THIRTY-SIXTH ANNUAL STOCKHOLDERS MEETING

FEDERAL RESERVE BANK OF BOSTON

October 20, 1960

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MR. MARTIN. Mr. Moderator, Chairman Sprague, President Erickson, Officers and Directors, Stockholders and Participants in this Thirty-sixth Annual Stockholders Meeting of the Federal Reserve Bank of Boston. The first thing I want to do is tell you how pleased I am to be here. It is the second time I have been privileged to visit with this group.

I want to emphasize that this is in no way a formal address; a report to stockholders in a system like our Federal Reserve System can never take the form of a formal address as such. All I want to do is to make some running comments.

I think that the inherent nature and strength of our Federal Reserve is in the word "System" in our title. I never lose a chance to emphasize that word.

Now the Boston Federal Reserve Bank is the only bank that has a shareholders' meeting as such. I have tried to encourage other banks to have such a meeting because I believe it is a real tribute to the institutional framework of the System, that we keep in mind our endeavor to follow corporate tradition in establishing an organization such as the Reserve System.

I think that it is important that we do not get frozen in our adaptation and use of ideas, but I also think it is important we do not lose sight of what our basic political and economic heritage is.

Every school boy understands the guarantees of the First Amendment to our Constitution. I have been very much impressed in the last ten years that no matter what level you are at or how it is expressed, freedom of religion, freedom of the press, freedom of speech, freedom in the right to assemble and petition, these are rights and concepts that emotionally, if not intellectually, are understood by people.

Where you have your big problem is when you try to relate our economic heritage ~~[illegible]~~ to this political heritage and then you find an almost total absence of comprehension. of how these two are linked together.

Without belaboring this point, I just want to emphasize my feeling that in the Federal Reserve System we do not have a perfect organization by any means, far from it. We have a merging of public and private interests which is the strength and vitality of this System. When we tamper with it or change it we should understand what we are doing and how we are working.

This was brought out very forcefully to me a number of years ago when I wasn't connected with the System. I attended a lecture on political science at Oxford. A very distinguished professor said in his judgment the United States made only two outstanding contributions in the area of political science. I was interested, and perked up my ears.

The first one, he said, was the Northwest Ordinance that provided for the emergence from colonial wilderness into statehood. The second was the Federal Reserve System that provided a merger of private and public interest to preserve the purchasing power of the currency and the heritage of the nation in a useful dollar.

I hold no brief for his comments but since I now hold this position I have thought about it a good many times and I think, at least in so far as the Federal Reserve System is concerned, this is something we must bear in mind, that with all the agencies of government and with all the government that we have, we have only one organization that is devoting itself full time to this matter of our currency.

Now it makes interesting, useful and worthwhile reading in your leisure time to look through the history of the First Bank of the United States, the Second Bank of the United States, the sub-Treasury System, the money panics of the '80s and the background of the evolution of the System as it is now constituted. It is by no means a perfect organization. This is something I think we should bear in mind. There may be some structural weaknesses and defects in it but we rely upon you and your understanding and the twelve banks and the directors of the twelve banks and the coordinating body, the Board of Governors in Washington, to pull together, in the public mind, an institutional framework that will safeguard the dollar.

I emphasize that today because--I am saying this in an open forum--the American dollar is in jeopardy. Now when I say that I want to make it very clear I really believe we can handle the situation that is ahead of us, if we conduct our affairs properly, so that dangers to the dollar will be overcome. But we cannot do so if we blink at the facts or refuse to recognize the various forces that make a currency what it is

Before developing that aspect of it I want to pause here and say that, reporting to you from your Board of Governors in Washington, I want to express the great appreciation and encouragement that we have had from many people in this locality, but particularly for the dedicated service and work both here in Boston and in the Open Market Committee in Washington, where the Board of Governors comes in direct contact, meeting at three-week intervals, with the President of the Federal Reserve Bank of Boston, Leif Erickson. He has given and is giving devoted service. That is what really makes the System possible.

