

OUR PHILOSOPHY OF ABUNDANCE

Remarks of

Senator Hubert H. Humphrey

Jefferson-Jackson Dinner Meeting

Huron, S. D., June 20

We are here tonight at a Jefferson-Jackson Day dinner -- not only to celebrate last year's great Democratic victory but, far more important, to plan next year's victory.

I am happy for this opportunity to pay tribute to your great Governor, Ralph Herseth. He is an outstanding liberal. His vigorous championship of the full-scale development of the Missouri River Basin is a shining example of how we Democrats understand the meaning of real wealth. Unlike the Republicans, we are not afraid of progress, of investing in projects to develop the wealth of America. And unlike the Republicans, we do not say that these projects are ~~hurtful~~ ^{harmful} to business. We know that they help business because they help the people. In short, unlike the Republicans, we believe that what is good for the country is good for General Motors.

I could not come out here without referring to your Representative, George McGovern, although you must appreciate his worth just as well as I do. With four more of the right kind of people

O'Dennis Jensen

Rev Clergy
Jim Magness

Gov Herseeth

Cong McConner

State Legislators

Friends

Victory!!!

Home Town

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Mich, wis

Ill, S.D

Iowa

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"old guard
northern Republicans"

"New Antiques"

"Dynamic Apathy"

change not now

Huron Plummer
thanks!

Home Town

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in the last Congress, his amendment to provide 90 percent of parity across the entire range of farm production would have been successful. He is a consistent fighter for the family farmer. He is my partner in the Food For Peace fight and I am proud to be his partner.

Start
Democrats and Republicans look for victory in different ways. The Republicans look for victory through concealment and slogans. We seek victory through facts and programs. The Republican way did not work in 1958. Our way worked in 1958 -- and it will work again in 1960.

Factor Programs
So I am going to talk to you tonight about facts and programs.

But I am also going to talk to you about ideals -- the economic and social and political ideals of the Democratic Party -- ideals that go back to Thomas Jefferson and Andrew Jackson.

cut
~~The Republicans like to tell us that Jefferson said that a government was best when it governed least. This is distortion. Jefferson believed that a government was best when it met the needs of the people. Had he really believed what the Republicans now attribute to him, he would never have been so viciously assailed by the kind of special interests which the Republican Party represents today.~~

needed
New Facts + New Programs

gut
Andrew Jackson in some respects carried the protection of the people's interest further than Jefferson, not because he had a different philosophy, but because new facts called for new programs. His successful fight against the Bank of the United States was the first great defeat of the money trust, when it sought to take over the functions of government.

The problems which beset us today involve new facts and require new programs and new solutions.

Problems new!

At the moment, our economy appears to be on the way up -- and for that, no one is more thankful than I. But already Republican feet are reaching for the brake pedal. The same tight money, high interest rate policy that has contributed to two Eisenhower-Nixon-Republican recessions is about to be given another try.

Economy up.

I well recall the cries of complacency and exultation which arose from the ranks of the Republicans in 1955, when we were recovering from that first Republican recession.

We were told, in 1955, that the tight money policy was vindicated.

We were told that a Federal Budget, which neglected our domestic needs and our national security, was proving its worth. We were told that the Benson farm policy just needed a chance to get rolling.

(Rolling it has, & over millions of farmers

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And in the false glow of the 1955 economic boomlet, we were asked to swallow bigger and bigger doses of the ^{bitter} Republican medicine.

Well, some more of those doses were administered, and look what happened. In 1956 and 1957, the forward movement of the economy was reduced to a creep, and a creeping economy was unable to absorb a growing population and labor force, and a rapidly advancing technology. Unemployment rose.

Then, after two years of ~~this stagnation~~ ^{Slow Down}, we got another economic recession, the most serious since the Great Depression.

Now, in 1959, we are all asked to close our eyes and take a deep breath, because the economy is moving upward again -- just as in 1955. This is a cause for rejoicing by all Americans -- Republicans and Democrats. But it is not a time for complacency.

~~My friends,~~ ^E even if we continue our economic gains through the end of 1959, our record for the whole period from the beginning of 1953 through the end of this year will still be appalling. Our average annual rate of growth for these seven years will be less than 2-1/2 percent -- only about half of what a fully growing economy could and should have produced.

By the end of 1959, even if the present economic gains continue, we shall, since the Republicans took office in 1953, have

Growth
2 1/2%

Kap

lost at least 175 billion dollars in total production, and have had 12 million man-years more of unnecessary unemployment, than would have been the case if our economy had grown and prospered fully. Due to this low growth rate for the whole economy, we shall have lost, even at existing tax rates, between 35 and 40 billion dollars of Federal, State and local revenues, with which we could have built the schools and roads, the hospitals and national defenses, which we so sorely lack.

