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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR P.M. RELEASE MONDAY, MAY 2, 1966

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY BEFORE THE 54TH ANNUAL MEETING
OF THE U.S. CHAMBER OF COMMERCE, CONSTITUTION HALL,
WASHINGTON, D.C., 9:15 A.M., MONDAY, MAY 2, 1966

I am indeed pleased to be here with you again this year for
another annual session of the United States Chamber of Commerce.

Surely this is one of the most fruitful forums in America,
where business and government can meet together to exchange
views, to explore new ideas, and to read and interpret the signs
of the times.

Never have these signs needed more careful scrutiny -- and
more prudent interpretation -- than they do today. For we face
a wholly new and different situation -- and in many ways, far more
challenging -- than we did when I was here last year.

At that time, you will recall, many of us were asking such
questions as,

Can we sustain this record-breaking prosperity?

After four continuous years of expansion, isn't a recession
the likely prospect?

Will the income tax cuts enacted in 1964 continue to provide the necessary stimulus to the economy, or will new excise tax cuts be required?

Will there be a steel strike that will trigger a recession?

After three years of exceptionally high automobile production, isn't a levelling off in this bellwether industry inevitable?

Today the answers to those questions are all in -- and we find that the concerns they reflected were almost wholly unjustified. Our prosperity has not only continued. It has soared to even higher levels.

In fact, it has reached such heights that a whole new set of problems has arisen -- problems that are always present whenever the economy approaches capacity levels.

And the questions many of us are asking reflect concerns that are the very opposite of those of a brief twelve months ago, questions such as,

Is the economy overheated?

Are we in the midst of, or heading toward, a truly inflationary condition?

Is the economy booming to the point where certain types of controls might be necessary?

Is a tax increase to moderate spending in the offing?

Again, the answers to all these questions may not be in until your annual meeting again next year, but let's look briefly today at the signs of the times and see which way they are pointing. Let me emphasize, however, that the signs I want to read are facts, not tea leaves, and I don't think they are cause for undue alarm any more than they are cause for complacency. I think they indicate we must be especially watchful and ready to act if necessary, but they do not, in my opinion, call for drastic measures on an emergency basis at this time.

Let's review these facts:

Several developments have helped to propel the economy on its steep upward course. One major source of demand has been consumer spending, and this has been backed up by rising incomes and employment. Nonagricultural employment increased by 3 million over the past year, and the unemployment rate has been reduced to 3.8 percent, compared with an average of 5.4 percent in the first quarter of last year.

The 1964 tax cuts were powerful factors in the increases both in consumer purchasing power and in business spending. The increase in Social Security benefits to the aged beginning in September last year helped to lift the buying power of this group.

But the most significant development over the past year was the placement of large defense orders in response to the needs of our fighting men to meet the Communist challenge in Vietnam. These orders in turn increased the demand of many firms for labor, materials, and for various types of plants and equipment.

Together, such developments have helped lift the Gross National Product from \$658 billion in the first quarter of 1965 to \$714 billion in the first quarter of this year -- an increase of more than 8-1/2 percent. A good part of this rise, however, represented some acceleration in price increases; one commonly used measure indicates an increase of 2-1/2 percent, a greater rise in prices than we experienced in any year back to 1958.

But let me point out that pronounced price increases over the past year, and particularly in recent months, have been concentrated in only three major categories of goods -- farm products, processed foods, and industrial raw materials.

In the first two groups, the problem has been caused by a relative shortage of meat supplies. We are confident that this will be corrected in the coming months, and there has already been an apparent levelling off in the prices of these goods in wholesale markets. Thus, we are hopeful that in the coming months the consumer price index will reflect only a moderate rise comparable to that in the five years prior to the recent sharp advance.

Industrial raw material prices have risen mostly because of the greatly enlarged demands for those products. However, businessmen are planning to add substantially to their capacity to produce this year. According to a recent survey, the increase in manufacturing capacity of 8 percent is expected to match the anticipated rise in sales. I should like to point out, however, that much of this addition to capacity is coming from programs initiated last year. Most of this year's programs will be translated into additional capacity late this year and next year, and this should have a salutary effect, particularly on the trend of industrial raw material prices.

But the very process of adding this new capacity at this time itself contributes to increased demand. So, as is the case in so many economic situations, we face a dilemma that can be resolved only by a carefully balanced approach.

We dare not halt the major part of our capital outlays for fear of being unable to meet the demands of a year hence. But as President Johnson has requested, it would seem reasonable for business to moderate its expansion programs and defer projects that are not essential until we are through this period when excessive pressures must be avoided. The capital spending levels are already at the boom stage, and we can get into real trouble if they continue to increase at unreasonably high levels in advance of production capacity needs.

Such a move to moderate expansion plans would achieve two important purposes:

(1) It would hold down an important segment of demand where basic materials are required and where a large proportion of skilled labor is employed.

(2) If we should be able to hold down or even curtail our defense spending in the event of a peace or truce in Vietnam, the capital goods programs deferred this year could be reactivated next year or later on at a time when they would be needed to maintain adequate economic growth.

The demand on the economy arising from Vietnam reflects military necessities at a time of build-up. But we hope that after the middle of this year we will be able to level off our defense spending and thus help to slow down total demand. But we must, of course, devote as much of our resources as is required to meet our obligations in that area.

With regard to the pressure on prices, a part of it has emanated from continuing increases in costs. When such costs increase, whether from wage demands, from the use of less-efficient production facilities, overtime hours, or any other source, it is natural for businessmen to try to maintain profit margins and offset higher costs by raising prices.

But there are obvious dangers in that course of action. If it becomes widespread it results in a vicious inflationary spiral: higher prices lead to higher costs which again result in higher prices, ad infinitum.

Labor, for its part, must of course keep its wage demands within reasonable limits, so that both business and labor will share the fruits of the gains in productivity.

In spite of higher costs, business profits are still showing a good rise in this period of sharply increased economic activity, due in large part to increased sales. Therefore, it seems to be that great emphasis must be put on continuing price stability to the full extent possible so that business does not contribute to the growth of an inflationary spiral.

This would help greatly in promoting the balanced and sustained economic growth to which President Johnson's Administration is committed. And if, as our economy expands, we can avoid imbalances, business can be assured of a continued rising volume of sales and profits.

