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AMERICAN MEAT INSTITUTE

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GUIDELINES TO A NATIONAL FOOD AND FARM POLICY

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My good friends of the American Meat Institute, assembled here in convention conference. I pause just long enough to tell you that both Mrs. Humphrey and myself are extremely grateful for the hospitality and the courtesy which has been extended to us. We thank each and every member of this great industry for that joyful and pleasant evening that we shared with you last night. It was a remarkable program. The dinner was always as you could expect it to be -- it was good -- when you are a guest of the American Meat Institute. But I never knew that your taste for entertainment was at the same high standard as your taste for fine meat. And then you did something else for me. You permitted me to hear Dr. Earl Butz at his best. I want you to know that if Earl had told half the stories before the Senate Committee on Agriculture and Forestry that he told you last night, the bonds of affection that would have existed between the Department of Agriculture and that Senate Committee would have been unexcelled. I have always known that Dr. Butz was a trained agricultural economist, and I have a high regard for his public service.

I appreciated the generous comment that he made relating to myself, and I want to reciprocate, not out of good manners alone, but out of genuine respect,

by saying that he gave freely and unselfishly of his great talents to the public service, and that he was and is, respected for his sincere contributions to Agriculture, by Republicans and Democrats in the Congress, regardless of their views on agricultural policy.

I am not going to give you a political speech today. I am here as a guest. I wish to participate in this open and free discussion. I want to talk to you in reference to guidelines for a national food and farm policy. I want to talk to you almost as we would in a seminar, because this is not a rostrum for oratory. This is a conference for study.

It goes without saying that every person in this room has a vital stake in the nation's economic policies, whether they are agricultural policies, industrial policies, economic policies or political policies that may be pursued by our country. You surely have a vital stake in their presentation and their final effect.

We are confronted today with some very severe economic problems, and it is not going to do us any good to just talk about them. We have to talk and finally resolve and then act. Your attitude towards the economic policies relating to food and agriculture are of the utmost importance. I know that I am talking to leaders of industry, and as a public servant and one who is somewhat sensitive to public attitude, may I assure you that I realize that you have a great role of responsibility and leadership in the American society.

With that role of leadership does come responsibility, and not merely responsibility to yourselves, or what may appear to be your own self-interest, and I use that word advisedly; you have a responsibility to the total national community. You need to think in terms of economic policies that go deeper and have a broader application than those which may be related directly to your own board of directors or even your own stockholders.

ALL LINKED TOGETHER

You in this room today represent an essential funnel through which a tremendous share of our farm production must flow to reach the consumer. The farmer is your supplier and, therefore, he is your best friend. The consumer is your customer and he is running neck and neck as your best friend. And you are the link between the two. You need them both and they need you; you can't get along without either one and they can't very well get along without you.

In a nutshell what I have said reflects the interdependence of our entire economy. It isn't a question of choosing up sides between the farmer and processor and the consumer, nor is it a question of trying to play off one against the other. People that attempt to do that do a disservice to all three. There is an interdependence.

Permit me to digress, and say that I was brought up as the son of a retail merchant. My early orientation in life has been in retail business. I have never

believed that business was a social welfare service even though I am sure it has social objectives. I believe in the profit system, yes, in a system that envisions profits and at times entails loss. I don't believe that everyone is going to be guaranteed the kind of security which gives them a feeling of complete comfort, the Utopian Millennium. I believe it is the duty of government essentially to provide for justice. In my studies of political systems and philosophies, I came to the conclusion a long time ago that the one moral responsibility of government is to be just. I believe the greatest political responsibility of government is to make sure that there is equality of opportunity. I also believe that a representative government has an obligation to those who are less fortunate.

I have tried at times to simplify my own political philosophy by saying that government has a particular responsibility to three groups in our society: those who are in the twilight of their lives - our elderly citizens who have run the good race and are at that point in life where they are living out their last days. I believe government has a responsibility to them. And when I say government, I mean organized society working through its government. I believe that government has a responsibility to those who are in the storm clouds of life, the shadows of life - the disabled, the handicapped, those who are less fortunate. Society owes them a great deal. Above all, it owes them opportunity and when that opportunity is made available, society is compensated in generous fashion. Finally, I believe that government or organized society has a special responsibility to those who are in the dawn of life, the children, and I don't think we are really fulfilling that responsibility as well as we should. I submit to the leaders of industry that you will ingratiate yourselves with the American public and you will be the kind of responsible leader or leadership group that you are expected to be when you demonstrate openly, unqualifiedly, unashamedly a keen interest in and concern for these three groups. And don't be afraid to demonstrate that interest even through the works of government.

ROLE OF GOVERNMENT

I happen to be one that believes that government in a free society plays at best only a partial role in the organization of our economic and social structure. I believe in volunteerism. I believe in it for foreign policy as well as domestic policy. I have gone up and down the length and breadth of the land urging the people of the United States to apply themselves as volunteer groups and as individuals to the fulfillment of the objectives of American foreign policy. We must not rely entirely upon the government - upon the State Department, or the International Cooperation Administration, or upon the United Nations, or something else to mobilize the great resources of our spiritual institutions, our youth groups, our industrial groups, our labor groups, our educational, health and welfare associations, so that we can actively engage in international leadership. We need all our strength in this struggle against totalitarianism.

All my life I have abhorred tyranny in any form. I have not only been an anti-communist, but I have been a pro-freedom man. I know that we can't defeat a totalitarian system with one arm tied behind our back. A totalitarian system mobilizes every resource at its command, physical and material, for an end

objective, and it is mobilized all through government because government in a totalitarian society is the absolute power.

In our type of society, government is but a facet of, a part of, one of the many instrumentalities of the power of our community and, therefore, we need more than government. We need independent, voluntary cooperation and participation, and that's where I come to you. I say to you that American business has a responsibility for social justice, for political leadership, for program and policy, yes, for dedication to principle as no other group in the world. If we are going to save and perpetuate what we call our capitalistic, free enterprise system, we are going to have to do it with something more than capital. We are going to have to do it with ideas, with services. We are going to have to do it with all of what we mean by leadership, which is more than just getting ahead of the pack in the race for profit.

If I could do nothing else here today other than to challenge you to be true leaders of free institutions rather than to criticize people in public life who, of course, have their limitations - then I would feel that our visit was worthwhile. All of us are prone to be critics and it is particularly true that business people seem to like to criticize politicians and politicians enjoy criticizing business people. I dare say that the reason is that neither one of us takes the time to communicate and understand each other. As I said to some friends last night, we refuse to get acquainted with each other's ideas. We hesitate to listen to the other fellow because we feel we might agree and lose our arguments.

I am not here to argue. I am here, if I can, to enlist with you for the common enterprises and purposes that are yours and also to ask you to enlist with me in the work of public service. I am proud to be in government. I think politics is an honorable profession. I am a registered pharmacist, a part owner of a drug store, and we make a profit, not as much as I'd like but we make some. And I have said that we must be pretty good businessmen because we were in business for 50 years as a family institution in South Dakota and didn't go broke during the hard times. That is quite an accomplishment. When there were no banks there was still Humphrey's Drug Store, and if you ever get to Huron, South Dakota, stop in. We do business on a strictly cash basis, but you get fair prices, and good commodities and excellent service.

Yes, I have been in business and I still am. I have been a college teacher. I loved it. I enjoy working with young people. I have been a college professor, and I have been in politics. I have been mayor of Minneapolis and am presently a United States senator. There are many things in common in all three of these vocations.

You are not a very effective politician unless you serve the customer, and you are not in a retail business for long unless you serve the customer. You can't sell a phony product forever, either over the retail counter or out of the packing-house or in politics. You have to have quality. No matter how you dress it up or wrap it up, it takes more than packaging. You may fool the people once in a while, but not for long or all the time. The same holds true in academic life. You run

out of lectures unless you continue to study and go on working. There is one thing in common in all three. It is love of work and service. Of all the work I have done, I have found as high a degree of integrity in public life as I did in business or education.

