some \$1.7 billion. So the anticipated fiscal deficits for the 1965 and 1966 fiscal years seem to be quite reasonable and manageable.

Business obviously is in a confident mood. The advance in corporate profits to an annual rate of \$62.9 billion in the first quarter of 1965 has given business greater freedom to set more ambitious goals. Increased profits, of course, enlarge cash accounts and reduce the need for borrowing to meet the costs of expansion. Our latest survey indicates that capital spending in 1965 will reach a high of at least \$50 1/2 billion, 12 1/2 per cent or more above last year's record.

Gross national product, of course, is the final reckoner in assessing the state of the economy. As you know, the total output of goods and services swelled to an annual rate of nearly \$649 billion in the first three months of the year, an increase of an astonishing \$14 1/4 billion over the preceding three months.

On top of that huge forward leap we have seen a \$9 billion gain in the second quarter. And present indications are for continued growth throughout the year, fulfilling the forecast in President Johnson's economic message that GNP will hit \$660 billion in 1965.

The overriding issue of our time, of course, extends beyond our border. That is the insurance of a peaceful world in which all nations are free to develop according to their own desires, without outside interference. Every nation, large or small, powerful or weak, has a stake in this vital principle of self-determination. Every violation of this principle is a threat to the independence of all nations. It is a threat to their security, individually and collectively--and it is a threat to world peace.

In Viet Nam and in the Dominican Republic, President Johnson seeks to preserve the principle of independence and to stay the threat of world war. Peace is our aim. A settlement of differences around the conference table is our hope.

Again and again, President Johnson has said that at any time he will go anywhere, do anything, see anybody, if this will promote the cause of peace. He has repeated many times that the United States will negotiate with any government in order to resolve the issues in Viet Nam.

The President invites all nations to join with the United States to build a decent and prospering world society.

You in Alabama are fortunate in having a rather direct and most responsible voice in foreign affairs, not to mention other important areas of national concern. I refer to your distinguished Senator John Sparkman, who is the second ranking member of the Foreign Relations Committee.

In domestic as well as foreign affairs, Senator Sparkman is one of Alabama's--and the Nation's--most valuable natural resources. He is the first senator in history to attain seniority on five key committees. Not the least of his achievements was the authoring of the legislation that created the Small Business Administration, an agency that has done much to promote Alabama's and the Nation's economic growth. As chairman of the Senate's Select Committee on Small Business, he is in effect the presiding director of America's essential small business community. I know that you think highly of Senator Sparkman's accomplishments, and subject him in fulfilling his responsibilities.

One final word--as lawyers you are dedicated to reason and order in human affairs. You have been trained in and have lived by the tradition of examining, without pride or prejudice, the problems that arise from conflicts born of human error and misunderstanding.

In this regard, you are the plaintiffs for progress, because there can be no progress which does not take into account the equal opportunities of every person, which does not allow every person to make his contribution to the progress of all. And all too often, these opportunities are denied by irrationality.

The consumer--which is everyone--and producer have a very direct relationship. Consumer buying accounts for two thirds of the Gross National Product. But the strength of consumer demand is predicated on the amount of disposable consumer income. An economy that wants to grow, be it national, state or local, cannot afford to neglect the fostering of the buying power of its consumers. The economics of scarcity are as dead as King Cotton. Our industrial potential awaits only the creation of demand.

The more everyone earns, the more everyone has to spend and the more everyone benefits.

I don't say that because you are lawyers you bear the whole brunt of establishing an objective order of equality under law, but I do say that whenever you have the chance, make the most of it--for Alabama and for the Nation.

Thank you.



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UNITED STATES DEPARTMENT OF  
**COMMERCE**

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

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FOR RELEASE AT 4:00P.M. WEDNESDAY, JULY 21, 1965

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR  
PREPARED FOR DELIVERY AT THE VISIT OF VICE  
PRESIDENT HUMPHREY TO AN EXHIBIT ENTITLED "FAIR  
EMPLOYMENT IS GOOD BUSINESS" IN THE DEPARTMENT OF  
COMMERCE LOBBY, WASHINGTON, D.C., 4 P.M., JULY 21, 1965

This is a notable occasion in several respects.

