

*Farm*

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**“Conflicts in Congress—the Farm Issue”**

SENATOR HOMER E. CAPEHART

Republican of Indiana

SENATOR HUBERT H. HUMPHREY

Democrat of Minnesota

STEPHEN McCORMICK

Moderator

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*The National Broadcasting Company presents America's leading discussion program, founded and produced by Theodore Granik, THE AMERICAN FORUM.*

*Today, THE AMERICAN FORUM presents another timely discussion of importance to you: "Conflicts in Congress - The Farm Issue."*

*And here to introduce our speakers is your moderator, Stephen McCormick.*

*Mr. McCormick: Capitol Hill was the scene of action on several fronts this week. Secretary of State Dulles testified before a Senate Committee on arms shipments to the Middle East. Plans were made to investigate lobbies and campaign contributions. And members of the Senate debated what many of them considered to be the key political issue of 1956, the farm problem.*

*After about four weeks of overtime work, the Senate Agriculture and Forestry Committee brought out a bill that embraced some but not all of President Eisenhower's proposals.*

*Here today on THE AMERICAN FORUM are Senator Homer Capehart, Republican of Indiana, and Senator Hubert Humphrey, Democrat of Minnesota.*

*Well, gentlemen, to begin with this farm program, let's talk about farm surpluses. What is the answer to this problem of big farm surpluses now owned by the Government? Let's start with you, Senator Capehart.*

SENATOR CAPEHART: Well, I don't know what you mean by the answer, except that the farm surpluses are responsible for the low prices and until you get rid of the farm surpluses you are not going to have good farm prices so I have been advocating that the Congress and the Administration take drastic steps to get rid of the existing farm surplus. Now, I don't mean by that that we are going to get rid of all of them. We must maintain an adequate reserve. I am talking about that amount beyond the point of an adequate reserve which has been pushing farm prices down and continue to push farm prices down, and until you get rid of it, you are not going to have good, stable farm prices.

*Mr. McCormick: Let me ask Senator Humphrey if he thinks we should get rid of them, too.*

SENATOR HUMPHREY: Well, Mr. McCormick, I think this question of surpluses has been somewhat exaggerated even though I must confess it is a very serious problem in terms of farm markets. Actually we need to differentiate between surpluses on the one hand and normal inventories, and as Senator Capehart has said, necessary reserves on the other hand.

The Administration has done far too much talking about farm surpluses and by so doing has depressed markets. I say they have done too much talking and too little acting. There is plenty of authority in the present law—and may I say much more authority about to be given to the Secretary of Agriculture—to do something constructively with these farm surpluses. Food stamp plans, over-

seas relief, the use of our farm commodities as a part of our foreign policy is very, very important in that area.

*Mr. McCormick: What do you see, ahead, Senator Capehart?*

SENATOR CAPEHART: They have done a good job up to this time in getting rid of farm surpluses. It hasn't been good enough, but I do find that they have done an excellent job. They have disposed of more farm surpluses in the last couple years than during any other period. And the laws that Senator Humphrey speaks about, I think they are doing a good job under those laws. They are limitations and that is why I have advocated setting up a five-man commission whose job it will be to find ways and means of disposing of the surplus. If there is any law about to be changed or any policies within the Government at the moment that is hurting the disposal of the surpluses, then we change them. But I can't agree with the Senator that they are not doing a good job. I think they are but it isn't good enough. I think they ought to take drastic steps because the surplus no longer is an asset to the American people, it is a liability and we ought to get rid of it because it is a liability.

*Mr. McCormick: Senator, that takes us to the question of prices, of course. It always gets to prices. Rigid versus flexible price support seems to be the question here.*

*Do you think rigid prices will pass, Senator Humphrey?*

SENATOR HUMPHREY: I do, but Mr. McCormick, I can't let this argument rest on this matter of surpluses. Let's just take a quick look at it for a minute. First of all we hear such a terrible lot of talk about the surplus of corn. We actually have less than three months of corn supply available in the United States at the present time. There are three great commodities in surplus. That is cotton, wheat, and some of the butter fat, with a slight amount of rice in surplus which is useable.

I only leave this question in the minds of the American people. What do you think Mr. Khrushchev and Mr. Bulganin, those Kremlin agents, would do if they had this abundance of food and fiber? They would be going up and down the world making friends hand over fist. They would be like salesmen, so to speak, utilizing this abundance of food and fiber as a positive asset.

My complaint against the Administration is that they have looked upon abundance of food and fiber as if it were a curse rather than a blessing. Now, this Administration has resisted a food stamp plan for our own need right here in the United States of America, and we have one out of every six families in this country who are in a very low state of economic condition.