Now a few words about my good friend Aled Davies of the American Meat Institute. He and I work each other over fairly frequently. He does a good job as an effective representative for you in Washington. He has said to me many many times in my conversations with him, when we get to know each other, when we get an opportunity to explain our respective points of view, there frequently is less difference than you would imagine. So to you, Mr. Davies, I thank you, for your thoughtfulness and for your kindness. He said to me one other thing about a politician. The one commodity he has is his word and when we give our word, we keep it. If you give it and don't keep it, you are not in office very long. I've let you in on some of our secrets, and I hope you'll let me in on some of yours before I get away.

AGRICULTURAL INTERDEPENDENCE

I tried to talk to you about the interdependence of our economy. I said there isn't much to be gained in trying to play one group against another. I think it is becoming, therefore, increasingly evident that, when we think and talk about farm policy, we can't think about farmers alone. We have to think about the farmers' products and how the farmers' products get to the consumer, and we have to think about the processor, and we need to think about the customer as well. So what we are really talking about when we discuss agricultural policies are national food and farm policies that are of deep concern to everyone, every person in the community - the producers of our food supply, the agricultural business enterprises engaged in, in preparing and distributing and processing farm products for human consumption, and, indeed, the consumer who sits down to the dinner table, we trust, at least three times a day.

That means every one of us has a personal stake in what has become known as the "farm policy." It is unfortunate that the public has been led to believe or led to think of our farm policies, whether they are good or bad, as some kind of special, privileged legislation designed for farmers alone. There is a great disservice being done to a great segment of our population, the farm segment, when farmers are singled out day by day in public media as a subject of special concern and at times even abuse. The agricultural policies and programs which are national, which are related to the total national economy, are not special or privileged legislation for farmers.

The truth is that the basis of all public policies toward agriculture is to protect the public interest in an adequate food supply now and in the years to come. We Americans have taken an adequate food supply for granted. I don't know why. Eighty per cent of the world is in a food deficit position. Four out of five children in the world are hungry. It is the most amazing set of circumstances and statistics that one could ever point to, that we in America literally live in an

island of plenty and comfort and health and around us is a sea of despair. Four out of five people in the world are hungry and have an inadequacy of food. Four out of five are sick. Three out of four are without adequate education. And yet we, somehow or other, go along through life talking about internationalism, concentrating 80 per cent of our entire federal budget on international and national security, taxing our people for international leadership, and go along and ignore what is an obvious fact of life, the fact of other people's difficulties and the fact of our good fortune.

The American people have been blessed by a great agricultural system and we have been blessed by abundance. However, I wish to raise a warning note here this morning. Be careful how much you change this agricultural system. All change is not good. I know we are living in revolutionary times, and I am not one to be afraid to speak of it because, after all, the Americans are the original revolutionaries. We are not reactionaries. The communists are the reactionaries. We are the most radical people on earth, and I am looking at some of the most radical people - the people who invest other people's money and assure them of a profit. I am all for it, Gentlemen, but you are not conservatives. You are real radicals. And when you read that word, remember that they are talking about you. You are the kind of people that believe in a free market. That is mighty radical these days. You believe that men and women will seek higher social and economic levels if given a greater opportunity. That is quite radical. The most reactionary system in the world is statism, any type of totalitarianism.

We have had an adequate, yes, an abundant, food supply. We have been able to release, as Dr. Butz pointed out last night, hundreds, thousands, yes, millions of young people from the farms to go to the factories, to go to the research laboratories, to be scientists and teachers and artists. Agriculture has been a source of strength for our nation.

Agriculture always provided an abundance. You never had to worry in America since the earliest days of our history. We never had to worry in this country that there wouldn't be enough food to feed every person in the nation. The only time we had any hunger was when the distribution system broke down. The production system in agriculture has never failed us. I want to drive this point home because I don't believe that by changing the American agricultural system from productive, economic units called "family" farms, you are going to get something good, necessarily, and I offer a word of warning again. Every big farm system in the world today is in trouble, every one of them; and interestingly enough, you as taxpayers are spending millions of dollars to tell other people to divide up the land so every farm family can have ownership of the farm. You are doing it in Italy and in Japan. In every country in the world we are telling the people to divide the land, let people own the land, let them be independent farmers, independent proprietors. In America we are reversing the process. Government and so-called farm experts are saying that what we need is bigger and bigger agricultural units. I don't think so. I think Humphrey's Drug Store is every bit as efficient as any chain store in America. We'll outwork them; we'll outsell them, and if we could have a little of some kind of new glands, we'd outlive them.

I just don't believe that bigness is the answer to economic pressures, and I submit that those who are so concerned about big government had better be worried about other forms of bigness. One of the reasons that you get big government is that everything gets bigger. When you have big industry and big labor and big farmers, you are going to have bigger government.

We have industry organized and labor organized; watch out for the day the farmers decide they are going to organize. Watch out, Mr. Meat Packer, for the day somebody says, "I don't think I am going to take those hogs to market. I am going to make you pay."

We would be foolish to forget the lessons of our history and that of other civilizations. American agriculture plays and maintains a pivotal role in the American economy whether 7 1/2 per cent of the people are on the farms, as there will be according to population estimates in the near future, or if there are only 3 per cent and they produce all the food and fiber. They have a pivotal role. Make no mistake about that.

ANSWERS TO INFLATION

There may be room for different points of view as to what should be done about these problems of ours, but there is no difference of opinion over the fact that our agricultural economy is out of balance with the rest of our economy. And I want to underscore this. Let's quit fooling each other, my friends. Agriculture is in deflation while the rest of the economy is in inflation, and how foolish it is to have anti-inflationary policies for the whole economy without taking special notice of some part of the economy that does not have the same disease.

And I submit that when some parts of the American economy are inflationary and other parts are deflationary, you do not make very much economic sense by prescribing a general patent medicine, a sort of an economic, political Ward's Liniment for all the ailments of society when each segment of the society does not have the same trouble. You have to be a little bit more of a specialist. We need not only the general practitioner here, but the specialist.

Farm income has been steadily declining, and this during a period of rising production costs. Technological changes in agriculture have required increased amounts of capital during a period when it has become increasingly difficult to obtain capital either by loans or accumulate it under our tax system.

And, by the way, ladies and gentlemen, I have been on a hearing tour for the Senate, conducting hearings on the tax structure, and if there is any one thing this country needs right now before it is too late to combat these inflationary forces, it is a revision of our tax structure. When I say "revision," I mean to permit businesses to accumulate enough capital reserve so that they do not have to go in and compete for the dwindling supply of credit at ever higher rates of interest. This is particularly true of small and medium-sized businesses. You have to be able to maintain for purposes of investment, modernization, and

expansion enough of your earned profits so you can modernize your plant and thereby lower production costs. This is one way to combat inflation -- and one of the sure ways.

The policies being presently pursued are ineffectual. Worse than that, they are detrimental and if persisted in may well be disastrous. The credit controls are not affecting the right people -- even if you could find out who the right people were.

Recently in Minneapolis I met with a number of businessmen - this was two weeks ago today. Present were heads of railroads, bankers, and industrialists. I thought I had said some unkind things about the inflation controls being exercised now. But I want to tell you that I have been soft spoken compared to what I heard at that meeting.

I had man after man say to me that we are not experiencing a classic inflation. There is no shortage of goods with excess of demand, thereby causing price increases. We are experiencing an inflation in which there are overhead costs which have exceeded production efficiency. In other words, the costs of production have gone up faster than productive efficiency. Therefore, what is needed is an opportunity to modernize your capital structure, and you need to do it in the meat packing industry.

You need to modernize your plants so you can reduce per unit costs and thereby reduce the retail and the wholesale cost. And that is the way you combat inflation. Therefore, I submit that the tax structure has a lot to do with this. If American enterprise can be permitted to retain part of its earnings, a greater part for investment purposes, we are going to deliver some hammer blows against inflation.

Now, we need your help on this, instead of everybody complaining about taxes. We have to have taxes. We know that. We have to have revenue. We cannot get along with any less revenue than we now have, but we can gain the same amount of revenue we now have with adjustments in the tax base which permit productivity, thereby creating a larger return.

Now, while the course of American agriculture is far more than a political issue, it is unrealistic to think that farm policy can be kept out of politics and wrong to think that it should be. After all, politics is the process provided in our democracy for translating the will of the people into action. It is the insistence by people to be heard in the ballot box, if they cannot be heard anywhere else.