There is no better way to understand the Republican economic and social and governmental philosophy than to examine the farm situation.

During the period of the new Republicanism, real farm income has gone down between a fourth and a third. Today the average income of the individual who lives off the earth is less than half of the average income of the American people as a whole.

When we look at the distribution of income within the farm population, we find that there are, proportionately, five to ten times more American farm families with incomes below \$1,000 a year, below \$2,000 a year, and below \$3,000 a year, than there are in the rest of the population. And despite the ~~promise~~ ^{limited} upward flurry of farm prices and income last year, the long-range trend of farm income deflation is now on its way again.

Farm Income

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But
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The rest of the people have not benefited by the long farm deflation. They have been hurt. It has recently been estimated that somewhere between one-fourth and one-third of our gigantic nationwide losses in total production and employment opportunity, during the past six years, have been due to the farm depression. What is more, while farm prices have tumbled, consumer food prices have gone up.

Why has this been happening to agriculture, and through agriculture to the rest of the economy?

It has not been primarily because of the farm surpluses, although these are serious and must be corrected. Other industries, like the steel industry, have repeatedly been far more over-expanded than agriculture. But, unlike the farmers, these industries have been able to hold or even raise their prices while farmers have had to stand by helplessly and watch their prices go down.

The real reason why farm income is going down, down, down, and why the farmer is getting a smaller and smaller share of the national income pie, is that the farmer is weaker in the market place than other groups. He sells his goods in a so-called free market, and tries to buy what he needs in a controlled market.

Economic Progress

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And when he complains about this, he is told by the Republican Administration that the laws of supply and demand will ultimately solve his problems.

Those who live by means other than agriculture should recall this: a generation ago, at the beginning of the great crash in 1929, we were told that we had over-production. We were told by the Republican economic wizards that labor and small business *and Agric.* were inefficient, and that the way to cure all this was to let wages and prices fall. But when this happened, purchasing power fell even faster, and we had a Great Depression.

Through twenty years of Democratic Administrations, we tried to reverse this thinking. We sought to build purchasing power for farm products and we succeeded. Through social security, collective bargaining, an improved financial and banking system, we strengthened our economic system against the chaotic conditions which had existed before. The evolution of an intelligent and humane national farm policy, though by no means a perfect one, was part and parcel of this great effort.

But beginning with 1953, these policies were reversed. *and* ~~Naturally~~, the Republicans started with agriculture. They told us that agriculture was overproducing because the farmer was getting too high prices and too much income. They said that, if

out

farm prices and incomes were slashed, the farm population would shrink in size, farm production would fall, farm incomes would then start to go up again, and the farmers would all live happily ever after. But the big, bad wolf seems to have sneaked into this fairy tale.

Keep

The Republican farm program not only didn't work; it has cost the taxpayers a lot of money. The current Republican Administration, in only six years, has spent far more to collapse farm income than was spent to improve the lot of the farmer in the previous 20 years.

Even this huge cost would have been bearable if it had succeeded in sustaining farm income. But all these billions have only brought lower farm prices and lower farm income.

Scarcity

The Republicans believe in scarcity rather than abundance. They do not seem to realize that, if we can only call forth our economic powers fully, we can register fantastic economic progress.

Within the next six years we can come close to eliminating poverty; we can lift average American family income by several thousand dollars; we can provide immensely wider domestic markets for our own business enterprises; we can close the gaps in our schools and hospitals; and we can bring social security up to the full measure of an American standard of living.

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Philosophy of Scarcity

But in order to do this, we must get rid of the philosophy of scarcity, and apply the philosophy of abundance.

And a good place to start applying this philosophy of abundance is in the field of agriculture. The rest of the people cannot be fully prosperous, unless agriculture is fully prosperous. Agriculture cannot be fully prosperous, except in a full employment environment for all.

Farm policy and nonfarm policy cannot be treated ~~in~~ in unrealistic isolation. *City People* Farmers and ~~non-farmers~~ alike are parts of the same American homeland. They are parts of the same world economy. (*Growth of our Economy -*)

More specifically, we should develop a full prosperity program for agriculture, as an integral part of a full prosperity program for America.

