

ADDRESS BY SENATOR HUBERT H. HUMPHREY, (D. -- MINN.)  
CONVENTION OF NATIONAL ASSOCIATION OF CHAIN DRUG STORES, HOLLYWOOD BEACH HOTEL  
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It is a pleasure to join with you today at this lovely spot in Florida for what I understand is the biggest and most successful convention in the history of your organization. For some time I have had the pleasure of knowing some of the leaders in your group and I welcome this opportunity of renewing old friendships and of becoming better acquainted with many more people in the drug industry.

One of the advantages of being a senator is that it gives you so many opportunities to talk as long as you please. If any of you are devotees of that perennial best seller, the Daily Congressional Record, you know what I mean. And I am warning you frankly -- as some of you already know -- I like to talk just about as long, and as often, as any member of the Senate.

I particularly like to talk to folks in the drug trade. You see, I have my roots firmly planted in the drug trade. One of my earliest memories is a family drug store with its array of fascinating bottles, packages and that great American institution, the soda fountain. The drug store lost none of its fascination for me even when I got old enough to pinch-hit for everything from bottle washer to soda jerker. Yes sir, I suppose I have done just about everything there is to do in a drug store, with particular emphasis on sweeping out.

And I still have one foot squarely in the drug trade because the family drug store still stands on Main Street in Huron, South Dakota. That store occupies a very special warm spot in my heart. Whenever I get a chance I go back there, roll up my sleeves and pitch in. This store is more than just a place of business to me -- it is a family institution, it is part of my father's heritage to me, and it is the best place in the world I know of to rub elbows with the ~~many~~ real people of this nation.

I go back to this drug store at every possible opportunity. Like nothing else, it makes me feel that I have come to grips with the every day problems of the people -- back in Washington, the fancy political writers like to refer to this as the "grass roots." Though the family drug store is not located in the state which has honored me with high office, I feel that the knowledge I gain and have gained of people and their problems from my experiences in the drug store has helped me greatly in my political career. I know it has contributed significantly to my ability to better serve the people of my state and the people of this nation.

It has afforded me the opportunity to acquire some of that practical knowledge about people -- their needs, their problems and their desires. It has given me confidence in the vitality and the character of the people. A retail drug store is democracy on main street -- the wishes of the people prevail. The store owner or manager directs his business operation to serve the people -- or the people leave him. It's like politics -- either you serve the people -- give them quality and courtesy, or you close up shop -- or as we say, lose the election.

The drug business is like politics in other ways. I only hope my business friends will see the similarity.

For example -- a change in the economic scene requires change in the operation of your store or stores. You can't stand still and be in business for very long. Change -- yes, rapid change -- is the order of the day. The merchant who heeds the signs of change and gets in step is the one who succeeds. Well, it's that way in politics too. This world of ours is not the world of yesterday. Our nation has changed from a predominately agricultural, rural, and pioneer society to a highly sensitive industrialized economy. The vast majority of our people live in cities. The farm of today is mechanized and electrified. Our people move from city to city, state to state. Our business economy becomes ever more centralized and concentrated

Our banking and credit structure of today is vastly different from that of the early 1900's. Like it or not, we live in the age of bigness -- big business, big labor, big production, big money -- and this inevitably means big government. It does us little good to deplore these facts. It will do us good to understand them and know how to meet the problems inherent in such a modern day national economy. To close our eyes to reality is to live in a dream or, should I say, a nightmare. I have seen druggists spend 50% of their time complaining about their competition, particularly if it was a chain store. They complained themselves into bankruptcy. But I've seen others who recognized the changes taking place in merchandising, and thereupon got busy to meet the competition. They are still in business and going strong. These druggists refused to be hypnotized by "hindsight"; they were energized by "foresight". They got in step with the 20th century and went to work.