When I hear that the best way of regulating this economy is through the price system, I agree, but be sure it does not get too low, because when the prices get too low, you are not going to have the price system regulating the economy because everybody in this economy is indebted to the other man, and we just cannot afford to have any major trouble.

This great free enterprise system of ours is based on credit. Credit comes from the pooling of other people's resources. Every dime I have ever been able to save in my life has been loaned to somebody I never heard of for a purpose of which I am unacquainted. Every dime you put into insurance companies when you pay your insurance is invested. We are the greatest free collective society of the world. We have "collect money" and we use it; if we don't use it, we will perish.

So, do not let prices get too low. I know that inflation is bad, but deflation is disastrous. If you think that America is going to endure deflation in 1960, or any time in the foreseeable future --and the future is close upon us as has been stated --I can assure you that you are wrong. There isn't a man in public office, whether he is a "modern Republican" or Jeffersonian Democrat, who will ever stand still and see the American people again ground down by unemployment, foreclosure and economic disaster.

And I will tell you why he will not stand still. He will not stand still because the public will not let him. The people look to their government for action in times of crisis. So price adjustment is wonderful providing that it does not get out of hand one way or another. Moderation in all things. You need a little flexibility in the price system, but you better have some safety nets below and it is kind of good once in a while to put a few cushions on the ceiling, too, so you do not break your neck going up through.

I prefer that it be done through voluntary action, but I must be very candid with you, ladies and gentlemen, if we do not do things voluntarily, then we have to do it through law.

The continuing debate on farm policy serves a useful purpose as long as it is conducted constructively and factually. Regardless of differences, I am convinced now that we are seeking solutions instead of seeking to perpetuate an issue. You have shown that you are interested in exploring solutions. You have shown this -- if you will permit my saying so -- by permitting others, and men like myself, to come here and discuss the ideas with you. I am grateful for this opportunity, just as I always insist you should have your right to discuss your ideas before Senate and House committees.

I think that one of the great concepts in legislation was defined by the former senator from Colorado, Ed Johnson. He was always known for saying, "Just wait a minute." Yes, just wait a minute. Let us use the deliberative process. Don't jump in. Wait a minute. Look at it. Lincoln used to say, "Count ten." Everybody should have his right to be heard.

MARKET FREEDOM

Now, we in America are sometimes too prone to accept symbols as facts and slogans for principles. Possibly, we need to redefine some of our terms and battle cries, and make sure that we know just what they mean and know what we are talking about.

For example, we hear a great deal about "freedom" for agriculture, and all of us, I hope, want to preserve our competitive free enterprise system. I hope that by "freedom for agriculture," we mean the right for a farmer to own his farm, and to manage it, and to run it. Yet, can we preserve free enterprise for the producer by leaving him at the mercy of any free marketing system that asks him to accept slogans or cliches about freedom when in fact that same so-called free market is restricted by many fixed and inflexible factors?

Mr. Farmer has a free market for his goods -- a free market price if there is no interference by government. But what he buys is not freely priced, let's face it. The price of tractors does not run up and down like the price of eggs. The price of a tractor is set. The prices of fuel oil and petroleum products are not variable day by day. They are set. The price of transportation is set by the Interstate Commerce Commission. The price of interest is directed, in part, by the Federal Reserve Board. The farmer has many administered factors and prices to deal with. He has many fixed costs. And I say to you most respectfully, it is unrealistic to say to the farmer that he should be the victim of the ups and downs of the free movement of the market system without any means whatsoever, or any effort, to bring it into reasonable synchronization.

You in your own business have to take into consideration taxes, depreciation, labor costs, reserves and research in the pricing of your product. Needless to say, there is no other segment of American industry that is more competitive than the meat packing industry. This is genuine competition. I know that. I was speaking to H. H. Corey of Hormel last night, and he said, "Can you imagine 4,000 packers getting together on prices?" No, I can't imagine five of you getting together, to be honest about it. I think you are just born competitors, and that's very good. I know you have troubles. In fact, in the top 30 or 32 industries in America, you are not one of the most wealthy despite what the public is frequently led to believe. But I submit if you think you have some troubles, think about that farm producer who never knows what the price of eggs is going to be the next day, who hasn't the slightest idea what the price of his grain is going to be, hasn't the slightest idea what the price of his meat product is going to be, but only in the broadest generalities. He knows what feed is going to cost him and what the tax bill is, and he knows what the transportation bill is because they are fixed or administered costs.

So do not try to tell Hubert Humphrey about freedom in the market place unless you are willing to define it. I taught courses in economics, and I had to live through some rather difficult economics, and there is quite a little difference. I learned much of my economics in the depression. I learned about as much economics in the South Dakota dust storms as I did in seven years at the university.

I learned that when you haven't got it, you haven't got it. I learned that when the bottom drops out, you can go around and think that it didn't drop out but it has dropped. And you better make sure it doesn't happen the second time if you were able to survive the first.

We hear a great deal about regimentation, and it is portrayed as a great evil overhanging individual enterprise the moment the government intervenes in any form as the referee in our economy. Yet, the truth is that poverty is the greatest regimenting force of all. The man making money enjoys a freedom of choice denied the man forced to struggle for a bare existence. If we really want to avoid regimentation, we need to wipe out poverty and provide a better climate of economic opportunity. The greatest benefactors of winning over poverty are the merchant, the processor and the manufacturer who find new markets and a higher living standard for their customers.

We hear a great deal, too, about subsidies to agriculture, a topic that has made farmers the whipping boy of our economy. Yet, the truth is that any government service or assistance can be justified only when it is in the national interest.

We do not subsidize the distribution of newspapers and magazines just because we want to help the publishers, but the truth is we subsidize newspapers and magazines more than any agricultural commodity except for three. I think the publishers are entitled to it, but we are not doing it for the publishers; we are doing it for the American people. We think that Americans ought to have reading material -- all kinds of reading material -- and I must say that some of it I am sure they can get along without, but who am I to judge?

But, we do subsidize publishers. They do not like to hear that, but it is true. The very same people who are worried about the farmer's moral fiber, because of what they consider to be a subsidy, are the ones receiving a subsidy themselves, and, apparently, feeling their moral fiber is sound.

We do not subsidize, for example, ship construction just because we want to give special privileges to those in the shipping industry. We do it because Congress has deemed it in the national interest and the national security to have a strong Merchant Marine. Many more examples could be cited.

We do not subsidize airplanes just because we like airplanes. We subsidize them because we need an integrated transportation system, and when they no longer need the subsidy it is withdrawn, except, of course, the public bills for landing fields, and the public provides their weather service and many other essential services.

These great services are not provided as a favor to any particular group. They are provided because Congress decides that such assistance is in the public welfare.

NATIONAL OBJECTIVES

Now, we have been so bogged down in fighting over how to help agriculture, we seem to have lost sight of just what we really want to accomplish for agriculture. I suggest it is time for reappraisal of our objectives. There is little chance of a Congress agreeing on how we can best reach those objectives unless we can

reach an agreement out here among ourselves, because Congress is a mirror, in a sense, which reflects the public attitude.

Perhaps the most constructive course that can be taken in the next session of Congress would be to develop and adopt in the broadest terms a national food and fiber policy, a charter of common objectives as a starting point for any new approach to strengthening the farm economy. I am here to testify that we need new approaches. I do not think it is going to do us one bit of good to assail each other any longer over what we consider to be the mistakes of yesterday. Everybody has heard that sad story, and it is too expensive to continue to repeat it. For the consumer's sake, that policy of food and fiber should be one of encouraging abundance instead of scarcity -- abundance which is wisely used for the benefit of humanity.

I adhere to the theory that the surpluses have been the best inflation control on food that this nation has ever had. Food in America is cheaper than any place else in the world, and we have the best food, we have the cleanest food -- thanks to you and to the others. We also have the highest quality food, and I submit from my travels around the world that you get food at more reasonable prices in America than any place else in the world. If the few surpluses have been responsible for keeping these food prices within reason for the consumer, the so-called surpluses have been of benefit to the consumer and taxpayer.

For the farmer's sake, this food and fiber policy must recognize there is some role for government in seeking to provide stability in both prices and costs, with the least possible interference in normal private marketing operations.

And may I give one little dig here? I have criticized the Department of Agriculture -- and if there is a representative here, I hope he will listen to me -- time after time on the floor of the Senate for doing what I feel they are not chartered by law to do; namely, taking over normal market operations.

