

Radio Talk
May 18, 1941

Good morning, Friends:

This has truly been a great ^{legislative} week ~~in the Capitol~~ for American agriculture.

A bill was finally agreed upon and passed by both the Senate and the House to

make mandatory government loans of 85% of parity on the five basic crops:

corn, wheat, cotton, tobacco, and rice. ^{It must now be signed by the president according to the act and there is some talk of a veto.} Unless a farmer complies with the

agriculture program, he would not be eligible for the loan. If he does comply

and wishes to obtain a loan on his corn, wheat, cotton, tobacco, or rice, he

will be eligible for the loan according to the bill which passed on Tuesday.

This will mean much. Parity today on corn is 82¢ a bushel. On wheat, it is

\$1.14 per bushel. Parity for cotton today is 16¢. Parity, of course, will

rise in relationship to the rise in other commodities, parity being a relative

and comparative figure.

The commodity credit corporation ^{is the agency which} makes the loans upon agricultural commodities. This corporation is also authorized to buy or sell agriculture commodities. A bill is now pending before the House Banking and Currency Committee to increase the funds of the commodity credit corporation from

\$1,400,000,000 to \$2,400,000,000, a total increase of \$1,000,000,000. It

was developed during the ^{hearing on the bill} year that the commodity credit corporation was being

used as a purchasing agent ^{for agri products} to carry out the purposes of the seven billion

dollar lend-lease appropriation. ^{proposed} An amendment to that bill which has created considerable interest provides that the commodity credit corporation shall not

buy or sell an agricultural commodity at a price which is below parity. In

this connection, it will be recalled that on April 3, the Secretary of Agriculture

includes
Portland speech

Delivered
personally
over WSM.

No radio
changes
this week

announced that he would go into the open market and buy hogs at \$9, butter at 31¢, chickens at 15¢, ⁺ eggs at 22¢. Now for the benefit of the farmers who are listening to this program - and most of the listeners must be farmers because the city fellows are not generally up by this time on Sunday morning - let's examine by what authority the Secretary of Agriculture announced these prices and what power he has to maintain them. There has been no general

mandate for price fixing from the Congress. His authority for this act must,

therefore, rest upon general provisions of law and ^{authority to use the} ~~upon executive policy.~~
funds at his command.

With the immense funds available to the Department, he ^{can} ~~could~~ go into the market

and buy hogs at \$9 on the Chicago market and ^{effectively} establish the price at \$9. On

the other hand, if the price of hogs went above ~~xx~~ \$9, he could beat down the

price by releasing to the market the enormous quantities which he had purchased, ^{& stored.}

In other words, by going into the market or withdrawing from the market, by

buying or selling, he could use the money available to him in such a way as

to stabilize the price of hogs at \$9. Now \$9 for hogs is a ^{parity} ~~pretty~~ good price.

This move helped the farmers, at least temporarily, but why was the price

announced at \$9? Parity for hogs on the Chicago market is \$9.75. This is

not a great deal of difference, one might say, but why would the Secretary

of agriculture announce he would try to stabilize the price of hogs at a price

below parity when by solemn enactment the Congress of the United States has

affirmed and re-affirmed its objective and its ^{goal} ~~policy~~ of parity prices for

^{a major plank} agricultural commodities. It was ^{the Rep & Demo} ~~in the platform of both major political~~

parties last year. Let's take butter, for example. He announced the price

of 31¢ for butter, when, as a matter of fact, butter was selling on the day he made his announcement at 33¢, while parity is 37¢. The price he announced for chickens and eggs was below parity. The farmers will readily agree that it is no time for farmers or any other group ~~to~~ to profiteer on the National defense program. Everybody ought to agree to that. They ought also to agree that this is no time, nor should there be any time, when any particular group should be discriminated against. It is certainly to the interest of the entire country that an inflationary spiral of prices be prevented. The power of government should be used to that effect, but why should the power of government, through funds made available to it, be used to prevent agricultural commodities from reaching a parity price? There are, of course, many complications. But just remember that there are complications in anything this nation tries to do. We ~~have started out on~~ ^{are in the midst of} an immense National defense program. We are doing ~~x~~ much of it by the costly, inexcusable method of cost plus ^{or cost plus} a fixed fee. What incentive does a contractor have to keep his cost down when the profit he makes depends upon a percent of the cost? The more it costs, the more he makes. Why should he quibble when labor ^{makes demands or when} ~~demands an unreasonable wage?~~ ^{his supplies advance in price?} ~~It is~~ no money out of his pocket. It comes out of the taxpayers pocket. So he will just pay it and in the end get a bigger profit for himself. This system of contracting was resorted to because of the imperative need of speed, and events of the week show that speed and more speed in our defense program is essential to our safety.

~~George Henry~~ ~~these~~

The man Rudolph here caused a considerable stir and probably

was one in Washington has yet been able to procure it out.

~~He~~ Every one has his own opinion.

The opinions generally fall into 3 categories 1. He is sincere

2. He was scared and ran away.^{†3.} He is trying to pull a ruse or otherwise

trick. Whether his slight protest to be of more than dramatic and psychological effect remains to be seen. It would be

averse some fear of our attempt to negotiate peace

between Germany & Britain.

England was quick to deny this. Of course we want

a lot of people who want

a negotiated peace. We all want peace - most of us

want far peace - but remember that any peace which to

Britain could make us with

Witten man would be a bitter victory and ~~to~~ Hitler

Peace is a period of preparation of what good would a provision treaty with Hitler be? ~~or~~

The big question of the week in Washington has been what provision France has been made to Hitler. Poor old Marshall Retain - he stood up against the pressure a long time. How far will France go in collaboration with Hitler? This is fraught with grave danger to us and to B. Britain. ~~It is this~~

On every hand we see danger. By every sign we see ~~the~~ urgent need for speed in our national defense. Only last night our great President said we should be prepared "now".