S., to the NEWS
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INVESTMENT CAPITAL

Unemployment in the United States today is the highest in 35 years. There is no way the Federal Government can provide any sig nificant number of the jobs needed, and the current trauma in New York City shows that we cannot look to states or cities for the solu tion, either.

Since it takes around $30,000 to create each new job, and since we need to create some 10 million new jobs by 1980, that means we need $300 billion of investment capital just to check unemployment.

One frequently quoted study of our national capital requirements for the next decade concluded that we will have a shortfall of in vestment capital totalling about $650 billion out of an estimated cumulative need of $4.7 trillion.

Instead of increasing our investment to cope with this problem, our country has been in a trend of under-investment for at least a decade. Of the four principal sources of investment money, profits and depreciation reserves have been severely reduced by inflation, borrowing has already reached maximum debt capacity in many companies, and equity capital has dried up in the face of high taxes and the high cost of living.

Other leading Western nations have done a great deal more to en courage capital investment than the United States. In the last 10 years, we have devoted only 13.6 percent of our Gross National Product to non-residential fixed investment, compared with Japan's 29 percent,

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West Germany's 20 percent, and France's 18 percent. Even Italy and the United Kingdom devoted a larger share of GNP to investment than we did.

Caspar Weinberger provided the answer to why this has happened when he gave his valedictory upon leaving his post as Secretary of the Department of Health, Education and Welfare. He said that, at the rate we are going, half of the American people will be working to support the other half.

Weinberger warned that it will be "virtually impossible to main tain our free-enterprise-incentive, capitalist system if we have to use 50 percent of the Gross National Product to pay for domestic social programs alone." He described welfare spending as a vast sponge which soaks up capital needed for new jobs.

The shortage of investment capital is a greater long-term danger to the American economy than the energy crisis. Even more than oil or gas, investment capital is the real fuel which powers our free enterprise system that has produced more benefits for more people than any other system in all recorded history. Like energy resources, capital must be conserved and developed.

We should reduce taxes and restore meaningful incentives for in vestors in order to gener te the investment our country so desperately needs. This is the only way we can achieve full employment of labor, full utilization of industrial capacity, gains in productivity to equal those of our international competitors, and a continued growth in the American standard of living.

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