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Montana Domestic and Foreign Policy

Mike Mansfield 1903-2001
Ladies and gentlemen of the Havre Chamber of Commerce, it is with a great deal of pleasure that I come to your city this evening to speak to the annual meeting of your fine organization. You have contributed greatly to the development of this area, especially in the Bull Hook and Tiber Dam projects - to mention a few. You have worked unceasingly for air line connections, and, while we have not been successful as yet, we will be in time. You have made every effort to have U. S. Highway Two made a part of the interstate system, and we are still working to that end. You have performed a very useful service to your community, your area, and your State. It is my hope that on the basis of your accomplishments to date - and they have been many - and your needs for the future, that your membership will increase to the end that the jobs which still need to be done will be carried forward with the full support of the City of Havre, Hill County and the surrounding area.

I am sure that most of you have arrived at the meeting tonight with the preconceived notion that I will speak on Foreign Policy and the many serious international problems facing our country today. You are essentially correct, I do intend to discuss the various phases of our ever-changing foreign policy and how it affects the Nation, Montana and each and everyone of us. But first I want to talk about Montana and its role in the shrinking world.
I am not saying anything new to those of us here when I say that Montana is truly a Treasure State for I sincerely believe that Montana is a land of opportunity blessed with a tremendous future in economic and industrial expansion. Our State has an abundance of human and natural resources.

In order to realize this great potential it is going to require the cooperation of all of us.

Not too many years ago Montana was generally considered a far-away and remote State in the northwestern section of the Nation; small towns, cattle and sheep ranches, Indians, western folklore and the "richest hill on earth". These were the things that made up the average person's vision of Montana.

Today the Treasure State is a land of growing cities, ranching, farming, mining, a newly developed oil industry, and new commercial industries. This is a State endowed with unsurpassed scenic beauty and abundance of fish and game which attract tourists from near and far.

All of these factors, in addition to Montana's fine people make the State important, but we also must consider that the world is becoming smaller and the State's position in relation to the rest of the country and the world has become much more intimate. Distances are constantly shrinking. Montana is a matter of hours from any large city in either hemisphere. This has been prompted largely by the increased speed in transcontinental air travel and communication.
Neither Montana nor the United States can sit back in self-containment. The world has become too small and we cannot ignore our neighbors. Montana has a role to play in international affairs. The Treasure State is dependent on foreign sources as they in turn are dependent on us as a productive State.

A few years ago who would have thought Montana would play an especially important role in our national defense? With the advent of transcontinental flights and the threat of aerial attack from the polar regions in this nuclear age Montana has found herself in a very strategic position. The Malmstrom Air Force Base at Great Falls is not only an integral part of the Strategic Air Command defense system along the northern frontier, but, in my opinion, is the most important air base in the entire United States.

The Glasgow Air Base now under construction will be an important link in the Air Defense Command. In addition a network of radar warning installations has been placed along the Montana-Canadian line.

These military installations are important, they bring in new people and new business which expand the economic base of the surrounding area. Most important of all they are vital to our defense.

Turning from defense to natural resources I think we will all agree that in the last quarter of the century Montana has witnessed a vast effort to harness its rivers and power sites. The result has been such multi-purpose projects as Hungry Horse, Fort Peck, Canyon Ferry, Tiber Dam,
and many small projects. These projects have not been limited to power alone but have produced multi-purpose benefits such as irrigation, flood control and recreation.

Last month the second power plant was dedicated at Fort Peck Dam. This new power plant, when put into operation, will provide an additional 80,000 kilowatts to an area short of power.

As I look back over the years that it took to get Hungry Horse Dam constructed, I feel that the efforts of all the proponents have been more than repaid through the benefits received from this great project. Few will dispute the fact that Hungry Horse has done much for western Montana.

Hungry Horse has expanded the tax base in the area. It has been an economic boon to the Flathead area. The power generated has made possible new industries, such as The Anaconda Aluminum Company, the Diamond Match Company and The Victor Chemical Company.

We have other undeveloped dam sites in our State which can do the same for other parts of Montana. I refer to Libby and Yellowtail Dams.

I could spend all evening talking about the resources and the potential of the State of Montana, but that is unnecessary as I know you are as aware of these things as I am.

The point I want to bring home tonight is that in representing the people and in informing the people it is necessary that we work together in realizing the great potentials of Montana.
We may differ in methods but our aim remains the same.

Before I say a few words on foreign policy, I would like to discuss with you topics which are of the utmost interest to all of us.

Inflation is the number one domestic problem and nothing is being done by either the Administration or the Congress to combat it.

In the last decade there has been a 17% increase in the cost of food and a 15% decline in prices received by farmers. In other words both the consumers and the producers have been caught in the price-squeeze.

The cost of food for the average city family has increased from $1000 in 1947 to $1550 in 1957. Of the $550 increase, the farmers received $50 or 10%. Food processors, handlers, retailers and other marketing agencies got approximately $450 or 81%. The remainder went for imported foods or fish.

It is interesting to note that retail prices of cereals and bakery products rose 34% between 1947 and 1957 while farm wheat prices dropped 7%; milk, at retail, is down only 3% while farm prices are off 16% from 1952; and meat prices are off 26% on the farm and only 5% at retail.