I am gratified that there are no evidences of scare buying. The inventory increase in the first quarter of this year, for example, was somewhat less than in the fourth quarter and, indeed, when considered in relation to sales, the inventory accumulation has been

about in line with expanding sales and output. Thus, an inventory boom does not appear to be developing so far.

Consumer spending, it is true, has recently gone beyond the increases in income, but this is eventually self-correcting. I am confident that in the coming months such spending will once more move back in line with the income flows.

The sector of the economy in which we are somewhat disappointed is our net balance of trade situation. Our strongly rising business activity has induced an influx of imports which has exceeded the rise in exports in the first quarter of this year. In March, however, our exports rose substantially, and I am hopeful that we can continue to promote our export markets to the point where we will be able to regain and even better our 1964 and 1965 trade surplus positions.

In summary, we recognize that businessmen are experiencing challenges unlike those of quite a few years past: expanding demand which in many cases is resulting in increasing pressures on capacity, delays in deliveries, costs and supply-demand pressures on prices, spot shortages of labor, and others.

But surely these are infinitely preferable to those of the recurrent recessions of the 1950's: low profits, slack demand, idle capacity and high unemployment.

Working together in the most fruitful partnership in the history of this Nation, business, labor and government overcame the problems of recession with a balanced program of expansion that has brought more prosperity to more Americans than ever before.

Today that partnership must not only be continued, but it must be strengthened to meet the new and even more challenging problems of prosperity. But if we can meet these tests with the same wisdom and foresight that we met those of recession, I think it can be fairly said that the American economy has truly entered a new era unlike any in economic history. We will have proved once and for all the superiority of a system that holds more real promise for lifting the burdens of poverty, misery and despair from the shoulders of mankind than anything yet devised.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE THURSDAY A.M. MAY 5, 1966

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY TO HARVARD LAW SCHOOL
ASSOCIATION OF NEW YORK, HARVARD CLUB, NEW YORK,
N. Y., 9:00 P.M., WEDNESDAY, MAY 4, 1966

Tonight I would like to discuss with you -- with a wee bit
of tongue in cheek -- a problem of the most critical national concern.
I am not referring to the Vietnam conflict. Nor to the balance of
payments problem. Nor to the threat of inflation.

Rather, I have in mind the steady displacement in public
affairs of lawyers and legal arguments by economists and "economic
facts."

You may not even be aware of this trend yet, because you
have been so busy with the economic growth of your corporate clients,
both here and abroad, a development which, fortuitously I am sure,
happened to coincide with the increased prevalence of economists and
economic advice in the councils of Government.

One incident will illustrate in rather dramatic fashion what
is happening. During our reasoning together sessions in Washington
in recent months about price and wage levels and capital investments,
only two participants from outside the Government were thoughtful

enough to bring along their lawyers. And one of these was a labor leader, not a corporation executive.

What do you think of this? Does this mean that, as the Government becomes more involved in the working of the national economy, and more directly influences the decisions of businessmen and labor leaders alike, lawyers will be needed less?

There is one other example, although perhaps not a very convincing one, that will illustrate my thesis that the role of the lawyer in national affairs has suffered a dramatic decline. In the twelve elections for President from 1900 through 1944, a person with a law degree was chosen in nine out of the twelve elections.

But since 1944 no lawyer has been elected to live in the White House; and, indeed, in each of the elections from 1948 through 1960, the voters chose a non-lawyer over a lawyer, in an overwhelming non-partisan spirit -- because this happened without regard to Party!

In 1964, both of the two major Parties nominated a non-lawyer for the Presidency. These developments of the last 25 years may be read by many people as indicating that finally both Parties have given up on lawyers as being fit Presidential timber.

But before we lawyers enter a plea of nolo contendere to such an allegation, let us examine more closely where we now are and speculate a little bit on how we got here.

You will recall that the situation with lawyers, at least on the national scene, was quite different in those good, conservative, old New Deal days. At least they seemed to be different.

When I finished law school in 1939, the "in" group of fledgling lawyers went into practice in some field of administrative law -- either with a New Deal agency in Washington or with a private law firm in New York, Washington or some other big city which was busily engaged in fighting the Government.

In those days, there were passionate, blood-curdling arguments about how the freedom of the individual, about how the freedom of the corporate citizen was being trampled upon by faceless, power-mad bureaucrats. Slashing attacks on Government action, alleging denial of free speech, due process, fair hearings and other fundamental issues sounded and resounded throughout the land.

Procedural rights before administrative tribunals attracted a great deal of attention and produced a great deal of court litigation

before the issues were more or less settled. Later, of course, many of the results arrived at were codified in the Administrative Procedure Act of 1946.

The point I am making is that those were decades when the role of the lawyer was, or it now appears to have been, significantly more influential in the affairs of Government than now appears to be the case.

We, of course, still have important legal issues which keep the tradition alive, particularly on the racial front. But it does appear to me that the economic front -- from the standpoint of the role of the lawyer -- is more tranquil. Undoubtedly, to a considerable measure, this means that we are reaching a maturity in this aspect of our Government and our law. The business of the principal Federal administrative agencies has by now settled more or less into grooves although, from time to time, the NLRB, the FTC, the SEC, or the FCC, for example, will plow some new ground, although not really new in fundamental principles, generally to the accompaniment of pretty strong protests from the private sectors affected.

But by and large, while lawyers and their clients may grumble, it seems to me that compared with the decade of the Thirties, the grumble is on a pretty moderate and sophisticated plane.

Perhaps this is explainable by the fact that most of us have come to accept the increasing role of Government, whether Federal, State or local, in taking actions which directly influence our economy and directly influence the economic decisions made by the business executive or the labor leader.

With the increase in Governmental involvement in economic matters, the role of the economist in Government -- whether Federal, State or local levels -- has assuredly increased commensurately. I certainly feel that this development is not only desirable but absolutely necessary because of the nature of the problems with which Government, at all levels, is now confronted. However, I also feel very strongly that the line of communication between economists and lawyers should be clearer and that line of communication should be used to a far greater extent than is now the case. But more comment on this later.

Dr. Walter W. Heller, the very distinguished and able former Chairman of the Council of Economic Advisers, has given his analysis of what has been happening in national affairs in his recent series of lectures at Harvard, entitled "New Dimension of Political Economy." In his lecture on March 15, 1966, entitled "Advice and Consensus in Economic Policy Making" Dr. Heller said:

"We at last accept in fact what was accepted in law twenty years ago (in the Employment Act of 1946), namely, that the federal government has an over-arching responsibility for the Nation's economic stability and growth. And we have at last unleashed fiscal and monetary policy for aggressive pursuit of those objectives. These are profound changes. What they have wrought is not the creation of a New Economics, but the completion of the Keynesian Revolution -- thirty years after Keynes fired the opening salvo.