The Commodity Credit Corporation is the largest single commodity dealer in the world, which puts everybody else into insignificance. It is a giant and the rest are pygmies by comparison. Therefore, the use of that Commodity Credit Corporation and its powers must be severely disciplined and should adhere to the purpose of the charter and the law. The purpose is not for the Commodity Credit Corporation to supplant private industry, but to supplement it; not to take over, but to assist.

In regard to our export business under Public Law 480, time after time, I have spoken on the floor of the Senate and demanded that the government permit private trade to undertake these business transactions rather than have the government do it. Sometimes it would be helpful if private industry would show that it is interested in this kind of a philosophy, not by articles in magazines alone, but by personal representation to our members of Congress.

For the sake of us all, I say that our food and fiber policy must encourage sound conservation practices to safeguard against misuse or overuse of our land

resources. For the sake of the producer, the processor and consumer alike, that policy must encourage continuing research to increase efficiency in production and marketing, and define new uses for products -- both basic research and applied research.

We are geared to produce, and it is almost sacrilegious to deny farmers the opportunity to produce. As a nation, we could find greater moral justification for investing public funds toward wiser use of our abundance for humanity everywhere, than we can for payments to farmers not to produce.

I say that we need to reexamine any program or policy which restricts production, and particularly when you pay people not to produce. I am not opposed to paying people for doing something that is in the national interest, but I submit that it would be better to pay people to produce and use the production than to pay them not to produce and have to police them to see that they are not violating the law.

If we are going to accept a philosophy of abundance as a national goal, rather than turn to the monopolistic theories of enforced scarcity as a means of raising prices, we need to be concerned both about what kind of abundance we produce and the pattern of agriculture most desirable for producing it.

I submit we can live with greater abundance if ways are found to channel more of our feed grains into animal agriculture. I come from a feed grain and animal agriculture territory, and I think I understand somewhat this interdependence. If, as a matter of public policy, we are going to have any incentives to guide adjustment in farm production, such incentives should be on the end product and not merely on what goes into the end product.

We need the vision to recognize and develop untapped American markets. You know we are looking all over the world for markets. Have you ever read Bellamy's famous book, "Acres of Diamonds Under Your Feet"? The real potential of the American market is not just you and I eating an extra sirloin steak. Instead, it is among those not now able economically to purchase and eat sirloin steak at all.

We have concentrated much attention toward economic development of the underdeveloped areas of the world, realizing it is in our own interest, both from the standpoint of future world markets and international political stability, to encourage rising living standards throughout the world.

But let us not neglect the opportunities at home, and let us not neglect the opportunities right within the American market where we have a common currency, we have no tariff walls, we have a common language and a reasonably common culture. Here is the greatest untapped, undeveloped market that the world has ever known.

BEGINNING AT HOME

Yes, as important as these foreign markets are to American agriculture

and foreign trade is important to American agriculture, the biggest and most readily available untapped market in the world is right at our own back door, particularly for perishable farm products such as meat, milk, poultry and eggs. We, therefore, have to approach that untapped market through strengthening and improving economic conditions in our own distressed areas, and through seeking through both private and public means to improve economic opportunities here at home and thereby raise living standards of our own low income groups.

For example, just visualize what it would mean in new markets, in new production, in new distribution, if each American had a per capita increase in income. Now, I am talking about real income and not inflated income -- real income of, let us say, \$100 a year through the depressed areas of this country. Just imagine what that would mean. Why, the car lots would be empty.

I saw a study here not long ago showing that there was waiting to be purchased in seven midwestern states, several billion dollars worth of household goods by people who wanted it, by people who were ready to order it, by people who needed it if they but had the means, the capital, to obtain it. And that does not mean much capital. It means just a reasonable degree of assuredness that they will have it now and in the future.

Our agricultural economy and business enterprises engaged in handling, processing, and distribution of agricultural products are inseparable and they are linked to the total economy of our country. I hope, therefore, that the meat packing industry will take that broad viewpoint in encouraging and supporting economic advancement of distressed areas of the nation and distressed segments of our people.

Quite frankly, much more is involved than just expanding the total wealth or total income of the nation. What counts is the extent to which improvement in economic standing is widely shared by the vast members of our people rather than just limited groups. Far more than social justice is involved in seeking to build economic advancement from the broad base of our economy.

It is at the bottom of the economic ladder where any degree of economic improvement is most rapidly reflected in increased purchasing power for farm products -- for food and fiber.

It might be helpful if some of our more conservative business friends would reappraise, from the standpoint of sheer business logic, many of the views advocated by some of us of more liberal persuasion,

I used to find out it did not make much difference how many customers you had coming into the store if they did not have any money. The Humphrey Drug Store used to work on the basis that if we can get them in, we ought to be able to sell them something. But, when a man hasn't a dollar in his pocket, his visit to the store is strictly social, not economic. It is the broad base of the economic scene that offers opportunity to producers of consumer product.

You can be the president of the most powerful board of directors in the world, and you cannot eat any more pork chops than a man who is digging ditches. First of all, you would get indigestion most likely from your success and your responsibilities, whereas the other man, the hard-working man, the one putting forth physical labor, is hungry, and he is a lot more hungry if he has the money to buy the groceries.

It might be helpful, therefore, if we considered if the earnings of 100 low income families are improved only \$10 a week. It means additional meat on the table, and it means much more additional meat than if one family receives an additional \$1,000 dividend check -- even though both are desirable.

From experiences in my own life, I have come to the conclusion that the American economic structure depends upon the broad economic base. This is a consumer economy and not merely a producer economy. It is the consumer who really sets the standards of performance. I am convinced that it is to our own best interests, as well as the nation's, to encourage public policies to strengthen the broad base of our economy, building our prosperity upward from the bottom rather than expecting it to seep downward from the top.

Each family will buy only so much aspirin or Alka Seltzer a month, or so much meat for the table. It is better to have more families able to buy some additional amounts of each than to have the improvement in purchasing power concentrated with those already able to purchase all they will consume.

INDUSTRY'S CHALLENGE

I hope the meat packing industry will recognize that fact in considering any legislation designed to strengthen our general economy, whether it relates directly to agriculture or not.

Now, let me draw this message to a conclusion. We in the United States can greatly expand our international markets if we will just apply some of the vision and ingenuity that characterizes American enterprise at home. It seems to me that this area offers the greatest challenge of all to the American business community. Under conditions existing today, bidding for world markets may require some reorientation in our thinking. We cannot just be satisfied with the status quo and unwilling to try any new approach. We will need some of the boldness and vision that has enabled American business firms to seek out and achieve other new market outlets far beyond what most people dreamed existed.

The economist has a convenient way of separating ability to buy a product from the existing potential need for that product through use of the phrase "effective demand." But, as my economist friends know, the American businessman has never been quite willing just to sit idly by and accept his share of the supposed "effective demand" or the ability to buy his product. Instead, he has used his ingenuity and enterprise to expand the "effective demand" through advertising, through promotion, through finding whatever ways were necessary to convince the public that it had greater ability to buy his product than they themselves realized or ever dreamed of.

For instance, the time payment plan is an example of American enterprise finding a way to get around what might have appeared to be a limiting factor in "effective demand" for hard goods such as automobiles, television sets, washing machines, or refrigerators. Time payments on housing have made it possible for Americans to be the best housed people in the world. If we waited until we had the money to buy a house, many of us would be living in teepees. We were lucky to get enough money to get a down payment, and then once we had the down payment, we had the compulsion neurosis, so to speak, to keep up with the payments. For one reason or another, we just went out and earned enough money to buy the house. Maybe it took 25 or 30 years, but what are we going to do with our time anyhow? And it was a good investment.

In France I witnessed the housing programs at a stalemate. Why? Because in France they want you to pay 60 per cent down on a house and the government restricts housing by severe controls. Can you imagine how your neighbor would be living? Can you imagine how some of you would be living? I hate to think where the Humphreys would be living. Sixty per cent down? When it got up to 10 per cent, it was pretty rough.

We have Americans fairly well housed, and they will pay for their houses. The rate of delinquent payments is surprisingly low.

