EXHIBIT VII

talk by

DR. GEORGE CLINE SMITH

"Mr. President, Ladies and Gentlemen: I am happy to be back and to try to bring you up to date in this fast moving economy of ours. Right now one of the big questions to the country and business is the Vietnam situation. The military build-up in the Viet War is an economic stimulant to the economy. However, Mr. Johnson does not know what the other countries are going to do, and no country knows what they will do, or what the others are going to do. Trouble can crop out anywhere but the feeling is that there will be no sharp drop-off in Viet. We are faced with a weak Congress - but 14-B fell yesterday. For the coming year we will have another round of wage increases and can look for more labor trouble.

The three things to look for next year in the administration of your business are: Plan A - Use your best judgment of what is going to happen both in foreign matters and the domestic outlook.

Plan B - If there is a sudden recession - in the next 12 months at least there is no danger of a recession - you'd best plan a program in this event.

Plan C - May-be an increase in the Vietnam war situation, perhaps the size of the Korean War. It is a possibility. You ought to be thinking of what this will do to the future of your business on the basis of what happened in the Korean War.

Construction Outlook: It is not a boom industry and out of step with other industries. The only boom in construction is a boom in the dollar figures. It is the most rapidly inflating industry in the entire country. Wages have gone up and there seems to be no ceiling on them. Altogether, it is a sick industry. Prices are expected to rise - material and labor going higher all the time. Plant and equipment building is at record levels. Industrial, commercial and office building are all booming and all will be near record proportions in the next year. It is a collosal market for the construction industry. It is up to you to take advantage of all this. The refinery industry is expected to be a big spender in the coming year. We should recommend a National Building Code so that a contractor has a guide as to what he can do.

Thank you very much for asking me to come to talk to you about the prospects in 1966."



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