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FOR TOM MECHLING RECORDING

__HUMPHREY:__ Tom, it's a pleasure for me to appear with you on this program. I have heard of the work you are doing in keeping the citizens of Nevada informed on current happenings, and I wish you well.

Tom, about this question of farm prices, I am very much concerned about the outlook for farm income this year. The farm price situation has been getting worse, instead of better. The prices farmers receive have been going down on most commodities, but there is little change in the prices farmers must pay. During April, for example, farm prices fell another five points, or two percent. That brought the parity index - the index of the relation between what the farmer gets, and what he has to pay - down to 93 points. That is the lowest it has been since before World War II. In May, there was a slight recovery, but generally the parity index has been going downward since last November, when it broke under 100 for the first time in recent years. In June, farm prices were $10\frac{1}{2}$ percent below a year ago, and down 8 percent since last November.

(5 second pause)

__HUMPHREY:__ Naturally, Tom, such a drop is putting the squeeze on farm purchasing power. You can ask almost any rural merchant or farm equipment dealer, and he'll tell you that farmers just aren't able to buy right now, or they're afraid to buy, in view of the depressed outlook. It's easy to understand why. And since there's a lot of money missing from farmers' pockets, there's a lot of money missing from Main Street cash registers too.

(5 second pause)

__HUMPHREY:__ You might think, Tom, that at least some of these lower prices for farm products are being passed along to the consumer, in the form of lower retail prices. But it just isn't so. Bad news for the farmer doesn't necessarily mean good news for the consumer, in way of lower prices.

Actually, the consumer seldom feels anywhere near the price fluctuation that hits the farmer -- too much of it is eaten up in the spread in-between; the "middle-man" spread of marketing and transportation charges. When farm prices plunge downward, the middleman usually takes a bigger bite, and passes only a very small part of the decline along to the consumer. As a matter of fact, even when the consumer pays more than he has been, the farmer is often getting even less. For instance, between 1951 and 1952, the average family food bill went up by $18, but the farmer got $7 less for the farm products that went into the average family market basket.

(5 second pause)

HUMPHREY: Here's an interesting point, Tom. Last September, President Truman asked the Federal Trade Commission to find the answer to this producer-consumer spread. He wanted the Trade Commission to study the price spreads on bread, flour, milk, butter, cigarettes and fertilizer. But things have changed since January. The Eisenhower Administration not only eliminated the request for such a study, but it has actually forbidden the FTC to undertake any consumer dollar study. Killing this investigation has certainly been a bonanza to the food profiteers. Food processors would like to have us believe that all the increases in marketing costs are paid out in labor, and other charges. But the facts don't seem to bear that out. The facts show that net earnings of the food processing industry - net earnings after taxes - were up 11 percent between the last half of 1951 and the last half of 1952. In other words, the food handlers were making more money out of farm products at the very same time the farmers who produce them were making less.

(5 second pause)

__HUMPHREY__: Tom, let me tell you about my plan for an alternative to acreage allotments and marketing quotas for wheat and corn. I believe in a philosophy of abundance, not a philosophy of scarcity. Secretary of Agriculture Benson has said he expects to invoke acreage allotments, which mean telling the farmer he can't go on producing as much as he is capable of, and would like to do. I hope we can avoid that. I have asked the Administration's farm leaders to take a new look at what should constitute a normal supply of wheat and corn reserves, in view of increased dependence on America's food reserves. In my opinion, world food needs, and not just domestic markets, will eventually be the controlling factor in American farm production. We would be short-sighted indeed to tailor our production to restricted markets, when there exists such a tremendous human need for food in the world. I hope that our farmers will be encouraged to produce, and consumers will be assured of abundance, instead of turning backward to a philosophy of scarcity.

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