Furthermore, they have not utilized our food and fiber surpluses fully as an instrument of American foreign policy. They continue to drag their feet on it and many an exporter in this country has written to me as a member of the Congress and of the Committee on Agriculture, complaining about the failure of the Administration to do a good job.

SENATOR CAPEHART: Senator, let me answer that. The able Senator from Minnesota is a member of the Senate Committee. I have before it a bill to do everything that he is talking about. All

he has to do is help me get it out of the committee, get it onto the Floor and pass it. I agree that we ought to be giving away to the poor people of the United States and the world, this surplus. I have a bill to do that and it is the policy of this Administration, but they need some new legislation to do it.

I have a bill that will do that and I hope he will get behind that bill next week—I am going to offer it to the present bill as an amendment. I am sure he will support me because it does almost 100 percent that which he has been talking about.

SENATOR HUMPHREY: Well, may I say, Senator, that I have had similar legislation, sponsored, by the way with Senator Aiken of Vermont, for a food stamp plan. I was the originator of Section 92 of the Mutual Security Act to provide the authority to the President to use our food and fiber in international policy. We have Public Law 480 which permits us to sell our surplus foods overseas for soft currency—that is currency of the native countries—but there is a lack of imagination. There isn't the drive, there isn't the push. There seems to be much more of a desire to complain about the surpluses and to blame it, as you said, sir, upon high, rigid price supports, in quotes, as the sort of an aged provocator in this whole situation.

SENATOR CAPEHART: If you pass my bill you will be mandating the Administration to get rid of the surpluses along the lines you are discussing because it calls for giving away to the poor people in the United States the foods through the township trustees, through the welfare organizations, through the hospitals and other such agencies.

SENATOR HUMPHREY: Well, Senator, we have that authority right now, may I say, and that authority is in present law. We have plenty of authority both for packaging and distribution of the food surpluses that we have. I want to say, however, that the finance committee—and I am sure you are very familiar with this, Senator—is now contemplating adding on to the amendments of the Social Security Act, a food stamp plan for the use of our perishable commodities such as our beef and pork products, our dairy fat products, to go to the needy families of this country as a supplement to their very meager existence.

SENATOR CAPEHART: Let me say this: There is no difference between the Senator and myself on getting rid of the surpluses. We both want to get rid of them and I do say you will never have good farm prices until you do get rid of them.

*Mr. McCormick: Now certainly you don't agree on the terms of rigid and flexible prices.*

*Senator Humphrey, do you think the rigid price supports will pass in this session of Congress?*

SENATOR HUMPHREY: I am a strong supporter of ninety percent of parity, if that is rigid. I don't see what is more rigid about 90 percent of parity than 80 percent. 80 is just about as rigid as 90.

The loan the government makes upon a crop to a farmer shall be at 90 percent of its value, or at 75 percent of its value.

Now my friend across the table, here, Senator Capehart, has

been one of the most active and able members of the Senate in the field of housing and he has consistently recommended for example that there be housing loans by the government, guaranteed by the government—this is a guaranteed loan, of 90 percent in an FHA loan. It is the same thing we use in agriculture.

*Mr. McCormick: Is that the same thing, Senator?*

SENATOR CAPEHART: I don't think it is, but let me say this, I am one person in the Senate who doesn't feel that the parity whether it be 80 or 90 percent, is the answer to this whole problem. I think the answer is to get rid of the surpluses and make sure they do not accumulate in the future. What I want as does the President of the United States, is to see the farmer get 100 percent or more parity in the market.

SENATOR HUMPHREY: Of course, Senator. That is what we all want.

SENATOR CAPEHART: When he goes and sells to the government on the basis of a 90 percent or 80 percent parity, it is not good sound economics. I don't think the farmers particularly want this. I want to see the farmer get a fair price, he is entitled to it, and I know that the prices at the moment are entirely too low. But let me say this, that we have had for all practical purposes, 90 percent parity for many, many years. You will remember in 1938, we started out with the first Act which ran from 52 to 75 percent of parity. Then we changed it during the war, World War II to 90 percent to increase production. Now we have too much production.

Then of course in 1954, we changed the parity law, from 75 to 90 percent. The beginning of that was this last year's fall crops. Now last year, in the fiscal year 1955, there were only two items that were below 90 percent. Corn was 87, and wheat was 82.5. Now I don't think the difference between 82.5 and 87 and 90, just on one crop last year, has had any effect one way or the other, particularly, upon this whole subject.