A moment ago, I mentioned that this was an age of bigness -- big business, big labor big finance, big production and consumption -- also big government. All of this big

ness bothers people. The bigness of government seems to frighten even the most courageous. But, my friends, government in this nation of ours is a reflection of the body politic and the economy. You can't expect to have model T government in the age of hydramatic drive -- or government geared to the covered wagon, in the age of atomic energy and jet propulsion. You, as practical business people, know that with our nation changing from an agricultural economy to a highly centralized industrial economy, you can't have, nor should we have, a government geared to the needs and problems of the late 1800's. This is the mid-point of the 20th century -- a century of turmoil, of tension, of change, yes even violent change. Your government has grown big not because any one person wanted it that way. It wasn't planned -- there was no conspiracy -- your government grew to immense proportions, because it is representative government. It represents, it reflects, it symbolizes the nature of the society in which you live. Yes, it symbolizes that society in many ways. There is confusion at times -- uncertainty and indecision. That's the world picture, too, isn't it? There are no patent remedies, no easy answers, no miracle cures. Our century, the 20th century, has been one of social and economic convulsion, revolution, and painful adjustment. Look back over the yesterday -- two world wars, a world-wide depression, revolution, communism, nazism and fascism, the break-up of empires, the collapse of world trade, a rapidly increasing population, and incredible industrial and scientific advancement. Is it any wonder that people are confused and bewildered? Is it any wonder that just as business has changed, so has government?

I believe the people of this nation are primarily interested in two things:

- (1) Freedom and opportunity
- (2) Security, both domestic and foreign

Unlike some, I do not think that the two are incompatible. From my standpoint, one of the functions of government is to help provide people with the opportunity to achieve security. And I think that one of our most basic problems today is to find ways in which the government may keep open the avenues of opportunity which have served to make this nation great -- opportunity for the small as well as the large.

I chose opportunity as the text of my sermon today because I believe it is the fundamental basis for the discussion of one of the most important issues in the drug trade today -- I refer to the much-maligned question of Fair Trade. As you know from the public press, I count myself as one of the staunchest advocates in the Congress of independent small business. As such, you might wonder what I am doing here today. Frankly, I have no sense of embarrassment or inconsistency in appearing before you. After all, each of the chains represented here today started at some time with a single store -- started by an independent small businessman who was able to seize the opportunity provided by this country to build and grow by winning favor from his customers, the public.

I am not now and never have been, opposed to bigness for its own sake. My idea of helping the small businessman is not based on penalizing those that have been successful in moving from the category of small to big. Rather, I favor the affirmative approach of keeping the avenues of opportunity open so that the small man can become big if he has the ability and the energy to do so.

I cross swords with bigness only when size is used as a means of restraining or hampering growth -- only when it is used as a means of curbing or restricting the opportunities available to the smaller independents.

Our great economic system is based on the principles of vigorous -- but fair and equitable competition. Everybody ultimately benefits from this competition, the businessmen as well as the consumer. I am sure that no one here will deny that vigorous competition exists today in the retail drug trade -- in fact, I suspect that you chains have contributed more than your share to the existence of this competition.

But I also feel that the wide-spread existence of fair trade in the retail drug trade serves to insure that much of this competition is conducted on a fair and equitable level. I firmly believe that fair trade is one of the very particular ways in which we hold open the door of opportunity to all who engage in the retail drug business. I feel that it is one of the ways in which we make certain that fair and equitable opportunities are available to independents as well as bigger organizations.

Why is it so important to talk about fair trade today?

Though it will always be a subject of discussion and controversy in Washington and in state legislatures, I cannot foresee success for any effort to repeal the Feder-

al Miller-Tydings Fair Trade Enabling Act in the predictable future. The proponents of Fair Trade in Congress are too numerous -- and too vocal -- to predict success for any repeal bill.

Nor do I believe that similar efforts to repeal State acts will be any more successful, particularly now since the drug trade is giving such fine support to its Bureau of Education on Fair Trade which is doing a good job telling the people at the community level just what Fair Trade is all about.

However, as the lush war and immediate post-war business era fades into history, I can foresee that the new era of competition might hold serious threats to the future of fair trade. Just as I view our national picture, I am sometimes more fearful of our enemies from within than our enemies from without.