If we had clung strictly to traditional concepts of having to accumulate enough dollars in advance to become a part of the "effective demand" for these products, far fewer Americans would have them today.

If we wanted to produce and sell, we had to help find a way to make it possible for people to buy. Originally, most dealers probably preferred cash customers, and only turned to installment plan purchases when they could not find enough customers with the available cash.

Now, if we expect to capitalize to the fullest extent on the need that exists in the world for farm products we are capable of producing more efficiently than anywhere else, then we need some of the same ingenuity we had at home. We just cannot give up because it appears that a shortage of American dollars is an obstacle to expanding "effective demand." If a real need exists for our products, we must be willing to look for new ways to overcome the inability to pay for them in restricted American dollars.

My emphasis on this point reflects my own conclusion that we need to broaden our sights and be willing to consider new approaches to international trade with an open mind rather than be bound entirely by the accepted practices of the past.

The accepted practices of the past have permitted poverty throughout the world; and I tell you as one who serves his country in the field of foreign relations, poverty throughout the world is a dagger pointed at our hearts. We Americans better make up our minds to wage relentless war against it with all the ingenuity and resources at our command.

People are not going to die quietly just because we haven't found a way to relieve them from their agony. This great world-wide, nationalistic revolution that is under way in the Middle East, Africa and Asia is not going to leave us untouched. We better know what to do about it. We better have programs and policies to direct these great energies, these great forces that are being unleashed, rather than to have those forces engulf us and destroy us. I repeat to the men in this room who have everything at stake -- you are the investors; you are the manufacturers; you represent big business; you represent little business -- we are the ultimate target of the evil, political, predatory forces that are at work in this world today. We have everything to lose.

Many people in the underdeveloped areas have nothing but their chains. These people that I speak of, these great masses of people in the areas of the world where poverty and disease and illiteracy are their common lot, have witnessed that it doesn't need to be this way. Just as some people in America when they saw the first Sears Roebuck catalog said, "I want it. I like what I see," and from that day on there was ever-increasing desire on the part of the American people to share in the technology, science and fruits of production.

I repeat to you as a somber and sober word of warning, time is running out on us. This world can explode and we will be in it, and the biggest explosion will not be an atomic bomb. It will be a political explosion where we could be isolated from the rest of the world unless we are willing to find ways and means of using our great God-given abundance. Yes, we must use our ingenuity and technical and managerial know-how to direct the forces that are so evident.

After all, the atom was always present. Nuclear and fissionable material was always present. Sometimes it did great damage, but science has learned now how to discipline it and how to direct these energies for constructive purposes. We need to learn how to direct these great social and political forces for constructive purposes.

So in the world today we just can't insist on trading on our own terms alone if we want to have substantial markets away from home. Your Congress has recognized this fact and provided a device to overcome this obstacle to expanded dollar trade in farm commodities abroad through enactment of Public Law 480. I know that you are familiar with it and I shall not burden you with the details. I hope you will make it your business to become even more familiar with it.

TRADE AND DEVELOPMENT

While it is commonly known as a surplus disposal act P. L. 480 is far more than just a means of disposing of excess products. It is all that its real name implies -- the Agricultural Trade and Development Act. These laws are not better than the spirit that motivates them, the spirit of administration and participation. If we look upon it simply as a disposal program, that is what it will be. It will end up in the garbage can. I submit that Congress knew what it was doing. I was there. I am one of the authors of that bill. I know that the Agricultural Trade

and Development Act was for the purpose of trade. It was for the purpose of economic expansion and development; we listed six purposes and in not one of them was the emphasis on that single purpose. It was not disposal but markets and trade. You don't have to have much brains to give stuff away. You don't have to be very sharp. But you do have to have a little ingenuity and ability to be able to develop markets, and here is the legislative mechanism for market development for your industry.

Government will even provide you with funds for your trade associations to seek markets, to develop markets, and to develop eating habits. I know you have done much with this program, and I commend the American Meat Institute, but I am going to ride herd on many of the trade associations in this country that come to me complaining about our agricultural surplus. I am going to ask: What are you doing to develop markets when your government is prepared to aid you in every conceivable way with the Foreign Agricultural Service, with dollars, with foreign currency, with the State Department, with the whole force and power of the government of the United States? We are prepared to help.

Some men don't want to be helped, and they are not going to get much sympathy from this United States senator if they come with their grievances and their problems unless they can demonstrate that they have sought to relieve themselves through the means that are available.

Public Law 480 offers the means for sale of American farm products abroad, through normal channels of private trade, for foreign currencies instead of dollars. It is designed to supplement, not supplant, existing dollar sales. It is designed to open up new markets and bring us new customers, and it has served that purpose reasonably well to date. It is a foreign farm trade program, not a disposal program, and it is not a "giveaway" program. It is wrong to think of its dollar costs as losses or as a program chargeable only to agriculture.

We have plenty of uses for the foreign currencies obtained through the sale of our farm products under Public Law 480. I have heard people say these foreign currencies aren't worth much. Well, if that's the case, we haven't an ally in the world. We are doing business with friends with one or two exceptions where we are doing business in Yugoslavia and Poland because of urgent humanitarian needs and because of a political decision on the part of our government with which I concur. But in every other country we are doing business with friends and if their currency isn't worth anything, we have the wrong allies. We are frankly admitting the jig is up. I happen to feel that our allies are much more reliable than the Soviet satellites. I happen to believe we are mighty fortunate in the friends we have. I happen to believe we do them a disservice by continually talking as if their foreign currencies are worthless. Sometimes their currency is worth as much as our confidence in them. What is more, I found out that those currencies work in their countries. They buy things.

As a great international power, with vital interests and activities in all parts of the world, we can make good use of local currencies rather than American dollars for many of our activities. We can build military bases in other lands. We can build housing for American personnel overseas, as we are doing in France and other countries. We can pay much of the cost of our educational exchange programs, our information services abroad. We can make funds available as greatly needed developmental loan funds to the countries purchasing our products, countries otherwise turning to us for dollars for needed capital improvements to bolster and expand their own economy and stability.

We amended the law this year. I came back from a trip overseas and recommended the amendment and Congressman Cooley in the House of Representatives put the amendment on the bill. It had already passed the Senate so we had to go to the House. We recommended that the funds which your government accumulates from the sale of surplus American agricultural commodities, that up to 25 per cent of the total proceeds, be made available to American private business for investment overseas at reasonable rates of interest. So if you wish to invest in foreign countries, you don't need to go only with the limited dollars you may have. If you wish to invest in Turkey or in Brazil, if you wish to invest in Italy or Spain or Greece or many of the areas of the world, we have foreign currencies to the account of the United States, and you can now go to the government, to the Mutual Security Administration, and borrow up to 25 per cent of the total funds available in that country for purposes of industrial expansion in that area.

I came to the conclusion we were loaning all the money to governments that were building socialistic enterprises. We were loaning our money to foreign governments. Why not loan some of our money to private business? I think it makes good sense and I ask that you give it your thoughtful consideration.

By the time Congress returns this winter, most of the amount of money which has been made available under Public Law 480 will have been committed. New opportunities for further sales will have to be rejected. Valid opportunities for further sales on this program have far exceeded the existing authority, so far exceeded it that we shall seek a further expansion for at least two years when Congress returns. I shall seek an additional amount of funds in this program.

I hope the American Meat Institute and the livestock industry will further fully explore the opportunities that exist for developing new markets under this legislation. I commend you for your work. You know that there is a need abroad for animal fats at a time when domestic demand is dwindling. There is a potential market for substantially more meat products than were exported last year, particularly variety meats, as your own study of the European market potential, conducted jointly with the Department of Agriculture in 1956, reveals. I commend you for that study. I hope you will take the next step and actively pursue market development abroad. One of the authorized uses of foreign currencies obtained from sales under Public Law 480 is future market development. Use it.

We are investing billions of dollars in foreign aid programs aimed at bolstering the economy of friendly countries abroad and raising their living standards. By so doing we are demonstrating faith in the future of such countries.

Let's now go a step further and prepare today for the dollar markets of the future abroad, by seeking to develop new eating habits and dietary patterns that will not only improve the health of other people but assure future markets for our own products.