SENATOR HUMPHREY: I want to make a point of this because there has been much talk about it, in the press, over the radio and television, to the effect that 90 percent parity price support loans would encourage production.

Now the truth is to the contrary. There is one of the great myths that has been used upon the American people and it is about time that it was set at rest.

For example, wheat last year, with its price support level down 6 percent, saw its production down 29 percent, but oats, with its price support level last year, down 22 percent had its production up 30 percent. Grain sorghums, with its price support levels down 24 percent has its production up 73 percent. And you can take barley with its price support levels down 23 percent, its production is up 71 percent.

SENATOR CAPEHART: Now Senator, you are using percentages in a free market.

SENATOR HUMPHREY: I am using the price support levels, Senator, from 1952 to 1955.

SENATOR CAPEHART: You are not using parity as set by the

Secretary of Agriculture.

SENATOR HUMPHREY: Oh, yes, because there are only four of them set at 90 in the law, and the rest are discretionary.

SENATOR CAPEHART: The six basics were all set at 90 percent, except corn which was set at 87 percent and wheat at 82.5 percent.

SENATOR HUMPHREY: But we have price support on grain sorghums, barleys, flax, soy beans, and most of the commodities and what I am pointing out is when you reduce the price support you are not reducing production. This is sheer fallacy. As a matter of fact, what the farmer needs is income and when he doesn't have enough income on a low price commodity, he has to plant more commodities.

SENATOR CAPEHART: Are you opposed to the soil bank?

SENATOR HUMPHREY: No, I am not.

SENATOR CAPEHART: On one hand you say one thing and on the other hand you say something else.

SENATOR HUMPHREY: No, Senator, what I am saying, sir, very frankly, is that there has been a myth perpetrated on the American people to the effect that if you lower the price support level that you will get reduced production.

SENATOR CAPEHART: Well, Senator, all I know is—I don't have the time here to do it, but all I know is that your party in 1938 set the parity at 52 to 75 percent.

SENATOR HUMPHREY: That is correct. That was a good beginning.

SENATOR CAPEHART: And then during the war when the war came along, you said, "We are going to increase it for 90 percent for one purpose and one purpose only, to increase production." Now it did increase production. When you passed that law—I was not in the Senate at the time—it was done with the understanding that the law would stay in effect until two years after the war ended and then automatically go out and we would return to the 52 to 75 percent level.

Now when did you Democrats learn this great knowledge that you are talking about, here, and this great philosophy that now 90 percent parity is the only thing, when in 1938 it was 52 to 75? Then you said after the war's end, we would go back to 52 to 75.

SENATOR HUMPHREY: We learned that great lesson when we started to study the statistical facts and I suggest it wouldn't be a bad idea for the Republicans to study the facts.

Now I know these facts are disturbing, but sometimes they are enlightening and the simple truth is that during the war years, we provided 90 percent of parity, not merely to encourage production, but to assure the farmer if there had to be a sharp drop after the war, which had been our experience after World War I, that he wouldn't be wiped out.

We have found, however, that with 90 percent price support loans—and I want to make it clear to our listeners and viewers, these are not gifts by the government to the farmer, the government only gives a loan to the farmer upon a commodity, and that loan is either redeemable or it is foreclosed.

Now what we found out is that with 90 percent of parity, farmers will accept production controls and under any 90 percent of parity program you must have production controls, as you have under a 75 percent of parity program.

My point is that a 90 percent of parity program is price protection. It is not stimulation to production, and what is more, Senator, I will give you the time to show me where it has stimulated production at all more than 60 percent of parity.

SENATOR CAPEHART: I will go along with you by saying it is not a gift because the farmer delivers the grain, but I want to say this: My point is that I am rather neutral on this matter of 70 or 80 percent because I do not think it is the big problem.

SENATOR HUMPHREY: I agree, Senator.

SENATOR CAPEHART: I don't particularly care, but I was just trying to call to the attention of the people, of course, that this 90 percent of parity is something evidently new, because back in '38 and during the 40's and in '50, we were talking about parity from 52 to 75 percent. It is just something that has been injected into this whole matter recently.

Now, the facts do remain that we have huge surpluses and they have been built up under a 90 percent system.

SENATOR HUMPHREY: May I say in 1952—and I gather the Democrats were in power at that time—we had 486 million bushels of corn in surplus. Today we have 1,050,000,000. In 1952 we had 255 million bushels of wheat. Today we have 1,021,000,000 and in the assorted feed grains, we had 20 million tons in 1952, while today we have 29 and a half million tons.

Now, Senator, these surpluses were built up under this present Administration. 1952 was the end of the Democratic Administration.