"Out of these changes has grown a new, more responsible -- and more exposed -- role for the political economist as Presidential adviser and consensus-seeker

"That the economist 'arrived' on the New Frontier and is here to stay in the Great Society needs no proof at Harvard. Indeed, the worst fears of those who dread the Age of the Economist are confirmed by the list of Harvard economics faculty and Ph.D's currently or recently serving in high places: e.g., Directors of the Budget and AID; ambassadors; key policy-makers in the White House and Pentagon; Assistant Secretaries of State and Commerce; Federal Reserve Presidents and Board Members; and a lengthening list of members of the Council of Economic Advisers (CEA). And I dare say that the rest of the country's economics departments, put together, could match Harvard's list."

Do some of you lawyers remember with a touch of nostalgia the "good old days" when this kind of assessment would have referred to the role of lawyers rather than the role of economists? I think that Dr. Heller's comments on the increasingly active participation of the economist as counselor and decision-maker in Government are entirely accurate.

I am not sure, however, that I would date the coming of age of the economist as occurring in the 1960's. As a matter of fact, I think economists, or should I say the economic type of analysis, had a very important role in our national Government in the 1930's. Just as the role of the lawyer was never quite as dominant and all-inclusive in the Washington of the 1930's, neither, I suspect, was the role of the practicing economist quite as insignificant in those days as it may appear to some of us now.

But, without question, the role of the formally trained economist has achieved far greater influence in Government at all levels, in business, and in labor union councils during the past quarter of a century.

Thus, to a degree, the trained economist is now performing advisory functions which not too many years ago were likely to have been performed principally by persons trained in the law.

Quite plainly and bluntly, this development has occurred because the trained economist has had an important and desirable service to offer to the principal decision-makers in Government and in private business. Using the analytical tools and the quantitative relationships that the study of economics has taught him, the economist will take a broad look at the "big" picture and consider the alternative impacts of tighter money, higher taxes, and any number of important factors as related to the total national economy. The results, as Dr. Heller stated in his Harvard lectures, are often imprecise and uncertain, but they are useful and reliable approximations and these approximations furnish a useful first step in selecting from a choice of specific alternative policies.

Further, as Dr. Heller stated, individual equity, issues of administrative procedure, and political factors are not at this point considered by the economist. These elements are expected to be taken into account later by the ultimate decision-maker; but, without doubt, the underlying cost-benefit analysis which is furnished by the economist will substantially influence the decision-maker.

It seems to me that I have now touched upon that point where the lawyer and the economist should get better acquainted with each

other and, more importantly, should recognize and accept the contribution which the discipline of each can make to the other. It is true that individual equity, that administrative procedure requirements and problems, and political factors such as what is within the realm of possibility and acceptability, are by their nature not a part of the economists' economic analysis, and perhaps they should not be.

This does not mean, however, that these factors are not important. Indeed, they may turn out to be more influential on the ultimate decision than what may be described as sound, valid, pure economic analysis.

When we acknowledge the role of the economist in Government, it seems to me that this is no more than equivalent to a recognition of the increasing role that Government, at Federal, State and local levels, is taking in the Nation's economy.

One may say that this is nothing new, that this is simply part and parcel of the New Deal principles established in the 1930's, continued in the 1940's, and finally made respectable and unrepealable in the 1950's -- under a Republican Administration. Yet, aside from the principles which were established in the 1930's, I think there is a difference of degree, a very important degree, in the role that economic action by Government has today, as compared with the

decade of the Thirties. And it seems to me that there are still some important policy issues in this area which have not necessarily received all of the analysis and public discussion that could profitably be brought to bear on them.

As I previously mentioned, the economist recognizes that his approach in looking at the national economy and the possibilities of specific governmental action is to deal with the "big numbers" and consider the cost-benefit ratios of alternative courses of action. Other factors are fed into the decision-making later, hopefully at least. This means that the "fall out" of a major economic decision as it affects one company, or an individual, is to come into consideration down the road somewhere. In short, the political economist will work with averages, not with individual cases. As a lawyer friend of mine was fond of saying: "Many people have drowned in water averaging three feet deep."

I am not implying any invidious criticism of economists or the role of economists in governmental affairs today. But just as the word of the lawyer should not be taken as the exclusive word in the formulation of policy, neither should the word of the economist, based solely on economic analysis, be taken to the exclusion of everything else.

I certainly recognize that a greater utilization of economic analysis has made a real contribution to our understanding of how Government can best stimulate and maintain prosperity. The economist has indeed achieved, and he has earned, an increasingly important role in the affairs of Government.

But the need for lawyers has not been supplanted by the arrival of the economist. To the contrary, I would say that the contribution of the good broad gauge lawyer is needed even more -- not to counteract or nullify the advice of the economist but to supplement it. The lawyer is needed even more because Government itself is doing more. When Government itself does more in influencing the economy, this means that some individual, some company or firm, some group, is in greater danger of being hung by the law of averages, if proper consideration and concern are not exercised to avoid just that result.

I am not suggesting that the ideal of individual rights is the peculiar province of the lawyer as a person, as distinguished from the economist as a person. I certainly believe that economists as individuals have just as much concern for individual company or personal rights and will exert that concern in the shaping and administering of governmental policies.

But I am making a distinction between the predilections of individuals on the one hand, whether they be lawyers or economists, and the subtleties of a particular discipline such as law or economics, on the other hand. Economics as a discipline is understandably more concerned with the big picture than is the law. Stated another way, law as a discipline is concerned with the trees; and economics as a discipline is concerned with the forest.

There are, of course, no air-tight compartments which govern the operation or the application of either of the disciplines of law and economics.

I would like to think that the trained lawyer is uniquely qualified to bring to bear the required objective analysis and a background of experience which enables him to see and to understand the individual in the context of the mass, and that the lawyer is qualified to make a necessary contribution to the development of economic policies. I think the legal profession will be abdicating its responsibilities to our Nation, our States, and our local communities if its members fail to be in a position to give advice at these critical junctures or in fact fail to make its point of view clearly understood.