In his work he relies heavily of course on our directors. This is where the merger comes of public and private interests. We have six directors that come from the banking and business community and three that are appointed by the Board of Governors at Washington. Without making the divisions you have all heard, of borrower, lender, public official, I think it is perfectly clear whether you look at the banks as quasi-public or quasi-private, that the Board of Governors in Washington is clearly government and that when we talk about the independence of the System, we are talking about independence within the government but not of the government and that the tie-up within our organization is communication between all aspects with a recognition of the varying prerogatives.

I cannot help but feel that we have made a great deal of progress in the nearly ten years I have been privileged to be with the System, not because of my leadership but because of the course of events and because of the cooperative endeavor of a great many people. But we are in a very critical period. One problem, to make clear what I am talking about here essentially, that is why I refer to the early history of our country, is the credit of the United States. We use the term money and credit. Credit is something we understand.

When you are talking about the credit of the United States, you have a very important and serious matter. Now over the period of the last ten years (it will be ten years on March 4, 1961), we have had in modern times a flexible monetary policy. This is the period following the Treasury-Federal Reserve Accord which made it possible. Prior to that, during the wartime period, we largely had a pegged government bond market and flexibility in monetary policy was sacrificed as such for the welfare of the community in fighting the war. If we have another war we may revert to such a use of our instruments.

But today I want to give you some of my reflections as I go back in my Washington experience, where I have served on the National Advisory Council, on international monetary and financial affairs of our government set up as a part of the Bretton Woods Agreements Act, since its inception.

I am the senior member of that group in point of years of service. I started with Secretary Vinson. At the time of the Bretton Woods Agreement, when it was signed, I watched this unfolding picture. In thinking back through our various meetings and also of meetings of the Security Council and the War Mobilization and Defense Boards which from time to time I have been privileged to attend that were concerned with the interlacing and intertwining of the relationship of controls during the war and immediately after the war, the thing that struck me forcibly at all the meetings which I have attended in Washington, has been the fact that people have said at one time or another, there is one thing you must not permit to happen and that is to let interest rates fluctuate.

In the councils of government, pre-Korean war days, nobody thought it would be possible to unpeg the government securities market without having disaster to the United States. That is a rather interesting thing to look back on. It is something worth thinking about. Let me make it clear here, even I on some occasions rather subscribed to that point of view. I am not trying to give the impression I was all-seeing in this area.

What I am trying to emphasize here is the fact that the forces which you have in a strong, growing, dynamic economy are too big for government controls, unless you want to sacrifice all your freedoms, and that one of the few effective devices that the world has in this area, short of complete totalitarianism, is interest rates. That is something that seems to be very difficult for a lot of people to comprehend.

In wrestling with this problem I attended a great many meetings where people would say, raise reserve requirements. We found out after raising reserve requirements it put that much more pressure on the government bond market. They would say, put in selective controls, make them much more drastic than anything you have had before.

I won't go through all the arguments, you have all seen what we did; in the immediate period of the post-Korean conflict all of these things were tried. Even they were not enough. I suspect that the psychology of that period required all the weapons that there are in any arsenal to try to deal with the inflationary problems that we were confronting.

But essentially you came back to the fact, with all due respect to those who say it is outmoded, to the law of supply and demand, which is still in operation. You may be able to dam it up for various periods. You may be able to change the nature of the supply and alter the composition of the demand and for various periods of time you can control markets thereby.

But the market forces are still at work and at certain points they get too big for government.

I watched it carefully in the exchange control of the Bank of England in the period immediately after the war, when they thought they had an iron-clad exchange control. All of a sudden, when the patriotism of the people began to wane, as peace came on, as one official in the Bank of England said to me, the fish got too big for the net and went through it so rapidly that it was perfectly obvious there was absolutely no way to control it. That is essentially what we faced when we unpegged the government securities market. The alternative to doing this was unbridled inflation. And despite the threats of dire disaster very modest adjustment in interest rates made it possible to reestablish market forces in such a way as to get this situation temporarily, at least, under control.