Furthermore, may I say in the feed grains where you had lower price supports every year, you have had a very substantial increase in the carry-over of those grains.

SENATOR CAPEHART: You Democrats evidently recognized that because when you passed the law in 1940, going from 52 to 75 percent parity, to 90, you said it would only last two years after the war ended and then you would go back to 52 to 75. You evidently knew then that if you maintained the 90 that you would create these huge surpluses.

SENATOR HUMPHREY: Well, Senator, we didn't create any new surpluses up until 1953. As a matter of fact, there are some interesting statistics as to the cost of this program upon the American people.

During 20 years of the Democratic Administration, the cost per person for the losses on the price support program was 33 cents a person. The cost since 1953, up through 1955, is \$2.67 a person.

This Administration, Senator, has just been poor in its Administration. I regret to have to say that, but they have poorly administered this farm program.

SENATOR CAPEHART: That isn't true. You are not using a proper set of facts now when you say they poorly administered it. If we had time, here, I could give you a set of facts to prove that they

have administered it very, very well.

SENATOR HUMPHREY: Well, Senator, I spent quite a little time as a member of the Committee on Agriculture and Forestry and I want to say their administration has been very poor. Take, for example, the pork purchase program. Every time they bought a little pork they paid more for it to the packer and each time the farmers got a little less for it when he sold it to the packer. In the corn program they dumped millions of bushels of corn on the commodity market out of the so-called store houses and each time they dumped it they dumped it at a low price to depress the cash price.

SENATOR CAPEHART: That is not according to the facts and I have the records here.

*Mr. McCormick: Gentlemen, we don't have much time here and we have many other things to talk about.*

*Do you think this farm problem will be the one big issue in the '56 campaign, Senator Capehart?*

SENATOR CAPEHART: I thought so 30 days ago but I am not so certain now as I get out among the farmers.

SENATOR HUMPHREY: May I say I have been going out amongst the farmers and I think it is going to be a very big issue. It is an interesting thing, that every time a Republican Administration comes into power, the New York stock market goes up and the grain and the cattle and the pork market goes down. It is as automatic—may I say, Senator, as the sun coming up in the morning and going down in the evening.

SENATOR CAPEHART: Now, you are never going to get anybody to believe that.

SENATOR HUMPHREY: The facts are quite clear, Senator.

SENATOR CAPEHART: The facts do not support any such statement because the Republican Party has been in power more than the Democratic Party since 1860 and the records just do not prove that. I think there was one instance, of course, in 1932, but only one instance. The records do not prove that.

Let me say this to you, then we will leave the subject, and that is the answer to the farm problem is, of course, greater consumption and we are going to have to find ways and means of using farm products in industry, and that is exactly what this Administration is going to do from this time on. We are going to find ways and means of using hundreds of millions of bushels of grain in industry. And when you do that, then you will solve the farmer's problem and you will solve it in a way that will be sound.

I am going to ask the Senator and I know he will, join with me next week in introducing legislation that will be the beginning of the use, in my opinion, of billions of bushels of grain in industry, farm products in industry because that is the answer.

SENATOR HUMPHREY: I am willing to join any man and particularly you in a constructive program and having been on the farm committee for a number of months and years, I want to say that I am deeply concerned about this. Our Agricultural program, first of all, requires the restoration of agricultural income. There has been

a terrible drop in income much to the danger, may I say, of our whole American structure. And as we go around this world, fellow citizens, looking for markets, I suggest that the greatest market, the greatest untamed market in the world is right here in the United States of America. If you will just give me a minute and I am sure both of us would agree on this—we had a survey made out here in the Midwest and we found in that Midwestern survey for example, that in the states such as South Dakota, there were 44 percent of the farm homes without running water. In Minnesota, 37 percent, Wisconsin, 21 percent. We found out, for example, in the Midwest, for hot running water, 45 percent of the homes in Minnesota were without any such facilities. Indoor sanitary facilities had a much larger percentage.

It is estimated that in the next five years, better than \$4 to \$5 billion of new purchasing power could be used in those 6 Midwest farm states.

*Mr. McCormick: Perhaps we will get to that, Senator, if your bill goes through or your amendment goes through as presently proposed.*

SENATOR HUMPHREY: If we can get his vote for the bill as it is reported from the committee he will do a fine thing for his constituents. That is a well balanced bill with both the effective price supports, the soil bank program which, by the way, we are very proud of, one which some of us Democrats offered earlier and it was rejected by the Administration. Finally, they came around and accepted it, for that I am grateful. We are going to have to do something about farm credit.

The great tragedy in agriculture today is what is happening to our young people on the farms.