Note that I said, if the legal profession fails to be in a position to make its contribution. I mean by this that the legal profession,

the individual lawyers comprising the profession, must be competent to give good advice in the development and administration of economic policies. This leads me to make this suggestion: I think considerably more emphasis should be given to the subject of economics in the training of lawyers than is now the case. Every dean of every law school in our Nation wants to graduate students who will not only be good lawyers but will have the capacity and the training to make a contribution to public service. This may or may not be as an active participant in Government at either the Federal, State or local levels. It may mean no more than being an active and well-informed private citizen in one's community.

I don't think the lawyer of today is going to be a well-educated lawyer unless he knows something about the discipline of economics; and I am not sure that every law school dean has become aware of this fact, although Dean Griswold certainly has.

Therefore, I suggest that the education of lawyers needs to be examined very carefully and their curricula changes should be effected to assure that every law student, before he enters law school, gets a reasonable amount of preparation in economics; and I think there should be developed in every law school some seminar courses having the joint participation of the law school and the economics department.

And I would suggest to the dean of every economics department that it is desirable for his students to be well grounded in some basic legal principles that are vitally important to our Nation, particularly in the area of administrative due process. And I would suggest that every economics department should see to it that before its students graduate or get that advanced degree they have participated in some law school-economics seminar.

But perhaps I am a little bit ahead of myself. Perhaps with respect to some important and well known institutions of higher learning I should simply say to the law school dean and to the dean or chairman of the economics department, "You gentlemen should get acquainted," and then hopefully take it from there.

Second, I would like to suggest that established law firms, and particularly the larger firms, can make a solid and positive contribution to the post-graduate education of our young lawyers, and at the same time to the public service. I believe that law firms should, more than they apparently are right now, encourage their associates and members to spend a year or two in the public service, at the Federal or State or even local Government level.

Many of us in this room have served at some time in Government. In most of our cases this probably grew out of the expansion of the Federal

Government before and during World War II. Not only the country, but each of us personally, I am sure, benefitted from that public experience.

I wonder if today there is not something of a rather negative attitude toward governmental service, particularly among the larger law firms which can best afford to encourage an associate or member to spend a year to three years in Government service. The formula for achieving a partnership appears to be to start with a firm right after law school and work for a steady eight to ten years solely within the firm. Couldn't that ten-year period be interrupted by a short tour of service in Government at some level? And couldn't there be a more flexible attitude among the partners about rehiring those young lawyers after they have served in the government?

I believe that more acceptance of an "in and out" career as a suitable pattern for your law firms would over the long term strengthen and not weaken your firm. Certainly, the economists have evolved such a pattern between university and government service, and it seems to work very well.

In conclusion, my message is this: For the past several years, the economist has been teaching the lawyer a lesson. The economist has demonstrated to the decision-makers in Government and to the

decision-makers in private industry that he has a service to offer which no one else, and certainly not the lawyer, had seen fit to become equipped to furnish. But, as all of us recognize, and the economist as much as anyone else, when we shape the role of Government in the national economy, we still want and need in the fullest sense to have a government of laws and not of men.


And I believe that the lawyers of our country have a special responsibility to assist in assuring that this fundamental truth continues to govern the destiny of America.

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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Rm 811/333
Office of the Secretary


FOR RELEASE AT 1 P.M., MONDAY, MAY 10, 1965

Address by Secretary of Commerce John T. Connor Prepared for
Delivery Before the Board of Directors of the National
Association of Manufacturers, the Shoreham Hotel,
1 P.M. Monday, May 10, 1965

I can't help but think that you gentlemen, as manufacturers, have every reason to be happy and smiling broadly.

Business is good today, and every indication is that we will continue our high level of prosperity for many months to come. Almost every day, the financial pages of our newspapers tell the story of another corporation reporting healthy new levels of quarterly profits.

The Industrial Production Index achieved an all-time high last quarter. Personal income soared to new peaks, too, and the tally on our Gross National Product continues to remind one of Yogi Berra when he was catching in World Series games for the New York Yankees. Every time Yogi picked up a bat or adjusted his cap, he was setting some new kind of record.

So it is these days with our GNP. In this year's first quarter, it rose to an adjusted annual rate of \$649 billion--some \$15.5 billion above the last quarter of last year.

This was one of the best gains of the current business expansion period, which is now in its fifth year and already has become the longest expansion of the post-war period. And since prices were up only moderately, most of this rise reflected real gains.

The stability of our economy continues to amaze the world, and the old feud between private business and government has certainly been moderated, thanks to the spirit of partnership and cooperation engendered by the President.

That these are indeed happy times for American business and the beneficiaries of a thriving economy--the American people--I think we may all agree. But I caution you that we cannot afford to let that happy feeling drift into a state of complacency or euphoria.

Each day that brings a new economic record of achievement also brings with it a new responsibility.

We are engaged in a world-wide competition that keeps urging us on to new efforts to match or exceed our new records of growth.

There's a tendency these days to adopt the nomenclature of the sports pages and refer to these competitive situations as "races."

The most spectacular race of the day is, of course, the so-called "race to the moon." Most everyone agrees that we can't afford to lose this one, and we are plowing a lot of the nation's resources into it with hardly a word of complaint from any quarter.

But there is a less lofty contest going on right down here on earth that we can't afford to lose either. We might call this one "the race to the market place," or perhaps "the commerce sweepstakes."

And in this a vital element is our nation's far-flung and complex transportation system. We all need to devote more attention to the role our transportation system must play in keeping the country in the fore-front of world commerce.

Whatever handle we give this race, we must here and now resolve to put into it the same drive and support, the same national emphasis, and the same cooperation and spirit that industry and government have demonstrated in our race into outer space.

Because of the rapid growth of our country and the strains it has placed on our transportation systems, the problems are complicated and difficult. But, working together, we can--and we must--solve them.

Our transportation network represents nearly one-fifth of our Gross National Product.

To the superficial observer, our far-flung network of railroads, our vast fleets of trucks, our jet and propeller airplanes and modern ocean-going vessels may appear as living testimonials to the vitality of our private free enterprise system. And that they are. But we are headed into a period of challenge that demands that we bring more order, efficiency, coordination and balance into this loosely-knit network.

President Johnson sounded a prophetic note for all of us in outlining the goals of the Great Society. The President warned that in the remainder of this century, urban population will double, city land use will double and we will have to build homes, highways and other facilities equal to all those built since the country was first settled.

