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Speech by Mike Mansfield - Farm Speech

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Margaret deMichele

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Thanks

John A. Baker
A Sort of Check List of Items Which Ought to be Covered One Way or Another in a
FARM SPEECH

Nowhere are the glaring ill effects of part-time executive leadership more tragic than in the field of farm policy. We need not remind members of this audience of the deplorable drop in farm family income over the last four years. Businessman, teacher, worker, and farmer, all of you have suffered. All this was unnecessary. It all resulted because the Big Business administration in Washington has not known how or did not care enough to carry out national policies which would have put the Nation's blessed agricultural abundance to work for the great benefit of the Nation as a whole, and at the same time give farmers, businessmen, and others in rural America an opportunity to earn the American promise of an ever-increasing standard of living.

It is not my purpose to say much about the glittering promises and sordid performance of the Eisenhower administration.

All of us who are privileged to discuss these issues with our fellow citizens have a grave responsibility to present for full discussion our own specific suggestions for positive programs to put farm productivity to work to build a better America.

Not far from here, about four years ago, at Kasson, Minnesota, General Dwight D. Eisenhower, then candidate for the highest elective office in the land, appeared to promise to farmers the attainment of the hope they had long held—a full fair share of the Nation's income with definite protective devices to maintain farm prices at not less
than 90 or 100 percent of parity. Most of you were not able to hear that speech. Very few were able to obtain copies to ferret out the fine print. Farmers and the rest of us read the newspaper accounts and listened to reports over radio and television. Nothing was said about the fine print in these glowing accounts of the golden promise of parity for farmers. You probably took that promise at its face value. That promise has not been lived up to. It was honored mainly in its breach.

Continuously and repeatedly since that candidate has been in the office to which he aspired, farmers' only income protection in existing laws has been progressively reduced—down, down, down the sliding scale. As you watched your cattle prices drop by nearly a third, you saw your Federal Government stand idly by, putting its sole and mistaken reliance in a thoroughly ineffectual canned meat and gravy purchase program which did more for can manufacturers than for meat producers and gave the gravy to the big packing companies. Last year you saw your hog prices drop almost half. Again the golden promise of parity for farmers was honored, only with an ineffectual canned meat buying program.

The failure to provide adequate supports for hog and cattle prices did not result from any lack of authority or funds available to the Eisenhower Administration. It resulted because they either did not know how or did not want to set up an effective program.

Many of you will recall April 1, 1954, when the supports for manufactured milk and butterfat were dropped from 90 percent to only 75 percent of parity. Support level for oats was progressively drea-
from the 80 cents per bushel level established by the preceding admin-
istration to 75 cents per bushel in 1954 and to 61 cents per bushel in
1955.

I recall these occurrences to you, not as carping criticism
but only to point out that the recent tremendous drops in farm family
incomes in the past four years have resulted completely from the
Administration's immediate and continuous application of the sliding
scale theory of farm price and income policy.

One result of this policy has been that farmers, small busi-
nessmen and other family earners in rural America have financed through
the subsidy of their personal suffering the vaunted claim of the Admin-
istration that it has prevented inflation, on the average. Let us
look at that claim. The facts as reported by the President's own
Council of Economic Advisors show that the Eisenhower Administration
has not prevented inflation. As a matter of fact there has been a
steady rise in interest rates, rents, transportation and utility rates,
and the prices of manufactured industrial products.

As a result, corporate profits, after taxes, in 1955 were
over one-third higher than they were in 1952. For the first time in
American history and for the first time in the history of any nation
in the whole history of the world, dividends paid to a few thousand
corporate stockholders were greater than the total family income of
more than 5 million farm operating families in the Nation.

As a direct result of Big Banker dictated hard money policies,
interest rates in many cases are more than double. Net interest payments
to those fortunate few who were creditors rose one-fifth.
But not all business shared in this fortunate circumstance. The Big Business administration in Washington adjusted the policies of the Federal Government so that the profits of large corporations—those with 100 million dollars or more of assets—increased by nearly one-third. Over the same period, the profits of small corporations—which abound in rural America and farm areas—those with assets of $250 thousand or less, dropped by nearly two-fifths.

Obviously, farmers have not been alone in subsidizing the stable general price level but they have borne the brunt of it. From the third quarter of 1952, the three months just prior to the election in November of that year, to the first quarter of this year, the average per family farm income dropped from $3200 to $2100, and this drop occurred in spite of the fact that in 1956 there are half a million fewer farms in America than there were in 1952.

What can be done about this? What should have been done about it? Is the farm problem so perverse that it cannot be solved by wise and intelligent national policies? Are farm people somehow morally degenerate when they want and think they should be able to earn by their work, management, and property ownership, increased incomes equivalent to those earned by people in other occupations who utilize an equal amount of effort, skill, and capital assets?