We should have specific ~~quantitative~~ goals for maximum production for American agriculture. These goals should point toward short-range and long-range production achievements for foods and fibers, consistent with meeting these three great purposes:

(1) Satisfying the real needs and purchasing power capabilities of American consumers and industries, under conditions of maximum production, employment, and purchasing power for the whole

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American economy;

(2) Maintaining export and import levels of foods and fibers, consistent with ~~maximum~~ prosperity for domestic agriculture, and with the objectives of a sound American foreign policy geared toward the purposes of peace through the improvement of living standards;

(3) Maintaining adequate domestic reserves of foods and fibers, in accord with our home needs and the world situation.

We should have specific quantitative goals for maximum employment for American agriculture. These goals should envisage a farm population, and especially farm families, which have adequate opportunity to be fully and usefully employed on American farms. These goals should also include maximum employment opportunity in other sectors of the economy, for those farmers and farm families who of their own free will seek to transfer from agriculture elsewhere.

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Part { The President, the Congress, the farm groups, and other interested organizations ~~should~~ ^{must need to} combine to develop a ~~Maximum~~ Prosperity Policy for American Agriculture. *Worked out on a* basis consistent with our democratic traditions, and applied under the system of voluntarism which is characteristic of both our free government and our free enterprise, this Prosperity Policy could help to achieve and maintain the goal of maximum prosperity for American agriculture, as a major contribution toward the same goal for the American economy and the American people as a whole. *Veto!!*

Q Such a ~~maximum~~ ^{usable} prosperity policy ~~should~~ bring supply and demand into balance at the highest possible levels, instead of trying to bring them into balance at low levels.

It ~~would~~ ^{should} use income progress, rather than income deflation, as a tool for farm production adjustment.

It ~~would~~ ^{should}, in the long run, reduce public costs by substituting sanity for confusion.

It ~~would~~ ^{should} unite, instead of dividing, the worker and the farmer, the producer and the consumer, by using a full prosperity

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program for agriculture as a reinforcement to a full prosperity
program for all, and by promoting the full prosperity of others
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✓ East St Louis
✓ Ellsworth REA

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But beginning with 1953, these policies were reversed. Naturally, the Republicans started with agriculture. They told us that agriculture was overproducing because the farmer was getting too high prices and too much income. They said that, if farm prices and incomes were slashed, the farm population would shrink in size, farm production would fall, farm incomes would then start to go up again, and the farmers would all live happily ever after. But the big, bad wolf seems to have sneaked into this fairy tale.

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And a good place to start applying this philosophy of abundance is in the field of agriculture. The rest of the people cannot be fully prosperous, unless agriculture is fully prosperous. Agriculture cannot be fully prosperous, except in a full employment environment for all.

Farm policy and nonfarm policy cannot be treated in unrealistic isolation. Farmers and non-farmers alike are parts of the same American homeland. They are parts of the same world economy.

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short-range and long-range production achievements for foods and fibers, consistent with meeting these three great purposes:

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income for farmers. The average farm family should enjoy a level of purchasing power and living standards moving gradually toward, and attaining within a reasonable period of time, parity of income and living standards with that of the nonfarm population.

The President, The Congress, the farm groups, and other interested organizations should combine to develop a Prosperity Policy for American Agriculture. Worked out on a basis consistent with our democratic traditions, and applied under the system of voluntarism which is characteristic of both our free government and our free enterprise, this Prosperity Policy could help to achieve and maintain the goal of maximum prosperity for American agriculture, as a major contribution toward the same goal for the American economy and the American people as a whole.

Such a maximum prosperity policy would bring supply and demand into balance at the highest possible levels, instead of trying to bring them into balance at low levels.

It would use income progress, rather than income deflation, as a tool for farm production adjustment.

It would, in the long run, reduce public costs by substituting sanity for confusion.

It would unite, instead of dividing, the worker and the farmer, the producer and the consumer, by using a full prosperity program for agriculture as a reinforcement to a full prosperity program for all, and by promoting the full prosperity of others as a reinforcement to the full prosperity of farmers.

It would bring our agriculture efforts into the further service of free-world humanity and world peace.

Let's put our abundance to work -- and do it now.

"Food for Peace" is more than a slogan. It offers a partial solution to our agricultural problem, and will at the same time relieve much of the suffering of a world that looks to America for leadership in this crucial hour.

The Food for Peace Act, if put into operation, would offer us a dramatic way to show the world we care more about people living, than about people dying.

And let us never forget that there are many more people in this world who want to live, than want to die.

I have enlisted on the side of the living.

Let us not forget, too, that millions of people have lived under conditions of tyranny and terror for so long that there is nothing more than can be done to frighten them.