For one thing, the Department of Commerce is honored to  
have the Vice President of the United States here only 21 days  
after a visit from the President.

Mr. Vice President, it is a pleasure to have you with us,  
and we are also glad to have the Secretary of Labor and the  
Chairman and other members of the Equal Employment Opportunity  
Commission.

But I know the Vice President and others will agree that  
our warmest welcome should be reserved for the representatives  
of the business and labor organizations and the State agencies who  
have helped make this outstanding exhibit possible.

Their participation makes this a show of unity. Business,  
labor and government together are totally committed to the proposi-  
tion that every person shall have equal opportunity in the basic  
right of earning a livelihood.

But to fully use this country's human resources, the legacies of the past have to be overcome. All of us -- business, labor and government -- have to make use of our education and training programs; we have to examine our employment recruitment and promotion policies; we have to use every method at our disposal to further equality of opportunity for all.

Assembled here today are exhibits from just a few of the hundreds of organizations which are dedicated to merit employment. Much of the leadership and coordination in this drive has been provided by Secretary Wirtz and the President's Committee on Equal Employment Opportunity. Their work is part of the total effort of the President and the Congress to insure that each individual may participate more fully in the opportunities and responsibilities of citizenship.

With regard to business, I want to emphasize that the legal guarantee of equal opportunity now in effect has a double meaning. It provides not only equal opportunity for job-seekers and for the employed who seek advancement on the basis of merit. It also provides equal opportunity for employers. They can now hire and promote on the basis of merit alone, under a blanket standard that applies to all business.

Many firms have long wanted to do this but have been hampered by local customs and conditions. So for them, the legal requirement becomes a legal sanction, and they can put their plans into effect without fear of pressure.

I believe such firms number in the thousands. Businessmen are not only anxious to do what is morally right, they are also acutely aware of the economic advantages of an equal opportunity society.

For discrimination hits the businessman, as well as the worker, where it hurts -- in the pocketbook. People with second-rate jobs are second-rate customers. People with no jobs at all can buy only the bare necessities of life, and they buy these with relief money the businessman helps provide in taxes.

Business wants first-rate customers, with first-rate jobs-- and equal opportunity in employment helps create such customers.

The businessman also is aware that equal opportunity profits him in another way--through higher productivity in his establishment. The economic facts of life demand labor efficiency-- the best performance by the most qualified workers--and the businessman's passion for it makes him color blind by nature.

He wants a job done and he isn't interested in the color of a worker's skin -- or his race, creed or national origin. Moreover, he doesn't like the customs and conditions which try to draw these things to his attention. Such customs and conditions are the enemies of his natural instincts. A businessman wants freedom -- freedom to maximize efficiency -- and equal opportunity guarantees help provide that freedom.

I say let us give thanks for the practicality of the businessman. Coupled with his sense of fair play, nothing will do more to bring a speedy end to discrimination.

And I want to emphasize that we in the Commerce Department will assist business in every possible way in carrying out not just its obligations under this law but its long-held desires, which this law ratifies and supports.

Chairman Roosevelt, your three years of association with Commerce gave you a better knowledge than I have of the many ways in which the Department can be of help -- through our contacts with firms and business organizations both at the national level and locally through our 42 field offices. Let me assure you that all our facilities are at your disposal in this effort -- and we are all lieutenants in your service.

Forty years ago it was remarked in this city that "the business of America is business."

This was a neat phrase, but as a philosophy it led to 1929.

Today we see things differently: The business of American business is America.

The exhibit we are viewing today symbolizes this philosophy -- a philosophy that is leading us not to another 1929, but a better and more prosperous America for everybody.

Thank you.

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