In general, I do not believe the threats to fair trade within the business community will come from the drug trade where our memories of the predatory price cutting of the 1930s are still too vivid. However, it is possible that the attack from within can come from those areas of retail trade which do not have the same experience as the drug trade with the system of voluntary fair trade prices.

Last week I learned from one of your trade publications, F-D-C REPORTS, edited by my friend Wallace Werble in Washington, that an epidemic of price slashing has broken out in the New Orleans area. I am informed that this threatened breakdown in fair trade involves many drug and toiletry items and was kicked off by a big super market operation which has comparatively short experience in handling drug products.

Fair Trade has come a long way since that day in 1931 when the first Fair Trade law was passed in California. The passage of that law was a historic step, the first turning of the tide against the piracy of destructive price-cutting that had ravaged our economy, unchecked, for years. Since then, the legislatures of 45 states have passed Fair Trade laws. Congress endorsed the principle in the Federal Miller-Tydings Act and made it possible for Fair Trade to operate in interstate commerce. Fifteen State Supreme Courts have upheld its legality.

The U. S. Supreme Court, in a ringing unanimous decision, upheld the constitutionality of Fair Trade, declared it was not price-fixing and recognized the firm legal basis of Fair Trade as a valid method for protecting the property value of that precious intangible -- public goodwill -- symbolized by the trade mark.

Yes, Fair Trade has proved its worth. There are statistics showing how Fair Trade has benefited the consumer by resisting inflation and making for lower prices before the war, during the war and today. The statistics proving that Fair Trade held back the wartime inflationary tide in the drug field were collected by the late Fred Griffiths, who served your organization with distinction for many years. Fair Trade has proved its worth as a principle of fair play in the marketplace, as a code of fundamental decency, the ethic of live and let live -- instead of dog eat dog.

But any principle, any law, if it is to win public respect and achieve its objectives must be observed by deeds as well as words. Winking at persistent violations of a law, on the one hand, and accepting the benefits provided by the law on the other runs into diminishing returns after awhile. Either the unrestrained violations of the law must be checked or the law itself will cease to have any meaning.

One of the aspects of Fair Trade that is attractive to me is its completely voluntary nature. A manufacturer can choose to use Fair Trade prices or not. If he chooses to use Fair Trade prices, the matter of enforcement is up to him and the trade. No government bureau forces a manufacturer to use Fair Trade pricing and no government policeman stands ready to enforce his contracts. However, if a manufacturer doesn't enforce his contracts, they become worthless and the existence of a few non-enforced contracts threaten the future of all Fair Trade. This is what I meant when I spoke of enemies from within as well as without.

Predatory price-cutting on fair-traded products is a violation of a contract and the necessary legal action must be taken to restrain it. Otherwise, Fair Trade is in danger of becoming a law "more honored in the breach than in the observance." However, I believe most have honestly and consistently taken the necessary enforcement measure on behalf of their Fair Trade prices. Certainly the drug industry has an outstanding record in this respect. And I believe this is a major reason why Fair Trade has worked so effectively in the drug field to the benefit of all segments of the industry and the buying public.

But it takes one weak link in a chain to break the chain. If a small minority of manufacturers repeatedly display apathy and negligence toward the enforcement of

Fair Trade, they can bring on the widespread and flagrant violations. If manufacturers are willing to accept the benefits of Fair Trade in terms of the stable distribution system it provides for their products and the protection it affords to their trademarks, they also must accept the responsibility for making Fair Trade work.

Retailers, too, have a similar responsibility. A few cynical retailers jump eagerly at any excuse to practice predatory price cutting. And they rationalize their behavior by arguing that there's no point in observing the law if the other fellow doesn't. This is like saying that if my neighbor steals or commits murder, it gives me license to do likewise. Carried to its logical conclusion, such an attitude would undermine the basis of all laws, and would establish gang rule -- might makes right -- as the only law for human relationships. We know all too graphically from the totalitarian dictatorships how terror-ridden life under gang rule can be. A "might-makes-right" society always starts by flouting and then destroying the structure of democratic law.