What they seek is help, guidance, friendship, understanding.

What this world needs today is not massive retaliation, but massive doses of health, education, and food.

We need some guided missiles to the hearts and minds of men -- missiles of technology and science, missiles of schools and education; yes, missiles of medicine and medical care -- of jobs and industry, of public works and public welfare.

It is to the creation of these missiles that we must dedicate our talents and our energies.

This world will not be saved or spared by missiles of war with thermonuclear warheads.

Important as they are for our national security and our defense against the aggressive, imperialist communism, it will take more than defense to build a peaceful world.

We must wage peace, while we defend ourselves against attack.

We must move on the offensive, and declare war against mankind's most ancient and terrible enemies of hunger, disease, poverty, and ignorance.

This declaration of war must be more than a war of worlds.

It must be a war of deeds -- the kind of deeds that we Americans have demonstrated our ability to accomplish and perform.

We need our bold, new "Food for Peace" program, dedicating our God-given abundance to serving the needs of humanity -- rather than complaining about it.

- We need a dramatic, worldwide "Health for Peace" program, with vastly expanded international medical research -- and perhaps a "white fleet" of mercy ships carrying our medical know-how and wonder drugs to the disease-ridden and suffering in the far corners of the earth.

We need to launch a broad program of world educational development -- a plan of "Education for Peace".

The first step would be for the Congress of the United States to declare to the free world that we share their beliefs in the values of education, and that we are ready to work with

them in building up their own educational systems to train their own people.

We should declare our readiness to support a ten-year effort for world-wide development of democratic education -- and I have just recently outlined a plan for financing it out of foreign currencies we receive from the sale of American farm commodities abroad.

These are truly the "Works of Peace".

These are the kinds of deeds that made America what it is today.

They are the kind of deeds that helped bind up the wounds after World War II, through successful completion of the Marshall Plan.

They are the kind of deeds by which our country's great voluntary, church, and non-sectarian groups have brought a message of kindness, compassion, and helpfulness to millions of people throughout the world.

They need to be multiplied manyfold, to present the real image of America for all to see -- a country truly dedicated to people, progress, and, above all else, peace.

This is our Democratic answer to Republican bluff and reaction -- an answer of constructive action.

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My Friends:

We are here tonight at a Jefferson-Jackson Day dinner. This means that we are here tonight at a Democratic dinner. We are here to continue to devise ways and means to restore the Government of the United States to the people, by assuring a nationwide Democratic victory in November 1960.

I am happy for this opportunity to pay tribute to your great Governor, Ralph Herseeth. He is an outstanding liberal. His vigorous championship of the full-scale development of the Missouri River Basin is a shining example of how we Democrats understand the meaning of real wealth. Unlike the Republicans, we are not afraid of developmental projects. And unlike the Republicans, we do not say that these projects are hurtful to business. We know that they help business because they help the people.

I could not come out here without referring to your Representative George McGovern, although you must appreciate his worth even more than I do. With four more of the right kind of people in the last Congress, his amendment to provide 90 percent of parity across the entire range of farm production would have been successful. He is a consistent fighter for the family farmer. He is my partner in the Food For Peace fight.

Democrats and Republicans look for victory in different ways. The Republicans look for victory through concealment and slogans. The Republican way did not work in 1958. We seek victory through facts and programs. Our way will work again in 1960.

I am going to talk to you tonight about facts and programs.

But I am also going to talk to you about philosophy -- the economic and

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social and political philosophy of the Democratic Party. That philosophy was established by Thomas Jefferson and confirmed by Andrew Jackson.

The Republicans like to tell us that Jefferson said that a government was best when it governed least. This is distortion. Jefferson believed that a government was best when it met the needs of the people. For his times, he was a very strong President. Had he really believed what the Republicans now attribute to him, he would never have been so viciously assailed by the kind of special interests and philosophy which the Republican Party represents today.

Andrew Jackson in some respects carried the protection of the people's interest further than Jefferson, not because he had a different philosophy, but because new facts called for new programs. His successful fight against the Bank of the United States was the first great defeat of the money trust, when it sought to usurp the functions of government.

The problems which beset us today involve new facts and require new programs. But they involve the age-old struggle between the rights of the many and the privileges of the few, -- the age-old effort to build a lasting and just prosperity upon the foundation of the well-being of the common man.

These problems are now pressing most urgently for solution.