There is, I think, no secret to the answer to these questions. The answer is that the so-called farm income problem is not insoluble. It will, and can, in my opinion, be solved by wise and intelligent national policies—strongly and effectively administered. Those
problems cannot be solved by half-hearted, part-time efforts based upon outmoded and unworkable economic theories.

We should start with the basic truth that the capability of American farm people to efficiently produce the world's record abundance of food and fiber is a great tangible national asset. This asset can be used for the great good and benefit of our Nation and all its people. National policies necessary to do this must be grounded on three basic principles:

First, we must preserve and improve the family farm pattern of American farming. This mode of combined farm business and farm living is the envy of the rest of the world. It is an example of hope and encouragement to the hundreds of millions of the world's people who depend upon agricultural production for their livelihood. The family farm in the United States is one of democracy's greatest exhibits.

Second, the farm people living and working on, and managing their family farms should be given every legitimate opportunity and protection to enable them to earn full parity family incomes. A truly democratic nation cannot long permit nor will it long endure if it permits continuation of a situation where national economic policies, weighted against farmers in the market place, clamp upon the 22 million people on our farms a chronic status where they can earn less than 50 percent of a fair parity income.

The third principle upon which our national farm policies should be based is that as a nation we should enable our farm families to produce not only the continuous abundance needed to fulfill the
market needs of those at home and overseas who now have the purchasing power to buy. We should also make positive use of the abundant productive capacity of America's farms to eliminate hunger in this country and to use our abundant farm production as capital assets to promote more rapid economic development in the still free "have-not" nations of the world.

What kinds of national policies and programs should we have to attain these basic principles? I earnestly submit for your consideration and thorough discussion the specific suggestions which I now want to make to you.

All of us who are living today share a grave and important responsibility for future generations. We should develop our national conservation programs in cooperation with state and local efforts so that the annual drain on our farm resources will not continue to exceed the rate of rebuilding or replenishing them. We need to strengthen, expand and facilitate operations of the Soil Conservation Service and its magnificent work on our farms, upstream watersheds and flood protection projects, through the nationwide system of local Soil Conservation Districts. We need to vitalize and expand the Agricultural Conservation Program that is administered by the democratically-elected county and community farmer committeemen. We need to gear into these a truly workable long-range Conservation Acreage Reserve to replace the patch-work Soil Bank which still has not been put into effective operation even though it was passed by Congress for the second time back in May.
Secondly, I suggest that a part of the solution to providing more nearly equitable income-earning opportunities for farmers and rural people generally is the adoption of national economic policies that will result in a dynamically expanding national purchasing power and production in all sectors of the economy—not the spotty and jerky jolts of the past three and a half years, with many pockets of chronic urban unemployment and huge areas of rural underemployment.

The third phase, I suggest, for the well-rounded farm, food and fiber policy the Nation needs and deserves, is the establishment of a conscious deliberate policy to build and maintain a national safety reserve of food and fiber. The Eisenhower Administration has used surpluses to talk down farm prices and incomes, to scare consumers and taxpayers and to browbeat farmers. But at no time have they told us for any farm commodity, or for food and fiber as a whole, how much the Nation should keep on hand in this age of super-bombs and highly developed techniques of bacteriological and chemical warfare. That should be done immediately. And thereafter the Nation's food and fiber reserve should be treasured and honored—not ridiculed and demeaned.

There is no excuse in this enlightened and advanced nation to permit the continued existence of poor nutrition and clothing standards in the midst of plenty. We should immediately initiate a complete nationwide food allotment stamp plan. The national school lunch program should be expanded to all schools, instead of the only one-in-three now benefitting with the per lunch Federal payment restored to its more nearly adequate level of several years ago. Our Nation should expand
and improve the special fluid milk for schools program into a truly effective effort that will provide Federal financing of at least a pint of milk per child per day with Federal financial assistance to local school districts in connection with the costs of administering the program. We should provide a program of Federal insurance for loans to improve, modernize and make more efficient the great terminal markets for fresh farm produce and the terminal grading and inspection of perishable products should be improved with a view to greater protection of the producer who shipped and the consumer who buys. We should place more emphasis than we have on finding ways to greatly expand industrial uses of farm commodities at fair prices to farmers and to improve the nutritional standards of public institutions such as the Armed Forces and the Veterans Administration.

As a Nation we are a long way from making full effective use of our farm abundance here at home among our own people.

The Government has been even more neglectful in failing to use our farm abundance as positive assets in the troubled world beyond our national boundaries. The Eisenhower Administration has steadfastly refused on this score, as they have on foreign policy generally, to join with other free nations to establish the international economic and political agencies that can handle these problems.

These are matters on which a full-time President is needed, under our U.S. Constitution, to take the leadership to work out. I suggest that we need to negotiate and put into operation international commodities agreements such as the Wheat Agreement, for all farm
commodities that enter importantly into international trade. The President has already dangerously delayed in assuming the leadership to work out a World Food Bank to work in conjunction with a series of international commodity agreements and an expanded World Development Bank. I favor still further expansion of the authorities under the Agricultural Trade Development and Assistance Act with contracts established through the commodity agreements and the World Food Bank, when these are in operation.