The voluntary Fair Trade laws are designed to prevent gang rule in the market place. You know and I know, because I have lived through it, what havoc gang rule in the business world can play. The decade before Fair Trade came into being was the heyday of the predatory price-cutter. He used his dollar power mercilessly to squeeze out his competitors. And in this era of jungle business tactics, some 300,000 retailers were driven to the wall, not because they lacked efficiency, not because they were over-charging their customers but simply because they lacked the dollar resources to compete in the price wars. The gang rule of the predatory price-cutter led to wrecked businesses, lost homes, smashed careers and breadlines.

The principle of voluntary Fair Trade is not a complicated theory which sounds fine in economic textbooks but which doesn't work in the realities of the market place. Fair Trade is a practical course of action which works for the benefit of the whole economy. It promotes free competition on price and quality.

Fair Trade promotes free competition because it is basically anti-monopolistic. No manufacturer is permitted to Fair-trade his product unless that product is in free and open competition with similar goods produced by others. As a part of our anti-trust laws, Fair Trade prohibits price-fixing among manufacturers and other collusive arrangements.

The economic and social benefits of Fair Trade are not fanciful speculations; they are proved facts. Fair Trade has consistently made for lower prices. Statistics, gathered by your own Association, show that the prices of fair-traded drug products stayed down, way down during the war and during the post-war inflation when all other prices were soaring. These statistics have just been brought up to date in an authoritative survey developed through the Bureau of Education on Fair Trade. They analyzed the prices on a selected group of leading national brands -- products typically used as loss-leaders where there are no Fair Trade laws.

This survey found that the prices of these leading brands were, for the most part, lower in Fair Trade states than in non-Fair Trade areas where price-cutters could charge what they please. They did charge what they pleased -- they generally charge more.

You know, we politicians in Washington are doing a lot of heavy thinking these days about how we can help the small businessman. We mull over how to stimulate investment in smaller enterprises, how to make capital more readily available to the small fellow who wants to go places with big ideas. I think anything sound that can be done along these lines is all to the good. But when you come right down to it, Fair Trade is actually one of the best things we've got to help the small businessman, distributor and manufacturer, to survive and go places under his own steam. And if anything is in the spirit of free enterprise, that is.

Before closing, I should like to discuss one other subject in which you have a specific interest, both as drug retailers and as citizens. I refer to the wartime retail excise taxes which the House Ways and Means Committee is now considering. I think we can all agree in principle that this Congress should provide as much retail excise tax relief as possible.

There is no need for me to review the arguments in favor of this tax relief before this group. Business in certain lines has been sharply hit by the 20% taxes. Certain areas have experienced unemployment as a result of a consumers' buying strike against taxed items.

Seriously, I think Congress and the Administration would be glad to eliminate the entire retail excise tax, if this were at all possible. However, we have to view the situation as citizens as well as politicians and businessmen. There is a limit

to the amount of tax reduction which is prudent under our present budget and fiscal situation. With the costs of past wars -- including veterans services, interest on the national debt, defense and foreign aid commitments account for such a large part of our budget, we can't run the risk of reducing income too much.

I wish I could tell you that the retail excises in which you are most interested will be completely removed, but the best I can promise is that you will get some relief -- very probably the reduction of retail excises from 20% to 10% that was recommended by the White House and the Treasury.

This subject of taxes brings into sharp focus the entire problem of the Federal Budget. Government spending and government fiscal policy are favorite whipping boys of the politician -- yes, and of the business man. But here as with other problems there is no easy answer. It is ridiculous to compare the federal budget of 1950 with that of the early 1900's. The budget reflects the demands upon government and in a sense is a portrait of the society in which we live. This is a postwar budget not a peacetime budget.

The federal budget must be studied having in the mind the background of World War I, the collapse of American business in the early 1930's, the 10 years of depression from 1930 to 1940, the appalling cost of World War II, the subsequent cost of veterans pensions, rehabilitation, and postwar reconstruction plus the threat of Communist conquest which has been averted by a militant foreign policy that costs money.