Of course, the latest propaganda sheets from the White House tell us that we are in a great upswing of economic recovery, and that all is well. I yield to no one, in my thankfulness that conditions in the overall are better than a year ago. But in some instances, we have lost further ground. And in the overall, conditions are nowhere near as good as they need to be. We are not translating our potential abundance into the rising living standards which full utilization would bring. We are not using this abundance effectively

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enough to win the peace. We are not closing some of the great gaps in our prosperity, evidenced by the low living standards of most of our old people, the inadequate education of our young, the wide prevalence of poverty in a land of plenty, /The plight of so many small businessmen, and the near despair of agriculture. And in the face of the current recovery, so spotty in nature, we need to take a mature and long-range view. We need to ascertain whether we have even commenced to cure the maladjustments, which have made the longer-term record as a whole so frightful during the more than six years of the Republican national dispensation.

I well recall the cries of complacency and exaltation which arose from the ranks of the Republicans in 1955, when we were recovering from the recession which they brought upon us almost as soon as they took over the national government. We were told, in 1955, that the tight money policy was vindicated. We were told that a Federal Budget, which neglected our domestic needs and our national security, was proving its worth. We were told that the Benson farm policy just needed a chance to get rolling. And in the false glow of the 1955 economic boomlet, we were asked to swallow bigger and bigger doses of the Republican medicine.

Well, some more of those doses were administered, and look what happened. In 1956 and 1957, the forward movement of the economy was reduced to a creep. This virtual stagnation was unable to absorb a growing population and labor force, and a rapidly advancing technology. Unemployment of plant and manpower rose. While a few profited extravagantly, all those on the margin of the economy began to feel the pinch. Then, after two years of this stagnation, we

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got another economic recession, the most serious one since the Great Depression.

Now, in 1959, we are all asked to close our eyes and take a deep breath, because the economy is moving upward again -- just as in 1955. Upward to where? Upward for how long? Upward for whom?

My friends, even if this economic boomlet continues at the recent pace through the end of 1959, our record for the whole period from the beginning of 1953 through the end of this year will be appalling. Our average annual rate of growth for these seven years will be less than $2\frac{1}{2}$ percent, or only about half of what we need to utilize fully the growing productive power represented by our growing manpower and natural resources, brains and skills, productive plans ^{to} and financial reservoirs. By the end of 1959, even if the present boomlet continues, we shall, since the beginning of 1953, have had at least 175 billion dollars less total production, and 12 million man-years more of unnecessary unemployment, than we would have had if our economy had grown and prospered at a healthy rate. Due to this low growth rate for the whole economy, we shall have lost, even at existing tax rates, between 35 and 40 billion dollars of Federal, State and local revenues, with which we could have built the resource development, schools and roads, hospitals and national defense, which we so sorely lack.

There is no better way to understand the Republican economic and social and governmental philosophy, which has brought us to this sorry pass, than to examine the farm situation. I hope that you will bear with me, while I review some of the overall national data, reflecting conditions which you know all too well in detail and in your localities.

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During the period of the new Republicanism, farm income in real terms has gone down between a fourth and a third, depending upon which appropriate measurement is used. The average income of the individual person who lives by agriculture has gone down to the point where it is less than half of the average income of the American people as a whole. Of course, there are all kinds of farmers. But when we look at the distribution of income within the farm population, we find that American farm families living at low incomes below \$1,000 a year, below \$2,000 a year, and below \$3,000 a year are, when allowance is made for the difference in the size of population, five or ten times as numerous as other families living at these low-income levels. And despite the picayune upward flurry of farm prices and income last year, the long-range trend of farm income deflation is now on its way again.

The rest of the people have not benefited by the long farm deflation. They have been hurt. Consumer food prices and the cost of living have continued to move upward, with only minor interruptions. It has recently been estimated that somewhere between one-fourth and one-third of our gigantic nationwide deficiencies in total production and employment opportunity, during the past six years, have been due to the farm depression.

Why has this been happening to agriculture, and through agriculture to the rest of the economy?

It has not been primarily because of the farm surpluses, although these are serious and should be corrected. Other industries, like the steel industry, have repeatedly been far more over-expanded than agriculture, relative to the actual demand for their products. But they have raised their prices, instead of seeing their prices fall. The real reason why farm income is going down,

down, down, and why the farmer is getting a smaller and smaller share of the national income pie, is that the farmer is weaker in the market place than other groups. He sells his goods in a so-called free market, and tries to buy what he needs in a controlled market. And when he complains about this, he is told by the Republican Administration that the laws of supply and demand will ultimately solve his problems.