There is no question but that the farmer is getting it "in the neck". His costs have risen and the price he receives has declined. The Administration knows that the costs of what the farmer must buy have risen and that the prices at what he must sell have dropped. Secretary Benson has criticized "swollen bureaucracy" - which now numbers 16,256 more persons...
in the Department of Agriculture since 1953 the day he took office. The Democrats lost only $1.1 billion in supporting farm prices over 20 years; Benson has lost over $3 billion in four years. He opposed controls but maintained as tight controls as ever; he has sought to discourage production by instituting the "flexible" program but the 1956 output set an all-time record. He has constantly attacked the $2.5 billion in farm surpluses "piled up" by the Democrats but today farm surpluses amount to more than $8 billion under Benson. Talk about a "mess in Washington" and you'll find Benson talking to himself.

Then there is former Secretary Humphrey. What a legacy he left to his successor, Robert Anderson! A debt ceiling beyond that of the previous Democratic Administration and a price spiral as yet unchecked. From the Administration's most vocal critic of inflation -- "it will make your hair curl" -- he has none, he has now become Chairman of National Steel. Steel, on the basis of the automatic boost in steel wages, has raised its cost to $6 per ton. What does this mean to the public?

It will mean an increase of 7% in the prices of washing machines; 6% in home freezers; 4% in autos. To business it will mean an increase of 10% in the prices of nuts, bolts, screws, rivets, steel castings, and steel barrels; increases of 5 to 10% in motors and generators, hand tools, cutting tools, machinery and industrial furnaces. The insurance companies will boost their rates on liability insurance; the railroads will boost their rates and so will all other industries.
In today's complacent and flabby atmosphere there is very little resistance to this trend. What has happened to the American people? Surely we know what is happening or, if we men do not, our wives do. Can't we realize that we are the ones who are being deflated while this inflation continues? Don't we know that we are the ones who keep our economy going on the basis of our daily and weekly spending? Can't we understand that it is the ordinary folks who spend from week to week who keep our Main Streets alive? We've heard of "creeping socialism" -- perhaps we've shrugged it off -- but we know at first hand of the monster of "creeping inflation". For the past 12 months we've been faced with a continued increase in the cost of living and the figures have been publicized by our government and our dollar, which was worth 55¢ in January 1953 is now worth 49¢.

The Bureau of Labor Statistics in August stated that, on the 1947-49 average, the cost of living stands at 120.2%. Compared to a year ago, our dollar which was then worth 36.1¢ is now worth 33.2¢.

Inflation is no longer a threat; it is a fact. If I may call your attention to some facts, here they are:

If, in 1939, your yearly income was $1,500 you must make $3,090 to be as well off today; if your 1939 income
was $15,000 you need $40,091 in order to be as well off now; if your income was $1 million you now need $3,678,378.

Figures of other income brackets are not here given for lack of time but the proportion is exactly the same. No one escapes. In a period of great prosperity nobody is really any better off and of course those whose income is fixed and unchangeable, who live on pensions, or on trust funds or wages that have not risen are really up against it.

The purchasing power of their dollar has decreased and the burden of undreamed of taxes -- Federal, State and local -- is heavy, indeed.

It is not news to say that this situation is getting worse every day. The tax burden grows, prices increase, the purchasing power of the dollar goes down, the general financial situation, so far as the individual is concerned, becomes tighter and less bearable. Actually, of course, high taxes, while a great factor in this situation, are not the fundamental cause. The real cause is the steady rise, month by month, in the cost of living.
Some figures released by the United States Census Bureau on family incomes for the year 1956 are interesting. These figures indicate that half of all American families had an income of $4,783 or more during 1956. In the same summary it was pointed out that from 1955 to 1956, city dwellers averaged $4,840, while for farmers the average moved from $2,111 in 1955 to $2,371 in 1956.

The Census Bureau pointed out that the small increase reported in farm income was tied directly to non-farm activities and that there is evidence that more farmers are spending more time working off the farm.

According to a study made by the Census Bureau and the Agricultural Research Service, it is indicated that compared to 1930 when 10% of the farmers worked more than 100 days off their farms, in 1954 about 30% of them did so. It also shows that in 1954 almost 50% of the nation's farm operators worked at least a few days off their farms, compared with about 32% in 1930.

One more interesting statistic is that between 1949 and 1954 the number of farm operators declined 600,000 in the nation as a whole.

These figures indicate that family type farming has suffered a serious decline; that farmers are a long way from getting parity of income with city families; and that the squeeze of farm families has been so tight that many have been forced to take extra jobs in the city to keep going. As indicated previously, 600,000 farm operators between 1949 and 1954 have been forced to call it quits.
What lies ahead in the cost of living picture? In my opinion, it will continue its upward trend. Steel prices are bound to affect home appliances, construction, and many other fields as I have indicated. Food costs, because of drought in the eastern United States, will not decline.

What is the answer? One factor is excessive buying on credit. It is my understanding that credit buying today is in excess of 35 billion dollars, whereas in 1946 it was 9.2 billion. Would it not be worthwhile to reinstate Regulation W which was a measure under which minimum down payments - usually one-third - were prescribed for the purchase of automobiles, appliances and a number of other items? Many people say they do not like legislative controls - and I don't either - but I don't like inflation either. Do you?

Another possibility is the idea advanced by Walter Reuther asking the automakers to reduce their '58 models by $100 and, in return, the Auto Workers' Union would temper its demands. It's been turned down by the Big 3, but didn't Eisenhower ask Management and Labor to get together, to exercise caution, and work together to halt inflation? Maybe Reuther's suggestion is not the answer; maybe the Big 3 were right in refusing to consider it. How do we know? Certainly, at the least, it is entitled to serious consideration and the proposal seems to me to be a step in the right direction.