Gentlemen, I submit to you that it borders upon rank irresponsibility to blindly condemn the cost of government when every reasonable and intelligent citizen well knows that 74 cents out of every budget dollar goes for the cost of past wars, interest on the war debt, veterans pensions and rehabilitation, present national defense and the carrying out of our commitments in the present cold war. The balance of 26 cents is used to provide the essential services of government which are required in our domestic economy and needed for the health and welfare and security of our own people.

Much has been said about the welfare state. Considering the amount of talk and comment about the welfare aspects of government, one would be led to believe that a great portion, if not a major portion of the federal budget, is in the form of handouts or gratuities or subsidies. This, however, is not the truth. An analysis of the budget reveals that only 6 cents out of the budget dollar is dedicated to what one may properly call welfare and social security activities or services. There are other items which represent grants to states and local communities. The so-called grant-in-aid programs have been under heavy attack. It is claimed by some people that these grants-in-aid are unnecessary since the states themselves could meet the cost of social services if it were not that the federal government through its taxing power had taken away the sources of revenue. In theory possibly there is some justification for this argument but in actual practice the facts do not justify the theoretical conclusion. Far too many states have failed to meet their social welfare obligations and the people of those states have appealed to the federal government.

The Mayors of the larger cities have again and again called upon the federal government for assistance. Why? The answer lies in the fact that many of our State Legislatures are no longer representative of the population in the several states. Too many states have not reapportioned their Legislatures for better than a quarter of a century. To put it bluntly, many legislative bodies at a state level do not give fair and proper representation to the metropolitan communities which have grown by leaps and bounds in the last 25 years. This is the problem in California, in Minnesota, in Connecticut -- yes, in practically every state in the union. When local government and state government fail to meet the needs of the people, the people then turn to their federal government. One of the answers and possibly the answer to centralization of power and authority in Washington is the revitalization and the modernization of the local and state government. It does little good to complain about big government in Washington if those who do the complaining are unwilling to pay their fair share of the cost of government and government services at home and in their respective states.

Just a few more words about the budget. For the first time the budget this year revealed that a large percentage of the proposed expenditures would be used to build up the assets of the Nation. Much of this would be repaid to the Government either directly or indirectly in the future. A special tabulation revealed that a total of \$12,400,000,000 out of a total \$42,400,000,000 would be used for loans, grants, construction, and productive public works. Approximately \$4,000,000,000 of this investment would be repaid to the Government through repayment of loans, sale of commodities, or sale of power from hydroelectric projects. Much of the rest of the over-all \$12,000,000,000 investment fund would go to such development purposes as State and local construction of hospitals, schools, research, education, health, and natural resources.

One of the problems in understanding the budget is the failure to separate capital improvements from expenditures. It should be noted that American business considers capital improvements as assets and not as liabilities. If our Government followed the budget practices of private business, it is safe to say that our budget could well be called a balanced budget. Surely, stockpiling of strategic materials such as rubber, tin, manganese, nickel and chromium represent an investment.

Nor can it be denied that that portion of the budget which deals with storage for farm products, particularly nonperishables, in reality represents an investment rather than an expenditure. Similarly, loans on housing and FHA mortgages, farm credit and Export-Import Bank loans should not be classified as expenditures but rather what they truly are, namely, loans. A bank considers loans an asset, not a liability. The vast majority of these loans will be repaid with interest. In fact, several Federal loan agencies are showing net profits to the Government.

Of course, we want economy but more than that we want freedom. Of course, we want a balanced budget but not at the expense of an unbalanced America or a Communized world.

We have to make choices. Would you rather have a balanced federal budget and lose the cold war or will you accept an unbalanced budget, recognizing that we are still in a state of war, a war against depression, against international Communism and a crusade for peace. These are not easy alternatives and I fully recognize that the price is dear. But again I remind you that the price of our failure would be world catastrophe. I get a little tired of hearing about extravagance of government for the people's welfare. The budget statistics reveal that a very small amount of the federal budget is dedicated to the programs of health, welfare, and education -- in my mind, too small an amount.

