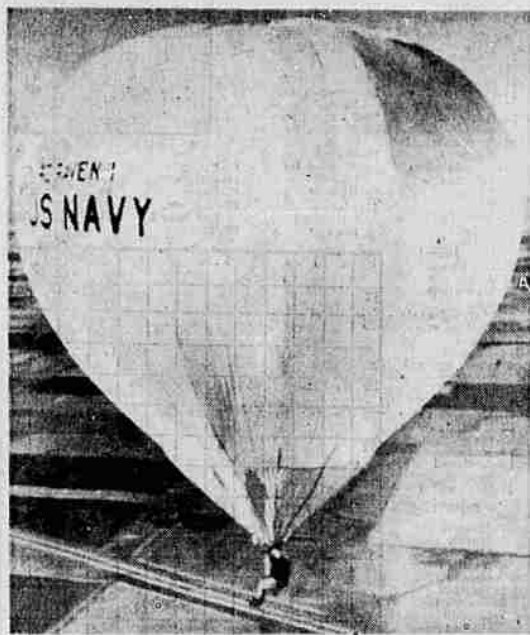




HIGH TRAPEZE ACT — P. Edward Yost, director and test pilot of the Navy's Hot Air Balloon, swings with his hands resting on a trapeze bar during a test flight at Rapid City, S.D. The Hot Air Balloon has a greater load capacity and greater flexibility in ascending and descending from flight than any other balloon. (UPI Telephoto)

Text of President Kennedy's Economic Message To Congress

Washington — (UPI) — The condensed text of President Kennedy's economic message to Congress:

1. Our Goals and Problems

America has the human and material resources to meet the demands of national security and the obligations of world leadership while at the same time advancing well-being at home. But our nation has been falling further and further short of its economic capabilities. In the past seven years, our rate of growth has slowed down disturbingly. In the past 3½ years, the gap between what we can produce and what we do produce has threatened to become chronic. And in the past year, our economic problem has been aggravated by recession and by loss of gold.

Realistic aims for 1961 are to reverse the downturn in our economy, to narrow the gap of unused potential, to abate the waste and misery of unemployment, and at the same time to maintain reasonable stability of the price level. For 1962 and 1963 our programs must aim at expanding American productive capacity at a rate that shows the world

the vigor and vitality of a free economy.

I am proposing today measures both to alleviate the distress arising from unsatisfactory performance of the economy and to stimulate economic recovery and growth. If economic developments in the first quarter of this year indicate that additional measures are needed, I will promptly propose such measures.

Present Situation Outlook

The potential of the American economy is constantly expanding. But this is not high enough. Our potential growth rate can and should be increased. To do so, we propose to expand the nation's investments in physical and human resources, and in science and technology.

All this could have been accomplished with readily available manpower, materials and machines — without sustaining passive capacity and without igniting inflation.

The present state of the economy in 1960 was not only well below the full capacity; it also fell short of the most serious threats posed by the present administration.

Even when the production and economic activity begins to expand again, the problem of unused potential will remain. Under these circumstances, the expectation of minor improvements in business conditions during the next year provides no basis for complacency, no excuse for inaction.

An unbalanced economy does not produce a balanced budget. That is why the prospect of surpluses in the federal budgets for fiscal 1961 and 1962 is fading away.

Fiscal Policy Budget

The federal budget can and should be made an instrument of prosperity and stability, not a deterrent to recovery. This administration is pledged to a federal revenue system that balances the budget over the years of the economic cycle — yielding surpluses for debt retirement in times of high employment that more than offset the deficits which a company — and indeed help overcome — low levels of economic activity in poor years.

The programs I am now proposing will not by themselves unbalance the budget which was earlier submitted, but are designed to fulfill our responsibility to speed recovery — both through benefits directly available to needy persons and through desirable fiscal effects on the economy. Many of these expenditures will automatically cease when high employment and production are restored.

Other measures contained in this message propose necessary uses of national economic capacity and tax revenue for our long-range growth, and are essential even in the absence of a recession. They are proposed because the country needs them, can afford them, and would indeed be poorer without them.

Agriculture

Recession in agriculture has been chronic since the early fifties. Falling farm income has been a drag on the industrial economy, while economic slack has restricted the job openings which might have eased the adjustment process in agriculture. Restoration of the economy as a whole to satisfactory and rising levels of performance is an important prerequisite to restoring farm prices and income to their rightful levels. To this end the administration will recommend further specific measures in an appropriate message on agriculture to be submitted to the Congress at an early date.

II. Measure for Economic Recovery

1. Monetary Policy and Debt Management

As a result of monetary changes under way, there will be a decreasing flow of funds to financing long-term rates to finance production investment. It is essential to strengthen this country's ability to hold and to attract international mobile liquid funds will be outlined in my subsequent message on the balance of payments.

2. Housing and Community Development

Reduce Interest Rate

I have directed the Federal Housing Administration to reduce the maximum permissible interest rate on FHA-insured loans from 5½ to 5 percent.

Under the program by which loans are made to local public bodies for the construction of public facilities, the Community Facilities Administration at my direction is reducing interest rates on new loans. This program will also be broadened to make eligible for loans many communities and certain types of public facility projects which are now excluded.

I have instructed the Housing and Home Finance Agency

to hasten the initiation or completion of those approved projects in which a speed-up can be effected without waste.