That same challenge exists in transportation. Based on reasonable projections of freight traffic over the next 20 years, we may conclude that freight traffic and freight carrier investment will increase at least as fast as the national economy.

The Council of Economic Advisors foresees a potential economic growth of at least 4 percent a year. Thus, a doubling of GNP in constant dollars should result in the next 20 years or so, leading to a doubling of freight traffic.

This means the overall intercity ton miles will grow from the stagnant level of the late 1950's and early 1960's of about 1.3 trillion tons a year to somewhere between 2.6 trillion or maybe even 3 trillion. That's three thousand billion, a figure beyond ordinary comprehension.

A growth of this magnitude will put pressure on our carrier capacity. Such pressure will affect the fortunes of our major freight carriers--truck lines and railroads. But since all modes of transport will have a chance to react to this pressure for capacity, no one can or should be counted out of the race.

It is a primary responsibility for us in the Department of Commerce, however, to do what we can to see that this transportation growth proceeds along orderly and efficient lines.

We are charged with helping the President to formulate policy in this field, with providing the knowledge and data to assist regulatory bodies, and to bend every effort to help our private transportation systems keep abreast of and utilize the fast-developing new technologies in this field.

The scientific and technical capability of our agency, together with its economic and research resources, uniquely equip the Department of Commerce for this vital mission. For technology and research hold many of the answers to our transportation problems and the best hope for real advances in the various modes of our transport system in seaborne commerce, highway and other ground transport, and in the technology and research which must be applied to the development of all systems.

When we talk in terms of doubling transportation facilities, we are in the realm of large investment, indeed. Our railroads alone, for example, are valued on the books at about \$33 billion in plant and equipment with a reproduction value approximating some \$75 billion.

I am sure our Nation has the resources to meet the investment requirements of the future, but to chart a safe and sound course calls for knowledge and data that today simply are not available to us.

For this reason, we in Commerce have embarked on a program of transportation research to acquire the knowledge and data which will enable us, and more particularly, the private operators of our transportation systems, to arrive at decisions which will keep men and materials flowing, and the nation's economic curve on a constant rise.

President Johnson took note of this in his State of the Union Message. "In a country that spans a continent," the President said, "modern transportation is vital to continued growth."

Subsequently, the President asked the Congress to authorize a \$20 million research effort in the field of high speed ground transportation in the coming fiscal year. This would enable us to make a systematic evaluation of the roles the various modes of transportation will play in keeping men and goods moving through the year 1980.

This research effort would concentrate primarily on the nation's most heavily populated area, the Washington-Boston strip or the so-called Northeast Corridor, but its findings would be applicable to other large population centers as well. A part of it, incidentally, calls for a nationwide statistical gathering program that would produce heretofore unavailable knowledge on transportation flow.

As President Johnson has suggested, a first step would be demonstration railroad projects in the Washington-Boston corridor. These would provide a basis for determining how passengers would respond to speed, cost, comfort and convenience.

A railroad between Washington and Boston uses no more land than one of today's modern, super highways--yet the rails could carry five times as many passengers as the highway. And that's an important objective in this research effort, the most efficient use of the land.

Preliminary studies into this corridor problem have been underway in the Department of Commerce for nearly two years now

These have led some scientists to suggest that an entirely new concept in high speed ground transportation may be required later on in this century.

We intend to look carefully at the whole spectrum of systems which might be usable, but it is becoming clear that whatever system emerges it must carry passengers from door to door in elapsed times that are more closely competitive with air transport and without imposing heavy demands in land area.

All of our research isn't aimed at the future, however. We also are engaged in studies and searches more concerned with the day-to-day problems of transport.

We have established, for example, the possibility of putting freight rates onto computers and are currently looking into the economic feasibility of this highly-exciting prospect.

Our studies of the economic impact of mergers have shed new light on this rapidly-growing practice, and for the first time our Interstate Commerce Commission has been able to look to us for independent data on which judgment in these matters can be based.

We are also putting our universities and their computers to work, too, on problems of how to coordinate the various modes of transport to provide lower prices and better service.

The subject of cost and rate-making also occupies our researchers. In this regard, our evaluations of maritime transportation indicate a need for gathering the most basic facts to use in comparing operating costs of U.S. flag and foreign vessels.

In another system of transportation--highways--we are about at the half-way point in what has been called the greatest construction project in the history of the world. I'm referring, of course, to the 41,000-mile Interstate Highway network which is scheduled for completion in 1972.

This highly efficient road system has reduced costs per ton mile to as low as 4 cents, compared with 10 to 12 cents for less modern highways. This provides a dramatic example of the crucial part transportation plays in the economic progress of a country.

It has been estimated the Interstate System, costing \$46.8 billion and paid for by user taxes, will yield user benefits of \$11 billion annually once it is completed. This is one of the soundest capital investments we have ever made in the public sector and a prime generator of our national economic growth.

Our transportation research, as I said before, includes all modes. So even with the world's most modern road system, we are looking to the future in the highway field, too. The Bureau of Public Roads has recently embarked on a program designed to outline where we go after the Interstate System is finished.

It also is engaged in a continuing program of research in the field of highway safety. This, as President Johnson reminded us recently, has become a national problem, calling for a national effort at all levels of government and private business as well.

And to protect the nation's investment in this vast network of roads, the President also has directed that we take the necessary steps to preserve and enhance the natural beauty along the Federal-aid system. We would hope that this would grow and expand to include all our roads and streets.

The kind of future highway that will evolve from these efforts, both as to policy and finance, will, of course, be written by legislators--Federal, State and local.

But it is the responsibility of administrators, engineers, economists and planners--at all levels and working closely together--to define the problems, collect and analyze data, and recommend solutions.

Let me make it clear that this need for future changes and adjustment in our transportation systems, is by no means a panic program. We already have a sound base on which to build. And we know that change, not apathy, holds the solutions in this day when dynamic change is remaking the world.

Our trunk airlines, which were losing millions of dollars annually four years ago, have increased their incomes tremendously, and chalked up their most profitable year last year, although there were some set-backs in the first quarter of 1965 among the international carriers.

The improvement in the Nation's economy helped out, of course, but the development of the jet fleet for both passengers and cargo was an important factor, too.

The rapid technological advances in air point up the necessity for keeping abreast of new developments. In 1936, it took a DC-3 nearly 17 hours to go from New York to Los Angeles. Today, a jet speeds the distance in 5 hours.

