YOUR MONEY's WORTH

There's no question that our federal farm policy and grograms are in trouble. By that I mean "trouble" so far as public approval or acceptance, and the attitude of all persons, including the lawmakers, toward the program, as it is presently provided, and as to its continuance. We constantly hear talk that were "spending too much money on the farm program", and that the taxpayer and consumer isn't getting his money's worth out of the program.

Since being in Washington, I find that the real trouble is that most farmers, aren't getting heir moneys worth out of the program. The federal program is lagging at least 10-15 years behind what's really going on in agriculture.

The current furor or adverse attidude over the farm program is caused by a variety of things. Near the top among these is the self intereston the part of those who would profit at the farmer's expense from either a (1) major change or (2) complete abandonment of the program. Another and altogether separate cause of the attitude, is the great confusion on the part of the majority of people, which is largely due to ignorance or misinformation on what the farm problem is really about.

The greatest danger to the farmer, as I see it, is that Congress may be pushed into unreasonable legislation wich might penalize the farmer, and actually hurt the national economy. However, I am convinced that this will happen only if some action might be taken before the lawmakers get a chance to really understand what's involved.

In order to help clear the air on just what's in the program, and the real trouble, I should like to examine for a while, just WHO it is that gets the real benefits from the program. Actually this amounts to the "other side" of the story, from what is told the general taxpayer, and what is told in the newspapers, or the metropolitan press.

Let's start with the farm surplus and its cost.

The federal government now has about 9 Billion dolalars invested in price supported commodities. About 3/4 of these commodities are owned outright by Uncle Sam. The rest are commododities on which loans are outstanding. As a result of predicted big 1959 crop production, and lower price supports, the 9 billion will go to 10½ billion by next July 1st. This is the best measure of the surplus problem.

Most of the bad publicity farmers are getting grows out of the talk about this trememdous investment. Government officials(primarily Secretary Benson) say this is "fantastic and indefensible". This is the basis for, and largely responsible for the carges in the consumer press, that the farmers have both feet in the subsidy trough.

Farmers are getting it "in the neck" primarily because of this big investment. I wouls say that all the anti-farmer propaganda flooding this country is mostly a cover-up for those who really"make a buck"on the deal.

Let's look at this investment. There are several key facts about it, that are never mentioned by those who criticize the most. I don't think it necessary to go into the oft made charges that the taxpayer is being bilked by the farmer. We're all familiar with that.

Here are some of the ignored, but nevertheless important facts:--

1. First, the 9 billion dollars is in fact an investment which taxpayers, including farmers, are making in <u>the</u> basic industry of America. It's very much like investing in stocks, if youv'e got the money to do it. People who invest in industrial stocks stand to lose money on their investment when stock prices decline. On the other hand, they make money when stocks go up. Its just that simple. Its a gamble.

Its the same way with the taxpayers investment in price supports except that the stakes are higher, and we're dealing with something much more serious than the decline and rise of the stock market. When farm prices go down, as they have during mose of the past 7 years, taxpayers lose some of the dollar-value investment when the government disposes of commodities. When farm prices go up, and its my hope that they will very soon, the government makes money on the supported commodities it sells.

The taxpayer, and that means all of us, have lost part of our investment value over the past few years primarily because the government has reduced prices for farm commodities below levers at which it took them over. It, therefore, was the government's own decision to take a loss on price supports. In short, the government decided to take a loss on supports, and is using that very thing as a club to reduce supports even further.

But even at that, the loss is relatively small. Budget officals estimate that for every dollar of the price support investment, the govt. will get back almost 70¢. And this includes commodities given away free.

2. The second fact always ignored, is this. The 9 billion dollars

invested over the padt few years is a potent force for economic growth in this country. For example, in the recession of 1958, the USDA pumped 3 billion dollars in hard cash, through support loans, into the national economy. This not only helped farmers, but bolstered town business when farmers spent this money for production items, held up demand for manufactured goods, and indeed, played a significant role in keeping unemployment from really snow-balling in 1958.

Thus, I say in all seriousness, and in all sincerity, anybody who wants to throw the whole thing over had better give some serious, thought and take a long hard look as to what might happen without this investment.

3. A third, fact is this. A stockpile of food such as we how have is an absolutely essential part of our economy, and in our fight against world communism. It assures us of food and fibre stocks for local disaster, and domestic relief. Too, its there IF war SHOULD come. The mere fact that we have these big surpluses, and the world KNOWS that we will use them, is a key factor in keeping inflation from ruining the free world economy. Further it is my opinion our surplus to India and other places are a main reason why Southeast Asia is being kept neutral.

Thus our surplus stockpile is a major weapon in the cold war. And, wouldn't Russia be happy to be "plagued" by similar surpluses rather than shortages? One of the great meanings of surpluses as to this country, is that no one need starve.

4. A fourth fact, and one which industry might well consider, is that the 9 billion investment and all that it implies amounts to a direct subsidy to industry and business. Not only do the storage people and the transportation industry, but the bankers as well make more than 1 billion dollars a year out of the farm program, but the distributor continues to hold his prices up even though farm prices go down. There is not one industrially produced product you buy today that costs less than it did 5 years ago, although farm prices are down about 17%.

Thus without this investment of the govt. in storage, and the whole program involved, it is very probable that industry's multi million dollar farm market would not be but a fraction of what it is today.

Consequently, this 9 billion investment is tremendously important to other segments of our economy and to the nation as a whole. The U.S. Treasury will get back most of the money invested. The program played a big, although maybe unnoticed role in maintaining employment. It assures

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abundant food supplies at home and abroad, and is a major weapon against communist, and is a strong factor in stabilizing industrial production and profits.

These are the important reasons why the 9 billion dollar support progr isn't as bad as some would make out. Perhaps the investment should be lower, and we in Congresss continually look for the program's weaknesses and ways of reducing it for the best interests of the farmer. But as far as the taypayer generally is concerned--I'm sure he's getting his money's worth. After all, the real question in any expenditure is not how much you spend but what you get for it, that counts.

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Now the next question, after the taxpayer, lets look to the consumer, or the housewife...are they getting their money's worth? I would say that she is, and here briefly is why:

The housewife's cheif concern in the farm program is in the way it affects here budget...what she can buy for living expenses out of each dollar she has available. She may not realize it by the retain prices she has to pay for fooe and clothing, but the farm program over the past few years has actually been, and is now, a housewife's dream.

Here'e Why: If the retail cost of food had followed the course of contradictory

farm prices down, the housewife would now be paying a whopping 17% less for food than she actually is. That, roughly, means she would have an extra 17¢ out of each budget dollar to spend for other things. I just wonder what her reaction would be, if she only realized this.

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But, of course, the sad thing is that the retail cost of food has gone up about 8% in the past 7 years ~~xxxx~~. The reason for this, as we all know or should know is that the middleman's "profit" gets bigger and bigger. Perhaps one of the facters in this, is that the housewife is buying more and more built-in services. She is not only getting less food valuefor what she pays for, but she 's paying more for it. This is not the fault of the farm program. Food preparation in the kitchen is one place where the recent do-it your-self trend might be said to be"old hat".

Still, even with the rise in retail cost of food, food is the best bargain of any item needed for family living. Ewan Clague, Chief of the governments's cost of living index, has recently said that the only reason why food prices aren't much higher is because farm prices are down. If farm prices had gone up as all other living expenses have the cost of living index would have hit today's level 3 years ago Clague, said.

The cost of living index has not risen significantly during the past few months. The only reason for this is the lower raw material prices for food, that is, lower farm prices.