The strength of this nation is in its people and in the productive work and accomplishment of the people. The balanced budgets of 1929 and 1930 did not save America from trouble. In fact, the budget balancers were so concerned about the black ink in the ledger that they forgot about the economic conditions of the people.

None of this is an apology for the difficult financial problem that we face but I ask you, as retail merchants, are you better off today than you were in the 1930's? Which do you believe to be the greatest threat to the solvency of your business -- an unbalanced budget in Washington or the unemployment and insecurity in the people back home who are your customers. To balance the budget at the price of jeopardizing our national security is to concede victory in the cold war to our enemies and, in fact, it is equivalent to selling out democracy because of a blind faith to double entry bookkeeping. President Truman is right when he says that the answer to our fiscal problem is to increase production, increase sales, provide more jobs, step up consumption. In other words, gear the economy of America to the responsibilities of world leadership. This is no easy task but again our alternative is either to do this or to fail in fulfilling our obligations as a world power.

In a sense, it is a miracle that we here in America have been able to preserve a free economy and democratic government. Our heritage has stood us well. Our devotion to individual freedom and our faith in our philosophy of life have given us the moral stamina to not only survive, but to grow and mature.

Today, I appeal to you, as civic and business leaders, to breathe deep the atmosphere of freedom, and to drink plentifully from the wells of our spiritual and political heritage of democracy. We must not be stampeded into mad retreat from our principles of liberty and equality. America needs thousands upon thousands of men and women in every community who will stand steadfast in their loyalty to the democratic way of life. America needs patriots who can withstand the "Valley Forge" of our time. Our Valley Forge is fear -- fear of depression and unemployment, fear of war, fear of Communism, fear of our neighbors, -- yes fear of our government. Fear can paralyze a people or a nation. Fear drives men to irrational action. Fear consumes the strength and intellectual fiber of people. Fear is a psychological cancer. It drives men mad.

But, fear, like many other manifestations of emotional instability, can be checked. The answer to fear is a mature understanding and knowledge of those factors which cause it. It is no answer to run away -- or to curse the objects of our fear.

We must calmly measure the problems which beset us, and prepare ourselves for the task of meeting them.

Depressions are man-made. They can be prevented by man's ingenuity. But our weapons in the war on depression and unemployment must be as daring and modern as the situation demands. We cannot check 20th Century unemployment with 19th Century slogans and methods. Nor can we ignore the constantly increasing population and labor force.

We must expand production and plant. We must create productive jobs in industry. This requires team-work between labor-management and government. Let's quit kidding ourselves that any one group can do it alone. Remember this, no government can long endure that ignores the economic needs of the people.

Consumer purchasing power is the blood, -- the life line -- of a healthy economy. Representative government, by its very nature, will and must be concerned with the economic well-being of the people. So why condemn government for interfering in the economic life of the nation when you and I know that no modern free government can survive that ignores human welfare. I repeat, this is 1950 -- not 1850. The customers of democratic government cannot be ignored or pushed aside.

There is an uneasiness in America because of the fear of war -- the H-bomb, the atomic bomb, -- they hang like the sword of Damocles over our heads. To be sure, the possibility of World War III is ever present. But, fear of the war cannot save the peace or preserve us if the conflict breaks forth.

We must be strong enough in mind and spirit to turn aside fear, and bend every effort toward creating the conditions of peace and security. There is no easy answer, no miracle formula. We must prepare ourselves for a long ordeal of searching for areas of agreement with our adversaries, and rebuilding and strengthening our friends. Wars are not won easily or cheaply. Neither is the peace. It will take more than a visit from President Truman to Joe Stalin to attain peace and freedom. This world is morally, politically, and economically sick. Two world wars, a Hitler, a Tojo, a Mussolini, -- yes a Stalin, -- are but symptoms of a sick world. The patient wasn't cured by the disappearance of the first three, and I doubt that the world will be any more secure by the removal of the last.