P & S REGULATION

As the man in the middle, it is not an easy position you occupy in the meat packing business. You face pressure from both sides, from your supplier wanting better returns and from your customer wanting lower prices. Yes, you face pressures from government, too. These pressures will be reduced in direct proportion to the degree of concern and interest you reveal for the producer and consumer. Legislative interest in your industry was very evident in Congress this past year. Mr. Davies knows about it. He paid me regular visits. I am convinced that Congress will want to leave the regulation of your industry in the hands of the Department of Agriculture. That is where it belongs. The final decision, however, on this matter is not only in the hands of Congress, but also in yours. You should expect, however, to have the Packers and Stockyards Act strengthened, but you have a right to expect that it will be administered in the traditional pattern - in the Department of Agriculture - as it has been in the past.

Let me suggest to you that your meat packing industry is far better off if it is served at both ends by free enterprise widely dispersed, instead of heavily concentrated. You are better off being supplied by independent family farm operators and in turn supplying many retail outlets than you could hope to be if you become confronted on the one hand with your source of supply concentrated in a few large corporate bodies and on the other hand with your outlets concentrated in the too few hands of large chain buyers. You must realize this, and if so, you will direct your attention to doing something about it.

The greatest safeguards of quality, the greatest incentive to improving your own efficiency, is perpetuation of your own brands, your own name brands in the market place. I can't understand why an industry would want to give its products away under somebody else's name. Maybe I'm kind of foolish. My Daddy had a good idea. He thought the Humphrey name was a good name. He said, "I spent a long time building up the honor and the integrity of that name." The Squibb's great pharmaceutical house used to have "quality" in their ads. They emphasized quality. Here are great packers who have names known throughout the world, and a name is more than just a name. It represents quality; it represents reputation; it represents family; it represents tradition. I appeal to you in the name of what is good for your own industry to protect your name, your trade name. I have been in business. I understand the importance

of a nationally advertised product. But don't only protect the name. Protect what is under that label. Be sure that the quality is there because that really reveals the quality of the name.

I repeat, the greatest safeguard of quality is the perpetuation of your own name brands in the market place. The greatest threat to preservation of your own identity in the market place is concentration of purchasing power among your customers. In the long run, the greatest threat to customers and producers alike would be collective concentration of production displacing the traditional pattern of independent family farms or independent farm operations.

To the extent that the meat packing industry dedicates itself to protecting and improving the economic opportunities for its producers, it will enjoy greater goodwill and attract a powerful ally toward the balancing of the growing bargaining pressures of concentrated purchasing power.

I mention this because I know some of you are interested. We need adequate funds for meat inspection. I helped obtain those funds in this last session of Congress, but this didn't come by accident or good fortune. The Congress will respond to public demand, and it behooves the livestock industry, producers and processors alike, to hammer home the message of meat inspection being health protection. Clean, safe and wholesome meat is as important to the public as clean water. Both are public responsibilities.

I helped to get through Congress this year the Poultry Inspection Act. The economy ax which many people want to wield these days must not fall on essential public services, and it is not economy to cut down on meat inspection. This is an invitation to trouble.

So let me add, an expanded livestock industry will require more inspectors. We are going to have to train them professionally and it will require more inspection, not less. We ought to prepare for this now. Your industry, the meat packing industry, has had to live down the picture of the "Jungle." I don't need to remind you of that sad and dramatic tale. The American Meat Institute, your trade association, has played a leading role in improving the industry and in your public relations has been excellent. Good work has been done. I wish to commend you, but I urge you to continue your work. People seem to watch your industry more than others and they watch it very closely, and I guess that is natural because they eat your product. We hope they eat it, as I said earlier, three times a day.

As a Senator I have recognized and I have expressed the concern of millions of Americans over slaughter practices of this great industry. Now, I have done this as a friend, not as an enemy. I have done this in the spirit of cooperation, not coercion. I have sought to consult with the leaders of your industry, and I have been privileged to consult with your representatives from your industry, Mr. Davies and others in Washington, D. C.

Time has been granted for your representatives to be heard in Senate committees and House committees. We did wait a minute. We asked you to make progress in slaughtering practices and methods. We asked you to modernize, to improve. I am fully cognizant of the tremendous costs. I am well aware of the many problems that you have in physical plant. I am also aware of the natural reluctance of anyone to do something he doesn't have to do. Can I ask you as a friend to do what you ought to do without being compelled to do what you ought to do? Make steady progress.

I wish to commend this industry for the progress that has been made this past year and in the years just behind us, but this isn't enough. More progress must be made and I urge you to proceed voluntarily to work with the Department of Agriculture, to work within your American Meat Institute to improve the methods of operation and slaughter so that those who have as their objectives what is commonly known as humane slaughter will realize there has been definite and decided progress. This progress must be continued.

Our objectives are no different. We agree on objectives, and I hope we can agree on methodology. But I would be less than candid with you if I didn't say that I do believe what hearings we have held and what interest has been exhibited in Congress on improved slaughtering practices has compelled some more recalcitrant members of the industry to take another look. I don't ask you to take a new look. I just ask you to look and see what you see, and then to make the changes and adjustments which you believe are worthy for the American consumer or the kind-hearted American people. The changes in practices and method will yield a greater economic return for you. It is good business and good ethics.

Thank you so much, my good friends, for the courtesy and kindness you have exhibited. I have tried to talk to you candidly and forthrightly. I haven't come here to seek your agreement, nor have I come here to seek your disagreement. I can assure you of one thing, that I do believe Americans can disagree without being disagreeable, and I believe that we can have convictions without convicting other people of being hypocrites.

I come to you in the spirit of cooperation. I solicit your advice and your counsel as a member of the Committee on Agriculture and Forestry. My office is open to you. We have many fine packers in the state of Minnesota, we think the best. We are proud of them. I respect their competence in industry, in management. I pay tribute to them for their advances in labor-management relations and, if you will pardon me for a little parochial pride, I don't think there are any better meat products in the world than we produce and process right in Minnesota.

Thank you.

GUIDLINES FOR A NATIONAL FOOD AND FARM POLICY

Excerpts from remarks of Senator Hubert H. Humphrey, D., Minn.,
before American Meat Institute, Chicago, Ill.

✓ You have a vital stake in the nation's economic policies -- and attitudes -- toward food and agriculture.

✓ You are the essential funnel through which a tremendous share of our farm production must flow to reach the consumer.

The farmer is your supplier. The consumer is your customer. You are a link between the two. You need them both; you can't get along without either one. And, of course, they both need you.

In a nutshell, that reflects the real interdependence of our entire economy. It isn't a question of choosing up sides between the farmer, the processor, and the consumer. It isn't a question of trying to play off one against the other.

The truth is that we must be concerned about all three, and each must be concerned about the other. In our complex society, you can't long penalize or discriminate against any one segment of our economy without eventually creating repercussions in all the rest.

For that reason it has become increasingly evident that when we think about farm policy, we can't think about farmers alone. We have to think about how the farmer's products get to the consumer, and we have to think about the consumer himself. So what we are really talking about when we discuss agricultural policies are national food and farm policies that are of deep concern to everyone -- the producers of our food supply, the agricultural business enterprises engaged in preparing and distributing

Humphrey

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farm products for human consumption, and the consumer who sits down to the dinner table three times a day.

That means every one of us has a personal stake in what has come to be known as "farm policy."

It is unfortunate that the public has been led to think of our farm policies, good or bad, as some kind of special privilege legislation designed for farmers alone.

PUBLIC INTEREST PARAMOUNT

The truth is that the basis of all public policy toward agriculture is to protect the public's interest in an adequate food supply -- now and in the years to come. As a means of assuring adequate supplies of food and fiber for all the nation's needs, public policy requires creating a climate in which producers of food and fiber can find the opportunity for economic survival, and some fair sharing in the fruits of their toil. That is hardly grounds for criticizing agricultural policy as "special privilege" for farmers.

We would be foolish indeed to forget the lessons of our history, and the history of other civilizations. American agriculture still maintains a pivotal role in the total national economy. The economic imbalance in agriculture, in relation to the rest of our economy, should and must be of concern to all of us.

There may be room for differing viewpoints of what caused it, and differing viewpoints of what should be done about it, but there can no longer be much difference of opinion over the fact that our agriculture economy is out of balance with the rest of our economy.

Humphrey

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Farm income has been steadily dwindling, during a period of rising production costs.