Now, it all depends on what is meant by a free market, and by supply and demand. I am for these things, insofar as they mean our American system of private enterprise, individual freedom, and free government. But I am not for the use of these terms in a sanctimonious or fraudulent fashion, to enable the strong to exploit the weak, or to close our eyes to the real problems of a modern economy.

Those who live by means other than agriculture should recall this: a generation ago, these same ^e sanctimonious and fraudulent approaches were applied to labor, and to a large part of our business system. We were told at the beginning of the great crash in 1929 that we had over-production. We were told by the Republican economic wizards that labor and small business were inefficient, and that the way to cure this was to let wages and prices fall. But when this happened, purchasing power fell even faster, and we had a Great Depression.

The whole history of our economic program during twenty years of national Democratic Administrations can be summarized in the successful effort to substitute the intelligent purposes of free men for the blind purposes which some people erroneously call the free market because it serves their special purposes well. Through social security, collective bargaining, an improved

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financial and banking system, and various combinations of spending and taxation, we strengthened our system against the chaotic conditions which had existed before. The evolution of an intelligent and humane national farm policy, though by no means a perfect one, was part and parcel of this great effort.

But beginning with ^{1953,}~~1948~~, our national policies commenced to unravel all these gains. Naturally, they started with agriculture. They told us that agriculture was overproducing because the farmer was getting too high prices and too much income. They said that, if farm prices and incomes were slashed, the farm population would shrink in size, farm production would fall, farm incomes would then start to go up again, and the farmers would all live happily ever after. But the big, bad wolf seems to have sneaked into this fairy tale.

None of us should suppose, however, that this spurious distortion of the concept of the "free market" has been applied only to agriculture. Even today, we hear the use of the term "free market" to justify the reactivation of the tight money policy. This is really a fraudulent use of the term.

It is absolute nonsense to say that the great Government of the United States is powerless to have any effect on the interest rates at which it borrows, but instead must peddle its securities at whatever interest rates the most avaricious lenders may want to receive. Actually, the Government and the Federal Reserve Board, working together, can for all practical purposes determine the rates at which the Government borrows money.

The tight money policy really means that the national Administration and the Federal Reserve System are acting as a vast combine, to push upward the prices which the people of the United States and their Government pay for money. At the same time, the Administration is asserting its vast powers, to force down

the prices and incomes of farmers. And both of these iniquities are called "free market" by the Republican sloganeers.

This tight money policy, of which we hear so much, is actually a very simple thing. The Government of the United States must constantly sell a lot of bonds, because it is constantly refinancing a huge national debt. This is true whether or not the Government runs a deficit. The methods used by the Government to sell these bonds, in recent years, has been part of a conscious policy to force up interest rates. And when the interest rates on Federal bonds go up, the interest rate on State and local borrowings go up, and the interest rates on all types of private borrowings go up. In the final analysis, all of these higher interest rates are paid by the American people. And they are paid to the relatively few who benefit most by higher interest rates.

Let us look at a few figures on this. Taking the year 1952 to represent a base of 100, the money market rates on United States Government three- to five-year issues was up to 171.4 by December 1958, and to 189.2 by April 1959. On short-term 9- to 12-month borrowings, the money market rates on United States Government securities, using 1952 as a base of 100, was up to 179 in December 1958 and 202.2 in April 1959.

From 1953 through 1958, the Federal Government paid almost 3-1/3 billion dollars more in interest rates, than it would have paid if the rates had stayed at the 1952 level. And this is only the beginning, because the interest rates are being pushed up more and more, as more and more of the total national debt is refinanced every year at the higher interest rates.

Manifestly, higher interest rates on Federal obligations force up interest rates all along the line. Using 1952 as a base of 100, the interest rates on

State and local government bonds were up to 159 by April 1959. This makes the States and localities less and less able to perform their essential services, subjects them to more and more financial embarrassment, and forces them to resort to more and more burdensome taxes. Meanwhile, the Republican Administration in Washington, which is responsible for these higher interest costs, tells the States and localities to do more and more.

Interest rates on corporate bonds, by April 1959, were 40 percent higher than in 1952, and bank rates on short-term business loans were about 29 percent higher. This has not had much of an effect upon giant enterprise. But it has had a devastating effect upon the small businessman, who is more dependent upon credit, and whose carrying costs form a larger part of his total business costs. It has played havoc with the farmer. Interest rates on home loans, consumer durables, and personal loans have spiraled accordingly. Looking at the whole situation, it appears that, during the past six or seven years, the American people have paid out increased interest charges of between 20 and 25 billion dollars, compared with what they would have paid if 1952 levels had been maintained.