Peace is but a trade-mark for a society in balance and harmony. Peace in the 20th Century is the sum total of 2½ billion people who have renounced war as a means of settling their disputes, and have embraced the more difficult job of removing the causes of war -- namely, selfish nationalism, economic insecurity, racial and religious bigotry, social and moral degradation. This is no small or easy assignment -- nor is it one to be accomplished in a year or two. The cost will be great -- and there is no guarantee of success. But, the alternative is war -- mass destruction -- incomprehensible costs in people, goods, and money, along with the probability of the loss of our freedom.

We cannot run away from these alternatives. We must choose. Either one requires sacrifice, courage, and faith. I choose the road to peace, uncertain and perilous though it be. I refuse to be paralyzed by fear, or driven to the irrational catastrophic alternative of war. Our government has chosen the path of peace. That's why your taxes are high. That, plus the cost of past wars and national defense against the possibility of a future war. Expensive -- yes indeed, but it is a pauper's penny compared to the cruel and brutal reality of another war.

Yes, there are many fears that plague us -- fear of depression, of unemployment, of war -- and fear of Communism. Each within itself is enough to frighten those of faint heart and timid spirit. Each could be disastrous. None need to overwhelm us. Let's turn our thoughts to this international monstrosity called Communism. It represents the forces of totalitarian evil. It is a denial of the dignity of man. It is a repudiation of the democratic creed. It is the composite of all that we detest, but it need not and must not put us in a state of frenzy and fear. We cannot check the march of Communism in Europe and Asia, or its growth in America, by merely investigating it, -- and cursing it. We cannot destroy it or defeat it by amateurish political drama, such as that being carried on by Senator McCarthy in Washington. The irresponsible charges of Communism against the innocent merely provide a smoke-screen behind which the real Communist can operate. To attack the character or question the loyalty of the innocent undermines our stature in the eyes of the free peoples. We have laws to deal with traitors and subversives. Those laws are being and must be vigorously enforced. No communist or fascist should be permitted to serve in any position of public trust where his employment would jeopardize the security of this nation. We have a right to expect unqualified loyalty from every person in public office or government service. The FBI and the Loyalty Boards are equipped to give us that security.

But, to dismiss communists from government jobs or to prosecute them in the courts does not destroy communism nor check its growth. Communism is a political virus that feeds on poverty, insecurity, depression, inequality, political corruption, and economic greed. It flourishes where people are illiterate, poor, and sick. It develops and expands where opportunity has been destroyed, where cynicism has replaced positive faith. Communism, like its twin brother, fascism, gains foothold and seizes power where freedom has never lived, or where those entrusted with the institutions of freedom have failed in their trust.

Again, there is no easy answer, no quick cure to this vile disease. Speeches, inves-

tigations, loyalty oaths, -- yes, even guns, cannot stamp out totalitarian doctrines. The systematic day-by-day performance of democracy is an answer. The opening of new avenues of economic and social opportunity is part of the answer. The unyielding devotion to such democratic principles as freedom of speech, freedom of press, freedom of conscience and association is part of the answer. Freedom from want and freedom from fear are part of the answer. I submit that we cannot lick communism by applying police state methods or degrading ourselves to communist tactics of character assassination, smear, and rumor. Even more important, we cannot strengthen our democracy by making everyone suspicious of his neighbor, afraid to think creatively, or to speak and write fearlessly. Individual liberty cannot be made secure by a rigid and deadening requirement of conformity to orthodox ideas. The question inevitably arises, -- which or whose ideas are orthodox? Since no one can be sure, security becomes available not by having orthodox ideas, but rather by having no ideas. It is in such an environment that freedom dies.

Our security and strength rests in competition of ideas. Competition in the market place is the by-product of intellectual and political freedom. Free enterprise cannot be preserved and extended when men are paralyzed or prejudiced by fear. It is the men of fear who kill freedom everywhere.



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