Technological changes in agriculture have required increased amounts of capital, during a period when it has become increasingly difficult to obtain or accumulate capital.

Farmers have been receiving less return on their invested capital and their labor than in most other enterprises.

Yet the welfare and economic well-being of our agricultural economy is so vital to the long-range prosperity and progress of this nation, and the ability and capacity of our country to give effective international leadership, that this serious public issue can no longer be ignored or dealt with in indecisive or uncertain terms or policies.

While the course of American agriculture is far more than a political issue, it is unrealistic to think that farm policy can be kept out of politics -- and wrong to think that it should be.

After all, politics is the process provided in our democracy for translating the will of the people into action. It's the insistence by people to be heard in the ballot box, if they can't be heard anywhere else.

To ask elected public representatives to keep out of the farm policy debate is asking them to ignore a vital public issue, to ignore the needs and desires of their constituencies, urban or rural, and to silence convictions they may hold. Yes, it is wishful thinking to ask, or expect, farm policy to be kept out of politics-- any more than you could ask your fellow citizens to ignore foreign policy, economic policy, tax policy, labor policy, or any other public policy in making political decisions.

Actually, the continuing debate on farm policy, serves a useful purpose as long as it is conducted constructively and factually.

What is wrong, of course, is partisan debate carried to the extreme of deliberate confusion rather than desire to clarify. Regardless of differences, we must all be seeking solutions--instead of seeking to perpetuate an issue.

You have shown you are more interested in exploring solutions, than in just perpetuating arguments. It is to the credit of the American Meat Institute that you have invited as participants in your deliberations, persons of different points of view and have given us the privilege of open and free discussion.

Perhaps, however, many of the differences supposedly existing on farm policy have been magnified too greatly, and lines of opposing viewpoints drawn too sharply. The truth is that most of us really share

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common objectives.

We're inclined to be like our youngsters watching westerns on television--we keep trying to divide everybody up between the "good guys" and the "bad guys".

Perhaps we need to heed the advice of the prophet Isaih when he counseled, "Come, let us reason together".

SYMBOLS AND SLOGANS

We in America are sometimes too prone to accept symbols for fact, slogans for principles.

We need to redefine some of our terms and battlecries, and make sure we know what they mean.

We hear a great deal about "freedom" for agriculture. All of us, I hope, want to preserve our competitive free enterprise system. Yet can we really preserve free enterprise for the producer by leaving him at the mercy of any free marketing system that asks him to accept slogans or cliches about freedom when in fact that same so called free market is restricted by many fixed and inflexible factors.

If we really want to preserve free markets, we must find ways to make them work effectively, rather than just ask that they be accepted as the ideal theory of freedom.

We hear a great deal about regimentation. It is portrayed as a great evil overhanging individual enterprise the moment the government intervenes in any form as the referee in our economy.

Yet the truth is that poverty is the greatest regimenting force of all. The man making money enjoys a freedom of choice denied the man forced to struggle for a bare existence.

If we really want to avoid regimentation, we need to wipe out poverty and provide a better climate of economic opportunity.

We hear a great deal about "Subsidies" to agriculture, a topic that has made farmers the whipping boy of our economy. Yet the truth is that any government service or assistance can be justified only when it is in the national interest. And when such assistance serves the national interest, it is no more of a subsidy to farmers than it is to any other segment of our economy.

We don't subsidize distribution of newspapers and magazines just because we want to help publishers. We do it, instead, because Congress has deemed it proper to help in dissemination of the widest possible sources of information in any form to the American people.

We don't subsidize ship construction just because we want to give special privilege to those in the shipping industry. We do it because Congress has deemed it in the interests of all of us to have a strong merchant marine.

Many more examples could be cited. In one form or another, government assistance is provided for almost every segment of the American economy. It is not done as a favor to that particular group. It is provided because Congress decides such assistance is proper in the public's interest.

It might be well to turn our backs on many of these old arguments. They have been worn a bit thin. We should concentrate more on where we want to go in agriculture -- instead of hassling about the past.

We've been so bogged down in fighting over how to help agriculture, we seem to have lost sight of just what we really want to accomplish for agriculture.

NEED TO REAPPRAISE OBJECTIVES

I'd like to suggest that it's time for a reappraisal of our objectives. There's little chance of agreeing in Congress or anywhere else on how we can best reach our objectives, until we can reach some agreement on the objectives themselves.

Perhaps the most constructive course that could be taken in the next session of Congress would be to develop and adopt a National Food and Farm policy -- a charter of common objectives, as a starting point for a new approach to strengthening our farm economy.

For the consumer's sake, that policy should be one of encouraging abundance instead of scarcity -- abundance wisely used for the benefit of humanity.

For the farmer's sake, that policy must recognize there is some role for government in seeking to provide stability in both prices and costs, with the least possible interference in normal private marketing operations.

For the sake of all of us, that policy must encourage sound conservation practices to safeguard against misuse and overuse of our land resources.

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For the sake of the producer, the processor, and the consumer alike, that policy must encourage continuing research to increase efficiency in production and marketing.

We are geared to produce, and it is almost sacriligious to deny farmers the opportunity to produce. As a nation we could find greater moral justification for investing public funds toward wiser use of our abundance for humanity everywhere, than we can for payments to farmers not to produce.

If we are going to accept a philosophy of abundance as a national goal rather than turn to the monopolistic theories of enforced scarcity as a means of raising prices, we need to be concerned both about what kind of abundance we produce -- and the pattern of agriculture most desirable for producing it.

We can live with greater abundance, if ways are found to channel more of our feed grains into animal agriculture. If, as a matter public policy we are going to have any incentives to guide adjustment in farm production , any such incentives must be on the end product rather than on what goes into the end product.

9.

DEVELOPING UNTAPPED MARKETS

We need the vision to recognize and develop untapped American markets. The real potential of the American market is not just you and I eating an extra sirloin steak.

Instead, it is among those not now able now economically to purchase and eat sirloin steak at all.

We have concentrated much attention toward economic development of the underdeveloped areas of the world, realizing it is in our own interest, both from the standpoint of future world markets and international political stability, to encourage rising living standards throughout the world.

But let's not neglect the opportunities at home.

As important as foreign markets are to American agriculture, the biggest and most readily available untapped market in the world is right here in America--particularly for perishable farm products such as meat, milk, poultry and eggs.

We need to approach that untapped market through strengthening and improving economic conditions in our own distressed areas, and through seeking through both private and public means to improve economic opportunities and thereby raise living standards of our own low-income groups.

For example, just visualize the substantial new market that would be created for all American business if we could just raise per capita income \$100 a year alone throughout some of our depressed areas.

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Our agricultural economy--and the economy of business enterprises engaged in handling, processing, and distribution of agricultural products--is in separately linked to the total economy of our country. I hope the meat packing industry will take that broad viewpoint in encouraging and supporting economic advancement of distressed areas of the nation, and distressed segments of our people.

Quite frankly, more is involved than just expanding the total wealth or total income of the nation. What counts is the extent to which improvement in economic standing is widely shared by the vast numbers of our people, rather than just limited groups.

Far more than just social justice is involved in seeking to build economic advancement from the broad base of our economy.

It is at the bottom of the economic ladder where any degree of economic improvement is most rapidly reflected in increased purchasing power for farm products--for food and fiber.

It might be helpful if some of our more conservative business friends would reappraise many of the views advocated by some of us of more liberal persuasion, from the standpoint of sheer business logic.

If the earnings of 100 low-income families are improved only \$10 a week, it means far more additional meat on the table than if any one family receives an additional \$1,000 dividend check.

From experiences in my own family drug store, I know that we do far better business if farmers of the surrounding area get even a small improvement in the prices for their products than we do if one or two of the town's leading families suddenly become vastly more wealthy.

I'm convinced it is to your own best interest as well as the nation's to encourage public policies designed to strengthen the broad base of our economy, building our prosperity upward from the bottom rather than expecting it to seep downward from the top.

Each family will only buy so much aspirin or alka seltzer a month-- or so much meat for the table. It's better to have more families able to buy some additional amounts of each--than to have the improvement in purchasing power concentrated with those already able to purchase all they will consume.

I hope the meat packing industry will recognize that fact, in considering any legislation designed to strengthen our general economy--whether it relates directly to agriculture or not.

