

From the Office of  
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REPUBLICANS FIGHTING INFLATION FIRE BY FANNING FLAMES, SENATOR HUMPHREY SAYS

Expanded productivity, not tighter money, is needed to curb the rampaging inflation working a hardship on the American people, Senator Hubert H. Humphrey, (D.-Minn.) declared last night in an address before a Democratic dinner at Williamsport, Pennsylvania.

"The cure being attempted by the Republican administration is like fighting a fire by fanning the flames," Senator Humphrey said.

"The American people are a captive patient of the tight money doctors, and the Administration is compelling you to swallow bitter medicine. Two years ago, they told you tight money would prevent inflation. Now they tell you it is necessary to slow down inflation. So, they hold your nose and make you swallow dose after dose -- tighter credit, higher interest rates.

"And what happens? Inflation is getting worse, not better.

"The cost of living is going up and up -- our dollars are buying less and less. The postwar price spiral has already added around \$20 a week in costs to the average family's budget. It takes \$1 now to buy what 50 cents would have bought in 1939, or what 80 cents would have bought in 1949. And in the last 18 months, we have seen the worst peacetime inflation in the history of our nation. Our dollars today are worth five full cents less than just last year."

"Full production," Senator Humphrey declared, "is the key to halting inflation -- full production and full employment, with high consumer purchasing power so that we can afford to buy what we need, so that buying, sales, and production will stay up, will not fall."

"And production requires a normal growth in the money supply -- not too much and not too little -- and a stable interest rate so businessmen, investors, government and consumers can plan ahead without having the rules changed in the middle of the game."

Continued tight money and high interest, Senator Humphrey warned, "can lead only to less production, to shortages like we already have in housing, and to built-in inflation."

"What is happening is this: All industry has to pay higher interest -- steel, autos, household appliance manufacturers. This increases their costs. The big firms pass it on to us in higher prices, while they maintain their own profits at record high levels.

"Tight credit and high interest rates slow down home building -- make building more expensive -- raise mortgage payments and rents. Result: Another boost in the cost of living.

"Utilities pay higher interest rates on their expansion programs, so they raise their rates. Up go our electric, gas, telephone bills. Another pinch in our pocketbooks -- more Republican inflation.

"States, municipalities, school districts are paying twice as high interest as five years ago on borrowings for schools, roads, hospitals. Up go property taxes, sales taxes. Another boost in living costs.

"Finally, our Federal excise taxes, our income taxes and corporate taxes, which are in all prices of everything we buy, are over a billion dollars a year higher now because of the increased interest rates on the national debt. And unless interest rates come down, refunding the public debt is going to cost us as taxpayers and consumers \$5 billion a year more than it did in 1952.

"As Democrats and as Republicans, as Americans, we must unite to arrest the armed bandit of inflation, and resume our normal economic expansion," Senator Humphrey declared.



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