I believe by and large that we came through that period with some understanding of what was involved in this but I have been discouraged in recent years particularly because of the struggle over the 4-1/4 per cent interest ceiling, in terms of Treasury operations, that by and large the community as such does not understand interest rates, despite all we have gone through, and still has a belief somebody, the Federal Reserve or somebody else, can produce with mirrors or magic a fixed interest rate and maintain it.

Let me make clear, as I always do to congressional committees, I do not favor high interest rates. I would like to see as low interest rates as it is possible to have without having inflationary pressures but I know of no other way of getting equilibrium in things except through this device. Direct controls in my judgment, from my work, have limited periods when they will work, they won't work over too long a period of time. I think it is vital that those of us in the business and banking community get this general thesis across. If we do not, we are going to have some unnecessary difficulties.

I want to put in perspective the role of monetary policy as I see it. It isn't an all powerful policy at all. One of the tragedies of the last ten years, as I look back on it, is that the Federal Reserve has been asked to do more than it should, when we tended to rely too much on monetary policy to do things monetary policy simply could not achieve and was never designed to achieve.

Let me list for you, as a result of my experience over the past 10 years, in the order of importance in which I place them, the factors which enter into the shape of our economy. I state without reservation monetary policy is in the final analysis the primary bulwark of our free enterprise system. But nevertheless it occupies this role because of its relation to these other items.

In the first place I think budget policy is the most important. I believe the American people have come to understand that.

I think by the middle of 1957, with what had happened and with the recognition that in world markets for the first time the dollar was under pressure, people looking at our budget saw that we had a budget deficit of 12-15 billion dollars, coming in large part through a decline in business, people began to appreciate what was involved in budgetary policy.

I believe the rank and file of people in this country, without being able to put it in professor's terminology, understand what is involved.

I am not one who believes that you have to balance the budget every year. I think it is desirable. I likewise don't think there is any merit in deficit financing as such.

But I say that you have to have a tendency to equilibrium over a period of years in your budget or you are not going to be able to pay your bills. If when times are relatively good, you don't provide anything in the way of a surplus, then when times become bad and you are forced to adopt some deficit financing, you are in a pretty bad general position. I believe that, on the whole, is understood.

Now to come to the management of the debt. I don't believe it is clearly understood. I happen to have a very high regard for the present Chairman of the Ways and Means Committee in our House, Wilbur Mills. I think he is an excellent man and understands his taxes better than I do certainly. He understands what is involved in this budget process. But he would not like me to say this, and he would not like me to say it this way, I still think he is almost helpless when it comes to tax revision and tax reforms because there are so many people who say, "don't do it to me, it is all right to do it to somebody else."

Even though we have a tax structure all of us recognize as imperfect, they are almost hamstrung in a political sense when it comes to getting a tax program, a tax system that almost everybody recognizes needs revision and needs changes, both in terms of equity, in terms of getting revenue, and in terms of keeping our general balance in order.

We go along year by year hoping at some point we will have sufficient surplus so that we can give everybody a little bit, here and there, and thus avoid political pressures, and thereby improve the tax system. To me that is very unsound.

The management of the public debt comes into this. Let us look at that in terms of a simple portfolio management. I know that the government is not the same as an individual. I am not trying to make that sort of analogy.

But think of it. We have 195 billion dollars of marketable debt, out of a debt of 290 billion dollars. I am not including savings bonds in marketable debt. This year there is a direct call of 47 billion dollars on the Treasury at a moment's notice from these savings bonds in addition to this marketable debt.