SEEKING NEW CUSTOMERS ABROAD

We in the United States can greatly expand our international markets if we'll just apply some of the vision and ingenuity that characterizes American enterprise at home.

It seems to me that this area offers the greatest challenge of all to the American business community.

Under conditions existing today, bidding for world markets may require some reorientation in our thinking. We can't just be satisfied with the status quo, and unwilling to try any new approach. We will need some of the boldness and vision that has enabled American business firms to seek out and achieve other new market outlets far beyond what most people dreamed existed.

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The economist has a convenient way of separating ability to buy a product from the existing potential need for that product through use of the phrase "effective demand."

But if as my economist friends know, the American businessman has never been quite willing to just sit idly by and accept his share of the supposed "effective demand," or the ability to buy his product.

Instead, he's used his ingenuity and enterprise to expand the "effective demand" through advertising, through promotion, through finding whatever ways were necessary to convince the public that it had greater ability to buy his product than they themselves realized.

For instance, the time payment plan is an example of American enterprise finding a way to get around what might have appeared to be a limiting factor in "effective demand" for hard goods such as automobiles, television sets, washing machines, or refrigerators.

If we had clung to strictly to traditional concepts of having to accumulate enough dollars in advance to become a part of the "effective demand" for these products,

far fewer Americans would have them today.

If we wanted to produce and sell, we had to help find a way to make it possible for people to buy. We did it. All it took was a little American ingenuity -- and faith in our country and its people. We found a useful and workable device to overcome an immediate inability to buy -- and everybody has benefit.

Originally, most dealers probably preferred cash customers -- and only turned to installment plan purchases when they couldn't find enough customers with the available cash. Now that it has become an accepted pattern of trade, however, many businessmen prefer time selling to cash purchases because it has offered them an opportunity for profit on financing in addition to profit on the purchase itself.

If we expect to capitalize to the fullest extent on the need that exists in the world for the farm products we are capable of producing more efficiently than anywhere else, then we need some of the same ingenuity. We can't just give up because it appears a shortage of American dollars is an obstacle to expanding the "effective demand." If a real need exists for our products, we must be willing to look for new ways to overcome the inability to pay for them in American dollars.

My emphasis on this point reflects my own conclusion that we need to broaden our sights, and be willing to consider new approaches to international trade with an open mind rather than be bound entirely by accepted practices of the past.

In the realities of the world that exists today, we can't just insist on trading on our terms alone in our dollars -- if we want to capture the substantial market that beckons.

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We in Congress have recognized that fact and provided a device to overcome this obstacle to expanded dollar trade in farm commodities abroad, through enactment of Public Law 480.

I know you are familiar with it. I hope you will make it your business to become more familiar with it.

While it is commonly known as the Surplus Disposal Act, it is far more than just a means of disposing of excess products. It is all that it's real name implies -- the Agricultural Trade and Development Act. It is the best base that exists today for building a workable foreign economic policy for our country, while bolstering our agricultural economy at home.

Public Law 480 offers the means for sale of American farm products abroad -- through normal channels of private trade -- for foreign currencies instead of dollars. It is designed to supplement, not supplant, existing dollar sales. It is designed to open up new markets, and bring us new customers. And it has served that purpose well to date.

It is a foreign farm trade program -- not a "giveaway program"; and it is wrong to think of its dollar costs as losses or is a program chargeable only to agriculture.

We have plenty of uses for the foreign currencies obtained through the sale of our farm products under Public Law 480.

As a great international power with interests and activities in all parts of the world, we can make good use of local currencies rather than American dollars for many of our activities. We can build military bases in other lands. We can build housing for American personnel overseas. We can pay much of the costs of our educational exchange programs, our information services abroad.

We can make such funds available as greatly needed developmental loan funds to the countries purchasing our products -- countries otherwise turning to us for dollars for needed capital improvements to bolster and expand their own economy and stability.

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In effect, we can make use of our abundance of food and fiber to finance much of our economic assistance abroad.

We're going this today, under Public Law 480 -- but much too timidly, much too slowly, and with too little appreciation of the tremendous potential such an approach really offers.

We have haltingly authorized such sales for only one year at a time, handicapping participating countries from depending upon this useful vehicle in planning ahead for good acquisition and economic development.

During the last session of the Congress, we extended this authority for one more year, limiting such sales to one billion dollars worth of our farm commodities.

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By the time Congress returns, most of this amount will have been committed -- and new opportunities for further sales may have to be rejected.

Valid opportunities for export sales under this program so far exceed the existing authority that we shall seek a further expansion for at least two years when Congress returns.

I hope the American Meat Institute and the livestock industry generally will fully explore the opportunities that exist for developing new markets under this legislation.

There is need abroad for animal fats, at a time when domestic demand is dwindling. There is a potential market for substantially more meat products than were exported last year, particularly variety meats, as your own study of the European Market Potential conducted jointly with the Department of Agriculture in 1956 reveals.

I commend you for that study. I hope you will take the next step, and actively pursue market development abroad.

One of the authorized uses of foreign currencies obtained from sales under Public Law 480 is future market development.

We are investing billions in our foreign aid programs aimed at bolstering the economy of friendly countries abroad, and raising their living standards. By so doing we are demonstrating faith in the future of such countries.

Let's now go a step further, and prepare today for the dollar markets of the future abroad, by seeking to develop new eating habits and dietary patterns that will not only improve the health of other people, but assure future markets for our own products.

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REAL FREE ENTERPRISE

As the man in the middle, it's not an easy position you occupy in the meat packing business. You face pressures from both sides -- from your supplier, wanting better returns, and from your customer, wanting lower prices.

Yes, you face pressures from government, too. Those pressures will be reduced in direct proportion to the degree of concern and interest you reveal for the producer and consumer. Legislative interest in your industry was very evident in Congress this past year. I'm convinced that the Congress will want to leave the regulation of your industry in the Department of Agriculture. The final decision on this matter is not only in the hands of Congress, but also in yours. You should expect, however, to have the Packers and Stockyards Act strengthened.

Let me suggest to you that your meat packing industry is far better off if it is served at both ends by free enterprise widely dispersed, instead of heavily concentrated.

You are better off being supplied by independent family farm operators and in turn supplying many retail outlets, than you could hope to be if you become confronted on the one hand with your source of supply concentrated in a few large corporate hands, and on the other with your outlets concentrated in too few hands of large chain buyers.

The greatest safeguards of quality, the greatest incentive to improving your own efficiency, is perpetuation of your own name brands in the market place.

The greatest threat to preservation of your own identity in the market place is concentration of purchasing power among your customers -- and in the

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long run the greatest threat to customers and producers alike would be collective concentration of production displacing the traditional pattern of independent family farm operations.

To the extent the Meat Packing Industry dedicates itself to protecting and improving the economic opportunities for its producers, it will enjoy greater goodwill and attract a powerful ally toward balancing the growing bargaining pressures of concentrated purchasing power.

" Adequate funds for meat inspection will not come by accident or good fortune. The Congress will respond to public demand. ~~when the~~ It behooves the livestock industry, producers and processors, to hammer home the message that ~~livestock~~ meat inspection is health protection. ~~It~~ Clean, safe, & wholesome meat is as important to the public as clean water. Both are a public responsibility. ~~with~~ The "economy axe" must not fall on essential public services. ~~to~~ Let me add, an expanded

~~The~~ livestock industry ^(B)
will require more
inspectors & inspection, not
less. We should prepare
for this now.

"Your industry - the meat
packing industry - has had
to live down the indictment
of "The Jungle" - The American
Meat Institute - your trade
association - has played
a leading role in improving
the industry and in your
public relations. I wish
to commend you. ~~For~~ Your
work must continue. People
seem to watch your industry
very closely - & this is natural
they eat your products. We
hope three times a day!

~~I have~~

As a ~~legislative~~ Senator I have
~~been~~ recognized and expressed
the concern of the American
public over slaughter practices
of this great industry. I have
done this as a friend, not
as an enemy. I have sought
to consult with your
representatives - time has
been granted for presentation
of your case - and I'm
truly pleased to see
the progress that you have
made in our agreed upon
objectives. We seek the
same goals ~~our methods~~
~~and means have been~~



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