Our aircraft manufacturers are working on cargo jets that can fly just as fast yet carry five times the cargo weight. And currently the Federal Government and the aircraft industry are studying and evaluating the development of a supersonic transport that would put air transportation on an entirely new level of speed and efficiency.

Work is going forward, too, on short take-off and landing aircraft. A breakthrough here would revolutionize today's airport concept, and would have a major effect on investment in other forms of transport.

Our inland waterways operators are making money and growing, partly because of bigger and better tugs, bigger tows, less frequent lockages and bigger locks.

The nation's railroads are enjoying profits again after critical losses in recent years. Involved in this improvement are such innovations as increased use of unitized trains--with new, bigger and specialized equipment including the tri-level automobile car and the Big John car--extensions of piggy-back and containerization services.

The trucking industry continues on the rise, with better equipment and superior highways at its disposal.

Even the maritime industry, which has more than its fair share of problems, has been making technological progress with automated new ships and the refitting of older ones, along with growth and development in container service.

There has been considerable speculation as to the direction and extent of Government programs in the maritime industry.

Let me say first and foremost that this Administration supports and will continue to support a strong American merchant marine as vital to our national interest. There is no desire to curtail its growth, or to save subsidy dollars at the expense of essential maritime programs required in the national interest. The Government, of course, wants to get the maximum return for the investment of taxpayer's dollars, but more than this, we want to be sure our maritime resources are capable of fully measuring up both for national defense and for our peacetime commercial requirements.

Our efforts, will be in the direction of increasing productivity, making the maritime industries more competitive with their foreign counterparts, and maintaining as near as possible the maritime capability called for by both our national defense and commercial requirements.

I would like to impress on every American this thought--in our foreign trade we sell \$25.6 billion in exports; more than 90 percent moves by ship. In this day of expanding trade and a developing world markets with potential customers numbering in the billions, America must have a first rate merchant fleet. The stakes are so high that all of us must work together cooperatively to bring about that result.

In looking at the challenge of the future in transportation, we all agree that the incentive to private investment is a reasonable expectation of profits. If profit returns are highly speculative, investments of great size may never be made. Because of the wider sharing of the risk, public expenditures for research and development activities are often justified and accepted. At least in industries and activities that often operate near the break-even point and are deeply affected with the public interest. The case for public participation in research and development activities is therefore as strong as in the transportation field, especially because the complex inter-related systems require coordinated direction for their development.

Thus, it is hard to imagine a major new system of transportation coming into being without Federal participation.

That is one reason why we are in this field. But it is not the only reason. The overriding consideration is that the United States is entitled to the best and most complete transportation system in the world, and it is the intention of this Administration to exert every effort towards that goal.

And I would hope that we could attach to this effort the same sense of urgency that prevails in our conquest of space. For if we should fail in the race to the market place, we might as well forget about the moon.

When we see the Titan soar into space it represents not only a triumph of American technology, but of cooperation among the scientists, the engineer, the technician, the working man and the government man.

With the same application of our technology and the same kind of cooperation, we can lick our transportation problems.

We can secure a victory for the American producer and the American consumer with benefits that will deserve our best efforts.

Thank you.

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Office of the Secretary

G66-95

FOR RELEASE WEDNESDAY, MAY 11, 1966

The Department of Commerce made available today a letter by Secretary of Commerce John T. Connor to 900 U. S. companies taking part in the voluntary balance of payments program. The Secretary reviewed the results achieved to date, expressed his appreciation to the companies involved and suggested ways for additional gains within the program for 1966.

Text of the Secretary's letter follows:



THE SECRETARY OF COMMERCE
WASHINGTON 25. D. C.

May 6, 1966

Dear Mr. _____:

I am writing to give you a brief review of results achieved through the voluntary balance of payments program for the business community and to express my appreciation for your participation in that effort.

The voluntary program has been an important part of the very good balance of payments performance made by the nation as a whole in 1965. Working together, we cut our overall deficit of \$2.8 billion in 1964 down to \$1.3 billion last year.

The business community can point with pride to the fact that income received from direct foreign investments in 1965 exceeded \$4 billion for the first time, while exports of U.S. goods continued to grow, reaching a record of \$26 billion for the year. While this is not the whole story, it indicates the importance to the overall balance of payments of a healthy performance by American companies in their international operations.

The 1965 balance of payments improvement is particularly impressive since the surplus in the balance of trade sagged from \$6.7 billion in 1964 to \$4.8 billion in 1965. Exports from the United States rose by 4 percent, while imports rose 15.5 percent. This disturbing disparity in the growth rates of our foreign trade seems to be continuing this year.

U.S. capital outflows for direct investment were at the rate of \$4 billion a year during the first half of 1965, but they fell sufficiently in the second half so that the net direct investment outflow for the year was \$3.3 billion. This substantial change is no doubt one important reflection of the effectiveness of the voluntary program of the business community.

The most recent tabulation of results under the 1965 voluntary program indicates that the 402 companies reporting for all four quarters of 1965 have exceeded the \$1.3 billion target set for all of the 507 companies which supplied annual estimates early last year. In addition, the 402 companies repatriated about \$400 million of short-term financial assets held abroad. In short, the participating companies exceeded the program goals which we had adopted earlier for the 1965 program.

For 1966, as you know, the number of companies asked to participate in the voluntary program has been expanded to approximately 900. We have tabulated reports on the 1966 outlook from 618 of these companies. They foresee an overall improvement in contributions of 6.2 percent for 1966 compared with a 9.3 percent increase on the same accounts in 1965. The improvement will nevertheless still amount to \$919 million in added contributions by these companies. The more troublesome features within the overall performance of the companies are the decline of \$105 million they forecast in repatriated earnings and the limited reduction in the net outflow of funds relating to direct investment.

The projected performance in 1966 of the participating companies under the direct investment target indicates a 17.6 percent rise in capital outflows from the United States. After adjusting for funds borrowed abroad by U.S. companies for investment in foreign affiliates, net direct investment outflows for the 618 companies show a modest decline of about 3 percent from their reported outflows of \$2.4 billion in 1965.

At the same time, the participating companies have calculated that they have sufficient leeway under the direct investment target to carry out their 1966 plans. This good news is

somewhat tempered by the fact that there are enough inconsistencies between the numbers submitted by the companies and the regular balance of payments statistics prepared by the Office of Business Economics to suggest caution in evaluating the full impact of the companies' estimates for 1966 upon the overall balance of payments. For this reason we would benefit greatly if you would have your financial officers review your summary worksheets to make sure that they have been consistent throughout the reporting periods in the treatment of all accounts.