3. Temporary Unemployment Insurance Extension

I shall ask the Congress to enact a temporary program for extending the duration of benefits.

4. Expansion of United States Employment Service

I am directing the secretary of labor to take necessary steps to provide better service for unemployment insurance claimants and other job applicants registered with the United States Employment Service.

5. Aid to Dependent Children of the Unemployed

I recommend that the Congress enact an interim amendment to the aid to dependent children program to include the children of the newly unemployed.

6. Discontinued Area Redevelopment Program

I urge that such additional measures be taken to speed up the program without delay.

7. Rehabilitation of Southern Farm

I have instructed the secretary of agriculture, consistent with the bill enacted by the Congress last year authorizing establishment of pilot food-stamp programs, to proceed as rapidly as possible to establish pilot programs for needy families in localities in West Virginia, Pennsylvania, eastern Kentucky, northern Minnesota, southern Illinois and the Detroit area.

I have also asked the secretary of agriculture to make recommendations to improve and strengthen our school lunch program, to make the best possible nutrition available to every school child, regardless of the economic condition of his family or local school district.

8. Improvements in the Old-Age, Survivors, and Disability Insurance Program

I recommend that Congress enact five improvements in benefits, to become effective April 1.

The five proposals are:

1) Raise the minimum monthly benefit for the retired worker from \$33 per month to \$43 per month, increasing benefits for more than 2.2 million people in the first 12 months.

2) Improve retirement protection by paying actuarially reduced benefits to men beginning at age 62.

3) Provide benefits for 170,000 additional people by liberalizing the Social Security insured-status requirement.

Would Raise Benefits

4) Increase the aged widow's benefit from 75 per cent to 85 per cent of her husband's benefit amount, raising benefits for 1,550,000 widows.

5) Broaden disability insurance protection.

9. Early Payment of Veterans Life Insurance Dividends

I have asked the Veterans Administration to advance the payment of the 1961 dividend of \$258 million on National Service Life Insurance and U.S. government life insurance policies.

10. Minimum Wage Increase and Expanded Coverage

I urge the Congress to raise the minimum wage immediately to \$1.15 and to \$1.25 within two years.

11. Accelerating Private and Public Construction

I have directed the heads of the departments and agencies to carry out an immediate review of their present construction activities and to submit to me a report on the construction program in their respective departments and agencies.

I have directed the secretary of commerce to make available to the states immediately the entire balance of federal-aid highway funds scheduled for this fiscal year.

12. Government Procurement in Labor Surplus Areas

I have today sent a directive to the secretary of labor, and the General Services Administration requesting prompt steps to improve the machinery by which federal contracts can be channeled to

firms located in labor surplus areas.

III. Promotion of Economic Growth and Stability

1. Special Tax Incentives to Investment

Among the reforms of the federal tax system which I expect to propose at a later date is a modification of the income tax laws to provide additional incentives for investment in plant and equipment. To avoid a net revenue loss, I will also recommend measures to remove several unwarranted special tax benefits and to improve tax compliance and administration.

2. Investment in Human Resources

I will emphasize strongly programs to raise the productivity of our growing population, by strengthening education, health, research and training activities.

3. Investment in Natural Resources

We must constantly develop

new supplies of natural resources if growth is not to be inhibited.

4. Productivity and Price Stability

I shall issue an executive order establishing the President's Advisory Committee on Labor-Management Policy, with members drawn from labor, management, and the public.

Conclusion

I have sought in this message to propose a program to restore momentum to the American economy. I have recommended measures designed to set us firmly on the road to full recovery and sustained growth. But if these measures prove to be inadequate to the task, I shall submit further proposals to the Congress within the next 75 days. We will do what needs to be done to fulfill the high promise of the American economy.

Quotes From the News

By UNITED PRESS INTERNATIONAL
United Nations, N. Y. — U. N. Secretary General Dag Hammarskjöld, discussing the fighting in the Congo between groups of the army split between rival political leaders: "The army itself has been and continues to be the enemy of law and order."

Washington — President Kennedy, who let a woman correspondent ask one more question even though his news conference was over, and discovered the question was a ticklish one: "I should have let it (the conference) end then."

Miami — Beverly Aadland, teenage companion of two late actor Errol Flynn, quitting her singing job at a much-raided nightclub because she said the place was giving her a bad name: "I just can't afford any bad publicity."

Miami — Former Vice President Nixon, stating he has no major clients lined up yet for the law practice he plans to resume in California: "But I surely hope some of them come along."

Surplus of Money In Oregon Treasury Concerns Politicos

Salem — (UPI) — Oregon has so much money the politicians don't know what to do with it all.

At first glance it seemed an attractive problem, but it appears likely to become the most controversial issue of the 1961 Legislature.

The most popular idea is to give some of the extra money back to the income taxpayer. But this noble motion may get buried in political wrangles over how it should be done.

\$39 Million Surplus

It all started when the figures showed a \$39 million surplus for the current biennium.

GOP Gov. Mark Hatfield knew what he wanted to do with that. Use it to finance his next \$330 million two-year budget.

This is my way to have a surplus, the legislature replied. Besides, said someone in the governor's own party, what happens in two years and they have a surplus to use to pay off the state's debt?

What if it comes to a surplus, but the legislature has no money to pay off the state's debt? It would be a surplus, but it would be a surplus of money that is not being used.

It is a question that is being asked by a number of lawmakers. It is a question that is being asked by a number of lawmakers.

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