The perpetrators of this outrage tells us that this is necessary to stop inflation. How do you stop inflation by increasing costs? Every time the wage earner wants to get a little more, or the farmer wants to get a little more, or someone tries to put a little more in the Budget for the old or the unemployed, or for education or national defense, the Republican Administration says that all of these increased costs are "inflationary." At the same time, they say that lifting the cost of money is anti-inflationary.

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I say that they are wrong on both scores. It is not inflationary to spend money for the things we need, or to bring about a fairer distribution of national income. These programs help to put the economy in better balance, and to produce a higher level of economic growth, production, and employment. This is anti-inflationary. But the transfer of 20 to 25 billion dollars, under the ~~t~~ight money policy, has added nothing to the national wealth, built nothing which needed to be built, and served only to repress production and employment by getting the economy further out of balance. And we all know that, during the recent years of economic stagnation, we have had more price inflation than ever before in peacetime -- at least, in this century.

I admit that the horribly mismanaged farm program has cost the Government far too much money. The current Republican Administration, in six years, has spent far more to collapse farm income than was spent to move the farmer a reasonable way toward parity of income in the previous 20 years. That is a miracle in itself, but they have done it. At the same time, the net cost to the Government of the basic farm price support programs (~~as distinguished from~~ *after allowing for loans & other investments* recovered ~~advances~~), during the 25 years from October 1933 through June 1958, has averaged annually only about a quarter of a billion dollars. And even under the Republican dispensation, the net cost during the five years from July 1953 through June 1958 has averaged annually only about 900 million dollars. In contrast, by April 1959, the annual rate of interest payments by the Federal Government was 1.4 billion dollars higher than if the 1952 interest levels had been maintained. Thus, the tight money dispensation is now handing out interest bonanzas at an annual rate more than 50 percent higher than the average annual net cost of farm price supports even in recent years, and much

more than five times the average annual cost during the past quarter-century.

All of the subterfuge of the national Republican Administration about their peculiar kind of "free markets" cannot hide the fact that they are using the immense powers of Government to shape the behavior of the market, and the flow of income, in ways which are unfair and reactionary. These policies are bad for the worker and farmer, the home owner and small businessman. In the long run, they have proved to be bad even for those who are the initial beneficiaries.

An even more fundamental characteristic of the Republican economic philosophy is belief in scarcity rather than abundance. While most of the rest of the world is struggling with the problems of unavoidable scarcity, we in the United States have practically crossed what might be called a technological sound barrier. If we call forth our economic powers fully, if we grow at 5 percent rather than $2\frac{1}{2}$ percent a year, we can within another six years register some fantastic economic progress. We can come close^{se} to eliminating poverty; lift average American family income by several thousand dollars; provide immensely wider domestic markets for our own business enterprises; get rid of the deficiencies in our educational and health facilities; and bring our social security protections up to the full measure of an American standard of living.

But in order to do this, we must get rid of the philosophy of scarcity, and apply the philosophy of abundance. We cannot let every little economic boomlet produce fear that we are moving too fast and need to slow down. In the face of this boomlet today, just as in 1955, the Republican Administration is reactivating the tight money policy, insisting upon the penny-wise and

pound-foolish budgetary policy, and marshalling all its strength against all the things we need most to do as a Nation. The Republicans are so afraid of abundance, growth, and full employment -- they are so eternally wedded to the dogmas of scarcity -- that they want to nip the boomlet in the bud. This does not meet the problems of today, and it casts a dark shadow across future years.

If we were to do no better in these future years than we have done during the past six years, if we were to let every little upturn blot out the longer-run record of performance, we could suffer irreparably at home. More important still, we could lose the worldwide contest, which is rapidly becoming a contest of economic performance and social advance.

To capitalize fully on our prodigious capabilities, we need to marshal our vast private and public resources into a nationwide endeavor on a long-range and purposeful basis. We need integrated goals to inspire our performance, and coordinated policies to translate these goals into reality. In short, we need a long-range full employment program for the whole Nation. And by full employment, I do not mean just jobs. I mean also full production, full opportunity, full development of human personality and spiritual values in the favorable environment of material security and economic progress.

The development of a new and realistic program for agriculture is an essential part of this overall effort. The rest of the people cannot be fully prosperous, unless agriculture is fully prosperous. Agriculture cannot be fully prosperous, except in a full employment environment for all. Farm policy and nonfarm policy, agricultural programs and nonagricultural programs, cannot be treated well in unrealistic isolation. The room in which farmers

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dwelling, and the room in which other Americans dwell, are parts of the same American homeland. They are parts of the same world economy.