Foreign borrowings will increase again in 1966 from the high level achieved last year. These proposed borrowings, together with the carryover of funds borrowed in 1965, will be the key to balance of payments improvements at a time when direct investment still goes forward at very high levels.

The foregoing brief review of the 1965 and 1966 voluntary programs demonstrates that the participants are doing what they have been asked to do. However, the impact of the war in Vietnam has put unexpected pressures on the balance of payments. Not only does it entail additional outflows for military purposes, but it also adds pressures on a fully utilized domestic economy adding to the demand for imports. So there is great need for a continued, if not redoubled, effort to do as well as possible in carrying out the program this year.

I have, as you can imagine, received quite a number of suggestions for changes in the program. Many of these have special merit, but it is my belief that we should be cautious about adopting changes in mid-year either to strengthen or ameliorate the 1966 program. In its present form, it provides a usable framework to do its job.

I do, however, see ways in which each of you might make a further effort within the present program. Let me suggest some of them for your consideration, and implementation, if appropriate:

1. Greater care to assure that export sales efforts and export orders receive suitable priorities, even in the face of high domestic demand.

2. Greater effort to bring home overseas earnings of affiliates not needed in the conduct of their business.

3. Careful scrutiny of direct investment plans and postponement of those which are marginal even though permitted within the program formula.

4. Continued effort to borrow abroad to meet foreign investment needs where this is possible and feasible.

5. Continued effort to bring home any short-term financial assets which are not reasonably needed for the conduct of business in other countries.

6. Greater use of American flag vessels and airlines.

7. Where practicable, holding company meetings in the United States rather than abroad.

To sum up: we continue to have a national balance of payments problem which needs your help. This is already being given under the voluntary program. We do not plan to change that program during 1966. Yet, within its context, there is a continuing need for the energy and ingenuity of the American businessman to devise and apply practical measures to improve his firm's contribution.

Sincerely yours,

John T. Connor

UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

FOR RELEASE TO FRIDAY A.M.'s, MAY 28, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY BEFORE THE SEVENTY-THIRD
GENERAL MEETING OF THE AMERICAN IRON AND STEEL
INSTITUTE, WALDORF-ASTORIA HOTEL, NEW YORK, N. Y.,
8:30 P. M. THURSDAY, MAY 27, 1965

I have come here today to do two things:

First, on behalf of our government, to thank the American steel industry -- the investors, the managers, and the workers -- for providing the basic product in the greatest era of prosperity in the nation's history.

And second, to suggest that the steel industry and government continue -- and enlarge on -- the close cooperation that has been established between the two in the pursuit of our great national objectives.

Beyond these two serious purposes, I am here because it's a pleasure to meet with the leaders who direct this great industry. Many in this audience are old personal friends of mine, and others I've met since going to Washington. I hope in the course of my duties to get to know many more of you.

The steel industry today presents a new image to the nation. It is leaner, more aggressive, and no longer complacent about competition or markets. Through vast research and development programs and large-scale capital investments, it has emerged into the Age of Technology with full order books and high hopes for the future.

Your grasp of new marketing techniques, your new sense of urgency toward innovation, and your competitive drive to keep up with other new materials, have enabled you to meet unprecedented demands of consumers by producing and shipping record quantities of steel -- and new, high quality grades of steel. This is a notable achievement for a great and vigorous industry as it moves into its second century of steel making.

There has never been a time when the steel industry has not been faced with some challenge or other, and I believe that many of the challenges you now face -- in common with all of industry -- parallel many of the tests we face in government.

I am convinced too that if we can strengthen lines of communication between us and help solve some of your problems, we'll be solving some of the bigger problems that confront government and the nation as a whole.

I am talking of such problems as managing economic growth, competing in the world market, automation, and unemployment -- which are concerns of government, but just as much concerns of every industry operating in the free enterprise system. For industry can prosper no better than the system prospers, and the system prospers to the extent it serves the people.

It may seem strange to talk about "managing" prosperity. But our country is now in the fifth year of the most remarkable period of economic advance in history. Our Gross National Product has reached an annual rate of \$649 billion. Personal income is at its highest level. And corporate profits have smashed all records.

The steel industry has not enjoyed the higher profit margins of some of the newer growth industries but it has been nonetheless moving ahead on solid ground, and is turning in a much-improved profit record this year.

In the Sixties consumer and business confidence in the nation's economic future has grown so strong that we have virtually doubled our growth rate. The U.S. growth rate is now, in fact, one of the highest on record in the industrial world.

By 1975, if we continue this pace, our Gross National Product will hit about \$980 billion, or more than \$300 billion above the present level -- in only ten years!

The question such a high level of economic growth provokes is: Can we sustain it? For the present the answer is a definite "yes." As each day passes, the problem for our nation becomes less and less one of how to avoid recessions, and more of how to manage prosperity.

The challenge now is how to continue expansion without overheating the economy. I do not think the business cycle is a thing of the past. But we have learned enough and are mature enough to level off sharp fluctuations.

We are now measuring our economic strides by productivity as much as by profits. We recognize the two are inseparably intertwined.

We all know these are critical times for the steel industry. The period of contract negotiations is always difficult. But I share the President's hope that you will reach responsible and mutually-satisfying solutions of your differences through collective bargaining with union officials.

What you and the United Steelworkers of America do around the bargaining table is of vital concern to the entire nation. It is a national concern because there is a direct relationship between steel and the purchasing power of every man, woman, and child in the country;

because there is a direct relationship between steel and our balance-of-payments deficit; because there is a direct relationship between steel and employment, and steel and the Gross National Product.

The steel industry lies at the heart of the American economic system. It underpins our economy. It is the basic heavy industry in the United States--and the biggest producer of steel in the world. It is involved--directly or indirectly--in almost every product and service that Americans need and buy.

Its importance to the consumer is strikingly illustrated by the fact that in the last ten years, the industry produced an average of 1,200 pounds of steel per year for every man, woman, and child in the country. Steel is generally thought of in terms of big automobiles, big buildings, big bridges, and big machinery, but included was steel for such commonly overlooked items as bobby pins, coat hangers, and so-called "tin" cans.