The Eisenhower Administration seems to have the whole problem of national security and foreign aid more fouled up than if it had its policies merely backward. Instead of loading heavy military aid burdens on other countries that they can't handle, we should improve our own defense establishment and provide greater economic aid to the "have-not" nations. The abundant production of which American family farms are so efficiently capable should be put to work to provide the capital to enable "have-not" nations to develop systems of universally free general and vocational education and to build the public works required to backstop more rapid industrialization and other economic growth.

Let's put our farm abundance to work--here at home and to strengthen the free world--let's use our production as a national asset. If we did that the farm income problem and the so-called "farm surplus" problem would shrink to manageable size.

Doing these things would not, of course, eliminate the need for specific Federal programs to provide protection needed by farmers to
attain a better balanced bargaining position in the market. Specific carefully worked-out farm income protection laws and programs are definitely needed.

I say to you frankly if I had been President I would not have vetoed the Farm Bill this year that repealed the sliding scale price supports. The sliding scale should be repealed.

A new law should provide farmers a full opportunity to work toward a full parity of income with other groups in the Nation. As a starter we should restore definite price supports of at least 90 percent of parity. But I submit to you such a program is not good enough—neither for farmers nor for consumers—nor for attainment of our foreign policy objectives. Authority should be restored for the use of parity income supplement payments—a principle first incorporated in the Agricultural Adjustment Act of 1933. This should be our major reliance for farm income protection. This would allow price-supporting Government purchases, non-recourse loans and purchase agreements to perform the functions for which they are best suited—that is to insure orderly marketing, relieve temporary gluts, and iron out undesirable and unneeded seasonal fluctuations in farm prices.

The eligibility to receive these income supplements should be tailored to the family farm and should be established at a level which will permit farmers to move toward a full parity income position within a reasonable period of years.

Such a program, in my considered opinion, is fully practicable; it will work with an intelligent foreign trade policy without conflict;
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It can be easily applied to perishable as well as storable commodities. It can be tailored to a whole farm approach as well as to a commodity-by-commodity approach.

Moreover, I am convinced that such a program need not cost very much in Federal funds in an expanding full employment national economy with the domestic and export demand-expanding programs I have suggested. In fact, I am certain that such a program need cost no more than the Eisenhower price support losses of the past three years.

To the extent that the demand-expanding programs I have suggested do not make the 100 percent feasibility without heavy Federal payments, Federal government, I continue my belief that the general principles of the production and marketing adjustment programs of the 1930's are still applicable. I refer specifically: (1) to the need for amendments to the new Soil Bank Act to transform it into a workable Conservation Acreage Reserve; (2) to the need to improve our acreage allotment and marketing quota legislation and extend its privileges to producers of commodities not now covered; (3) to the expansion and extension to other commodities where workable of the marketing agreement and marketing order legislation that has worked so well for nearly 20 years for various fruits, vegetables and nuts and for the city fluid milk market areas and to protect farmers in their collective market bargaining with processors and distributors; and (4) to an idea that appears to have originated with our farm organizations out in hog and cattle country, the proposed marketing premium payments for the marketing of lighter weight hogs and cattle, where desirable to help farmers adjust market supplies to market demands.
In all the programs, we would be putting economics to work to help farmers—not hurt them. Economics would be working on the side of the farmer. A small decrease in supply, because of what the economists call demand inelasticity, brings a much greater proportional increase in prices received by farmers.

To tie all these suggestions together into a series of fully workable and feasible annual national food, fiber and farm programs, I suggest this. First, the Executive Branch would be required early each year to prepare a full prosperity budget for farmers. This special budget or economic report would set forth for the year ahead and estimated projection for 5 years ahead goals for commercial domestic and export demand for farm commodities, the production needed to provide for full non-commercial consumption among special and low-income groups, the supply of farm commodities that would be needed and actually used in connection with international commodity agreements and the World Food Bank.

The special full prosperity farm budget would project the national farm family income objectives for the year and recommend the programs needed to attain them. Such estimates, if available each year, would clearly indicate the extent to which the Conservation Acreage Reserve and marketing quotas, orders and incentive payments would be required in the year ahead to keep the production and volume marketed in line with total demand.

This calculation and effective administration to carry out these objectives would keep the costs of parity income supplement payments and price supports to a fully justifiable minimum in any year.
In most years of full employment careful administration of a total national farm food and fiber program of this kind would result in no surpluses and no cost of farm income protection, as such.

I'm suggesting basically that we restore to farmers by deliberate action the kind of economic opportunities and farm income that world conditions and government foreign and domestic economic policies provided during the years 1946 through 1952.