Somewhat more specifically, I think that we should develop a full prosperity program for agriculture, as an integral part of a full prosperity program for America, along these lines.

We should have specific quantitative goals for maximum production for American agriculture. These goals should point toward short-range and long-range production achievements for foods and fibers, consistent with meeting these three great purposes in just proportion:

- (1) Satisfying the real needs and purchasing power capabilities of American consumers and industries, under conditions of maximum production, employment, and purchasing power for the whole American economy;
- (2) Maintaining export and import levels of foods and fibers, consistent with maximum prosperity for domestic agriculture, and with the objectives of a sound American foreign policy geared toward the purposes of peace through the improvement of living standards;
- (3) Maintaining adequate domestic reserves of foods and fibers, in accord with our home needs and the world situation.

We should have specific quantitative goals for maximum employment for American agriculture. These goals should envisage a farm population, and especially farm families, which have adequate opportunity to be fully and usefully employed in American agriculture, on a basis compatible with maximum production and consumption of farm products. These goals should also include maximum employment opportunity in other sectors of the economy, for those

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farmers and farm families who of their own free will seek to transfer from agriculture elsewhere.

We should have specific quantitative goals for maximum purchasing power for American agriculture. These goals should point toward a level of total farm income consistent with its essential role in helping to maintain maximum purchasing power for the American economy as a whole. Such goals should include the objective of parity of income for farmers. This means that average farm families should enjoy a level of purchasing power and living standards moving gradually toward, and attaining within a reasonable period of time, parity of income and living standards with that of the nonfarm population.

I believe that the President, the Congress, farm groups, and the American people through their varied leadership, should combine to develop what might be called a Maximum Prosperity Policy for American Agriculture. Worked out on a basis consistent with our democratic traditions, and applied under the system of voluntarism which is characteristic of both our free government and our free enterprise, this Prosperity Policy could help to achieve and maintain the goal of maximum prosperity for American agriculture, as a major contribution toward the same goal for the American economy and the American people as a whole.

This approach would serve a number of great purposes. It would not seek to adjust food and fiber production and distribution to what an American population suffering from some malnutrition, and a free world population suffering from tremendous ~~distribution~~ *deprivation*, can buy and use under existing market arrangements. Instead, it would recognize the fundamental economic and human proposition that needs should not be neglected, when the physical resources

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are available to meet these needs. It would apply our brain power toward adjusting market arrangements to the task of equating productive powers with real economic and human needs. This shaping of actual production and distribution in terms of needs, on a long-range and purposeful basis, is the only tolerable solution of the problem of the farm surpluses. Finally, this approach would adjust income protection of farmers, in whatever forms this protection might take, to the economically essential and morally worthy goals of parity of income for farm families. In exchange for this protection, under a coordinated and long-range plan of cooperation, guided by systematic consumption goals, farmers could and would gradually adjust their production patterns to domestic and import needs.

Undoubtedly, there would be some mistakes and some difficulties, even under this kind of program. But such a program, being based upon sound and worthy objectives, would be self-repairing instead of self-defeating.

It would bring supply and demand into balance at the highest possible levels, instead of trying to bring them into balance at low levels.

It would use income progress, rather than income deflation, as a tool for farm production adjustment.

It would, in the long run, reduce public costs by substituting sanity for confusion.

It would unite instead of dividing the worker and the farmer, the producer and the consumer, by using a full prosperity program for agriculture as a reinforcement to a full prosperity program for all, and by promoting the full prosperity of others as a reinforcement to the full prosperity of farmers.

It would help us to advance the American economy as a whole by seeing it as a whole, instead of mistreating the economy by breaking it down into arbitrary bits and pieces.

It would bring our agriculture efforts into the further service of free-world humanity and world peace.

I see an America in which we can and should have these kind of goals, not only for agriculture, but also for the Nation at large. We need to set goals for social security expansion, for wage expansion, for business expansion, for education and health improvement -- all reinforcing one another, all consistent strains in the symphony of American effort, and all responsive to the new pace of our technology and science and invention.

Our technology and economic institutions determine our potentials. Our moral and ethical performance will determine how fully we achieve these potentials. Politics, reflecting the united decisions of a free people in terms of their values, may be considered a branch of ethics.

And when I consider the Democratic ethics and the Republican ethics, as applied to our national policies and political action, I feel confident of a great Democratic sweep in the next nationwide campaign.



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