After the recent refunding of the Treasury we have 80 billion dollars of that debt coming due in less than one year which means we are on almost a constant merry-go-round of refinancing. We have 68 plus billion due in from one to five years; in five to ten years roughly 18 billion plus; in ten to twenty years, another 18 billion dollars. As to twenty years and over, after a very difficult advance refunding achieved through a great deal of hard work and against great political animosity, the Treasury succeeded in moving from 8 billion dollars beyond twenty years to 11.1 billion dollars beyond twenty years.

I was asked when I was before the Ways and Means Committee, "Mr. Martin, why shouldn't the government finance everything in 91-day bills?" That absolutely floored me. I didn't understand that anyone would think it was a desirable thing.

I didn't give the answer then that I gave the next morning when I thought it over but I said to them, let's put it this way, if the government on its own initiative can finance everything in 91-day bills without any problem of its credit, there would be no reaon at all why it should not finance everything in 91-day bills. Certainly that might be the cheapest way to do it if the bill rate is lower than longer term rates.

But think of an individual who has time payments coming due on an automobile, and a television set, and whose savings are very limited, whose current income and his wife's expenditures are not sufficient to meet their expenses and he has a mortgage on his house but instead of being financed for fifteen, twenty, twenty-five years, it comes due every 91 days, what sort of position do you think that this individual would be in, in going to the market?

One of the members of the committee gave me the response I rather hoped to get when he said to me, "My gracious, Mr. Martin, you are not trying to tell me that is the position of the United States government?" My response was, "I have been here for several days trying to tell you just that. That is really it."

Now that is the position of our portfolio and the management of our debt.

Relations between the Treasury and the Federal Reserve members have been good during my tenure of office. I hope they will always be good. We have heard good fences make good neighbors but in the matter of monetary policy and debt management, you need a revolving door because both have to go around stubbornly trying to work with this treadmill of 80 billion dollars plus coming due every year, and the dictates of credit policy.

I wish we could get that story across in a better sense than we have. I don't mean, I hope nobody will leave this room thinking I am trying to give you a scare picture of the finances of the United States. We have a great country here. We can handle these finances. But we have to have some principles to handle it by. I insist we haven't got the sort of portfolio that inspires confidence in the way we have managed this debt. We have been making progress slowly toward it. We haven't got it yet.

The next problem, I place them in this order, I know some of you much more expert than I will quarrel with me on this, I place in the next position among all three of these, the wage cost spiral. Here you have a problem of productivity and collective bargaining. Certainly the Central Bank has no control over that. I don't believe it should have control over it.

I think it is a vital factor because it has to do with the last part of what I am going to develop here, which is the problem of federal finance.

The government must be financed and the balance of payments at some point comes into any final battle against the ravages of inflation, whether as a result of law or of conscious government policy. It is in that general area that there is a lot of misunderstanding about what monetary policy can do. But, taking in my order of importance, the budget, fiscal and debt management, and wage cost policy, I come finally to the payoff, which is our monetary policy. In the last five or six years at one time or another I have constantly been told this in one way or another by responsible people. They say, granted we have an unsound budget policy, granted we have an unsound fiscal and debt management policy as such, all in varying degrees, I am not trying to peg it as black and white. Granted we have an unsound wage cost factor.

Now don't you come along and give us a sound monetary policy and complicate these unsound measures we are engaged in.

I don't believe I am overstating that. What I am trying to get at there is that if at this juncture monetary policy abdicates and just decides to go along on an unsound basis, equally with these other elements, then I believe there is no reason for the existence of the Federal Reserve and we should be in the Treasury, an arm of the government, and we should inflate ad infinitum. Now I am convinced, and I state this categorically, no central bank can support a deflationary monetary policy. I personally don't think you should. The idea that by monetary policy you should try to reestablish some predetermined price level lower than where you are just makes no sense to me at all.

But permitting pressure through interest rates to illustrate the unsoundness of these other aspects and by a recognition through modest adjustment of interest rates that we have some obligation for solvency of the banking system in terms of purchasing power and of currency is something I think we have to get across to people. I don't believe we have gotten it across yet, certainly not as fully as we must.

