

Looking at WASHINGTON

BALANCING THE FARM SUPPORT PROGRAM

Crop production was pretty good in the United States in 1949 and the government, under its price support programs, had to take over a vast amount of farm products. This does not mean that most of the money invested in these commodities will be lost. Some may be but bad weather and poor crops might change the picture in 1950 and enable the government to make a profit on some of its supplies. This has happened before.

It is interesting to note, for the benefit of those who still belabor the price support program, that the proposed federal budget for the fiscal year 1951 calls for only \$952,000,000 for farm price supports. This compares with \$1,600,000,000 in 1949 and almost as much in 1950. The expectation of decreased demands is based upon the elemental fact that control programs have been initiated and that they will have some effect upon the coming season's production.

With close to \$3,500,000,000 invested in farm surpluses the government is not anxious to augment the total. Sweeping cuts in acreage and drops in the support price level for potatoes and eggs support the hope that the program will cost less and that world market conditions may become normal.

While 90 per cent of parity continues to be the plan for the six basic commodities, including wheat, corn, cotton, rice, peanuts and tobacco, the support to be accorded potatoes has been cut to 60 per cent and, in the case of eggs, to 75 per cent. These two commodities, both being perishable, caused much of the headaches that have plagued the present support program.

So far as the six basic crops are concerned three are under the dual restraint of acreage allotments and marketing quotas. These are peanuts, tobacco and cotton. Corn, wheat and rice are under acreage control but not marketing quotas. Thus, it seems, the growers of these crops, acting wisely, have cooperated in steps designed to reduce output until carryovers become nearer their usual size.

The peoples of the world, it may be said, can use the entire production of American farmers. That is true but there is no way for them to buy our surpluses. Our foolish international trade policy, including the high tariff, prevents other nations from selling their goods on the U. S. market, and thus makes it impossible for them to get the dollar exchange necessary to buy farm products.

The reduction in plantings which means a severe cut in production, is deplored in some circles but it would be extremely foolish for American farmers to plan bumper crops until, and unless, there is a market for them at a fair price. When the demand drops, the agriculturalists, with governmental guidance, should do what every factory does, reduce output until demand increases.

OUR DEFENSE LINE EAST OF FORMOSA

The attitude of the United States toward the advance of Communism in the Far East was explained to the Senate Foreign Relations Committee recently by the Secretary of State Dean Acheson, who stood his ground before critics, anxious to promote decisive action about Formosa.

According to reports of the meeting, the Secretary pointed out that the line, Japan-Okinawa-Philippines, is our line of defense in the Far East and that it is East of Formosa. In this line, according to Mr. Acheson, the United States has an impregnable defense in the area.

It is also interesting to report that the Secretary, who does not advocate the arming of Formosa discussed Southeast Asia, including Burma, India, Siam, Indo-China and Indonesia. He expressed the belief that conditions in these areas are better than in the past and suggested that about the most of the United States can do

to encourage these nations and give them some aid under the President's plan to provide technical training and professional advice in connection, with improving their economic status.

U. S. FACES A LARGE DEFICIT
The President has proposed in his annual budget message to Congress, expenditures of \$42,439,000,000 in the face of expected receipts of \$37,306,000,000. These figures contemplate a deficit of \$5,133,000,000 for the fiscal year which ends June 30th, 1951.

The figures under discussion in Congress relate to the operation of the Federal Government from July 1st, 1950. While the amount to be spent seems prodigious, involving the third largest deficit in time of peace, and analysis of the proposed expenditures reveals that seventy per cent of the total cost of government is due to past wars and the possibility of a future war.

For national defense, the sum of \$13,500,000,000 is proposed. The Veteran's program will cost \$6,100,000,000 interest on the public debt will be \$5,600,000,000 and foreign affairs, including the non-military cost of the

cold war, account for \$4,700,000,000.

Even after making allowance for the fact that slightly more than seventy per cent of the total budget represents the "cost of wars, past or future," one faces the fact that there remains slightly more than \$12,500,000,000 for the other functions of government. This is not chicken feed. It represents a staggering increase in the cost of government since the early twenties, when Congress appropriated a billion dollars.

In this field of activity, there is undoubtedly money to be saved by economy and efficiency in government, but exactly how much, no one can say. Even allowing for the traditional fact that democracy costs money, there would seem to be a possibility of substantial reductions.

The President's figures do not come out of thin air. Where the money goes can be seen from studying the complete budget which runs just two pages short of a thousand. Even the President's message, outlining the budget, requires nearly six newspaper pages. Obviously, the average voter has not the time and many have not the ability to understand the somewhat complicated picture that the

figures present.

The estimated deficit of more than \$5,000,000,000 will be the nineteenth in the last twenty-one years. Surpluses were available only in 1947 and 1948. Because of these two years the Eightieth Congress reduced taxes about \$5,000,000,000. Consequently, Mr. Truman repeats his thesis that

the "badly devised tax reduction" is chiefly responsible for the current deficit.

SOUNDS LIKE MOSCOW'S PROPAGANDA

The recognition of Communist China by Great Britain immediately produced demands in the United States that this country reduce its

assistance to the British because of their failure to do as we do in regard to recognizing the Communist government in China.

The implication behind such demands is that our economic assistance program is intended to require other countries to accept the leadership (Continued on Page Six)

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