Steel is vital to our economy in other ways. It is first of all one of our largest and best employers. Not only are there almost 600,000 of the nation's highest paid workers on the industry's payroll, but there are also thousands of other Americans working in other industries that are also thousands of other Americans working in other industries that are partly or wholly dependent on steel for their livelihood. In fact, nearly 40% of all industrial jobs in the United States today involves the use of steel or the making of steel.

Steel plays a crucial role in building America's lifelines and keeping them moving.

The automotive industry is our nation's largest single user of steel, and this year expects to turn out nine million new cars for American consumers, a new all-time record.

Steel is also vital to highway construction. And a vast increase in its use is projected for the next five years. Our Bureau of Public Roads estimates that 25 1/2 million tons of steel have been used in highway construction in the past ten years, and that almost as much, 21 1/2 million tons, will be used in the next five years.

Despite the emphasis on competitive new materials in space technology and in areas of the military, steel remains vital to national defense. As a taxpayer, the industry is a major revenue producer for the Federal Government, and as a consumer it spends nearly \$7 billion a year to buy electric power, fuels oxygen, and scores of other materials, supplies, and services that it needs.

It is because of the importance of a healthy steel industry to the nation that we are hoping an agreement will be reached during the present negotiations without a steel strike.

In the area of world trade, I think the steel industry and the Federal Government have a problem in common to which we will have to give undivided and urgent attention in the future.

We are in the U.S.A. today in the midst of the greatest drive in history to capture our share of the emerging global market. We consider

this to be essential not only to the continuation of our present prosperity, but also to the future growth of our country and of the world.

Some 3.5 million workers owe their jobs to exports. Indirectly millions more are working because of our thriving foreign trade. Our trade advantage, world-wide, exceeded \$6.9 billion last year.

In the steel industry over the past several years there has not only been a marked decline in overseas exporting but also a simultaneous invasion of the American market by foreign steel producers. And where once we provided a substantial part of the world's steel exports--15 per cent prior to 1958--we now have become a major importer. In 1964 our exports abroad amounted to only a little over 3 million tons compared to imports of 6.4 million tons, and this year analysts are expecting our exports to decline while imports may hit an all-time peak of 8 million tons. And I might add as a sad postscript that as much as one-half of our steel exports are tied to foreign aid shipments.

All of you have keenly felt the rising competition for export markets as well as the foreign competition in our domestic markets. This is due in part to the emergence of many new nations as steel makers, to cheaper world prices, and increased world steel output. But I am confident that the imbalance of trade on your ledgers can be corrected by an aggressive overseas marketing program, by developing better and still more efficient grades and qualities of steel, by continuing the modernization of your plants and taking the technological lead from the hands of your competitors, and by entering into fair, non-inflating wage agreements.

Over the past decade you have spent billions of dollars to leave old ways and processes and take up new ones needed to meet the changing requirements of our times. This is necessarily a slow process, but if we are to maintain American standards, and the vigors of our American market even for our own consumers, we must have improved efficiency, better and cheaper steel, superior technology, and superior marketing.

We are now in a period of rapid technological change, and this year the steel industry has forecast that a record level of almost \$2 billion will be spent on plant modernization. The new oxygen furnaces, continuous casting machines, computer-controlled rolling mills, the extensive research to produce new products such as high and low temperature steels, lightweight structurals, thin tinplate and steel foil--all these offer dramatic examples of this changing technology, and enhance our prospects for the future.

In this connection we can be gratified by the broad range of committees you have at work at the American Iron and Steel Institute, and particularly the great number of Products Committees that are devoted to investigating and promoting new uses of steel. Their work in recent years, and the consequent development of many new applications for steel to meet competition of imports and of other new products have shown what initiative can accomplish.

Recent government tax actions--more favorable depreciation, the tax credit for new investments, and tax cuts--are all helping to make our

industries, including steel, more competitive in world markets by putting them on an equal footing with foreign competitors. Further stimulus of this kind should be provided in the near future by the proposed cuts in excise taxes.

The trend toward new technology and automation raises new problems for our society at a time when we have a labor force that is growing by 1.5 million people a year. Nowhere does business have a better opportunity for demonstrating its concern for the nation's welfare perhaps than in the retraining of workers for the job challenges of the future. By 1970, we must create 9 million new jobs to match the growth of the labor force--not to mention finding employment for the 3.6 million people currently without work.

The steel industry, like many other industries today, is already having a problem trying to recruit skilled and semi-skilled workers and here again industry and government can cooperate. For the Federal government has long been involved in programs to equip Americans with skills and opportunities for employment, and it is devising many programs now to encourage wider business involvement. This is an important move forward, because it is estimated that every worker in our country today will have to change careers or occupations on an average of two or three times in his working life to meet industry's changing demands, and the shifts in our employment structure.

Certainly, we at the Commerce Department have developed better appreciation of steel's problems by the cooperation you have given us.

We are glad that some members of our Iron and Steel Division have had the opportunity provided by this institute to spend two weeks with steel companies to learn latest developments and discuss mutual problems.

And I know that you have taken another important step toward cementing industry-government relations through the creation of a Committee on Public Affairs.

In addition, we in Government have had our hand strengthened in international councils like GATT, the Economic Commission for Europe, and the International Labor Organization by the delegates and support you have made available to us.

Government in its turn is devoting increasing attention to the encouragement of industrial growth, the avoidance of business downturns, and cooperation with industry. And we believe that government-industry ties can be strengthened through many programs and facilities that we have to offer.

Since January the Commerce Department has been operating a new Clearinghouse for Federal Scientific and Technical Information, which should be of considerable interest to you, as you look for new ways of improving and using steel. This agency is publishing a monthly index for industry, science, and the academic world of all unclassified government research and development reports emanating from the defense, space, atomic energy and other national program. We believe this is a most effective way of getting such ad-

vanced information into the mainstream of industrial production where it properly belongs.

President Johnson has laid before the nation the great unfinished business remaining in the 20th Century. During this period urban population will double, city land will double, and we will have to build homes, highways, and facilities equal to all those built since the country was first settled. This means we must rebuild the entire urban United States in the next 40 years.

It's going to take the best efforts of all of us to do the job-- government, business, and labor working together.

But we all know who's going to build the framework:
American steel.

You have helped build America once and you will help build it again.

We cannot build a new and better America without a thriving, profitable steel industry that turns out new and better steel.

It is the greatest challenge your industry has ever faced-- and I am confident you will meet it with the same bold, imaginative action that you showed in building the America of yesterday and today.

Thank you.