SENATOR CAPEHART: It is remarkable the intelligence that you Democrats have.

SENATOR HUMPHREY: Thank you Senator Capehart.

*Mr. McCormick: On that note, I would like to move to this question of foreign relations, gentlemen.*

*Now, while the farm problem, of course, is of great concern domestically, it has a bearing on foreign relations.*

*This week particularly was concerned with foreign relations. Secretary Dulles testified on the Hill Friday. We are told that some people are confused by this testimony and I have read, Senator Humphrey, that some of the words you used to describe his testimony were not particularly complimentary.*

SENATOR HUMPHREY: Well, they weren't too bad, may I say. I would be glad to discuss them with you.

*Mr. McCormick: We will discuss them, then, in the Secretary's testimony, was it clear to you? Do you understand our foreign policy position now based on this testimony?*

SENATOR HUMPHREY: We were primarily concerned with the testimony in the Middle East. Others ventured off further. I am not clear on our policy in the Middle East. I must say I heard just this morning that the French sent a substantial number of jet planes to Israel and that the United States did not object, even though under

the tripartite agreement, we are supposed to be in cooperation. So I asked the simple question, why is it for four months the request from Israel has been lying in the State Department for small arms, just for self-defense purposes? I was not satisfied with the explanation of how this in-again, out-again, off-again, on-again business of tanks to Saudi Arabia, where one night we are sending them and then we cancel them. I think there is a great deal of loose administration.

SENATOR CAPEHART: Perhaps I can do a great service to you, your party and the American people by saying that the policy of President Eisenhower and the Administration and the Republican Party and Mr. Dulles is one of keeping out of war. It is one of trying to settle these matters by negotiation and it is one of trying to defend and protect the new country of Israel, because Israel was created by the United Nations and it is a responsibility of ours and every other nation to maintain, and we are going to do that. But we are going to stay out of war if it is humanly possible. In everything we have been trying to do has been to stay out of war. You know any fool can start a fight. Any fool can get into trouble. Any fool can get into war. It takes wise and patient men to stay out of war. That is exactly what we are trying to do and that is the policy.

Now, as we go along we may make some little mistake. We may do some things that we ourselves realize are wrong afterwards, but remember one thing and that is—and never forget it—that the policy of this Administration is to stay out of war if humanly possible, to settle these matters by negotiation, and we have a perfect record.

SENATOR HUMPHREY: Senator, may I say any good hearted and good willed American would like to see our country stay out of war if it is humanly possible to do so.

In the meantime I think we have to take a look at the long-range objectives and motives of the Soviet Union, as we know them. Namely world domination with this recent meeting in Moscow Mr. Khrushchev made it crystal clear the Soviet Union was bent on world domination and as he said, the triumph over capitalism, the triumph over the Western nations. They are moving and shifting in every way to do it.

My concern is simply this, that on the one hand we may underestimate the power of our adversary, the Soviet Union and its satellites, and on the other hand not realize what needs to be done soon enough.

Any man, of course, can make mistakes and I want to say the job of the Secretary of State is a difficult one. I wish our Republican friends had remembered that in other years.

I do feel, however, that what we are doing in the Middle East is not very clear even to our foes, or our friends. Surely we want to help the State of Israel, but I might say the State of Israel has been asking for arms and has been for four months to defend itself and is getting none and yet this administration did send arms to Arab countries. In Turkey they are looking for a line and are not getting it. In Pakistan the Soviet is making overtures to them. In France, the government is very unstable.

SENATOR CAPEHART: Now, let me say this: You know we are

going to stand by Israel as a country created by the United Nations.

SENATOR HUMPHREY: I am sure you would, Senator.

SENATOR CAPEHART: There is no question about it.

Now, getting back to this matter of the threat of Communism no one realizes it any better than we do. Let me say this to you, that I think the policy of Dulles, the policy of this Administration in telling the Russians in advance what we will do under certain conditions, as Dulles admitted he did three times, taking us up to what so many term, "The Brink of War," is to me the way to stay out of war.

SENATOR HUMPHREY: May I say newspaper and magazine articles saying we are telling the Russians what we are going to do is not exactly doing just that.

Now, what are we telling the Russians we are going to do in the Middle East, Senator? What are we telling the Russians we are going to do in Viet Nam, Senator? What are we telling them we will do in any place? All we are telling them is that they are getting closer to us.

*Mr. McCormick: I must interrupt, gentlemen, I am sorry our time us up. I wish we had more time.*

*Our guests have been today, and we thank them very much, Senator Homer Capehart, Republican of Indiana, Senator Hubert Humphrey, Democrat of Minnesota.*

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