There are a great many bankers here, a great many businessmen, who know a great deal more about this in an individual sense than I do.

Let me just give it to you in my simple explanation. I have attended a great many classes and courses. I have heard that the law of supply and demand is outmoded. I have heard we have labor unions so big they can control the market, they don't have to be guided by these things.

I have heard constantly that interest rates do not make any difference. I have had Congressmen tell me no bank really needs capital and surplus, after all we are just dealing in credit.

Here, gentlemen, is where we must understand that money which is a medium of exchange, a standard of value, it must be a standard of value if we are to have the saving and investment process, is also a measure of confidence in credit and without that confidence factor you are not going to get any of the growth and achievement that all these people say, and I certainly agree, we want and we need.

As to the loan deposit ratio of member banks--I am sketching with a broad brush here--let me illustrate it by saying I do not know what the right ratio ought to be. But you can see how far you can go on the concept of credit when I say we have had one member bank in the Federal Reserve System, which has since changed its policy, whose loan deposit ratio reached 106 per cent.

When this bank was questioned, one of its officers, and he was perfectly sincere, said to me, "well, what do we have the Federal Reserve System for?"

I tried to explain to him of course we ought to have a super Federal Reserve System to bail the present Federal Reserve System out, if we are going to operate that way.

On this matter of credit. To me it is very much like a rubber band. It is useful. You can stretch a rubber band just so far. At some point it breaks. Its usefulness is largely destroyed when this happens.

In our handling of credit, whether it is at municipal, State, or Federal government levels, there comes a breaking point. We have to measure credit and try to keep credit within the framework of the market, without breaking it. I insist that the primary purpose of the Central Bank in a period of expansion is to minimize, not eliminate, but minimize, the substitution of bank credit for savings.

You cannot get away from savings. Savings are at the heart of the investment process. It is a process on which our whole development and growth has been centered.

Let me just say in passing, one of my associates, former associates who visited Moscow last summer, came back after visiting the Gosbank to tell me he thought I was a wide-eyed radical in financing compared to the head of the Gosbank.

He said, after talking over there three or four days with the government people, that is why he was invited there, he said he came to the conclusion that far from outgrowing and ignoring the savings process, it was perfectly clear that the principal difference between their system and ours was forced saving and voluntary saving, that when it came to getting capital for financing, it was a case of appropriating the savings from one area and putting it over in another. You cannot ignore the savings process just because you have a free economy or a totalitarian economy. The principles are just the same. Otherwise, we are like a ship at sea without any mooring or any harbor of destination.

Now this eventually affects all of the savings and all of the general accounts of everybody. When it gets bad enough it becomes a major problem. We have had inflation in foreign countries that illustrated this. There isn't anything like that in the offing in the United States.

The United States for the first time is facing a real problem in this area. I don't say "for the first time" categorically but in my reading of American history as such I believe this is the first time the threat has been so serious. Whether it is the first time or not we are faced with a difficult balance of payments problem that must be solved.

All of this is interlinked with this process. This is part of the problem of interest rates. There may be other ways of doing it. Those other ways have to be evaluated.

I want to try to give this to you simply. When I was in the Treasury, 1949, 1950, we had our first serious balance of payments deficit. It ran 3.6 billion dollars. I won't go into the mechanics of it. Most of you know it.

It was in the Korean War. But even in the Korean War, I took it up with the Secretary, we went actively to work on it and recognized it as something that would have to be corrected.

In the period from 1951 to 1957, we got this deficit down to where it was running 1 billion or 1 billion plus a year. In 1957 we had the Suez crisis. We had a brief respite.

In 1958 when the [redacted] factors of demand and supply were at work, in the world economies and the postwar period was reaching a position of growth and development which made world markets different from what they had been for a long time, we had an adverse balance of payments deficit of 3.4 billion. In 1959 it was 3.8. In 1960, if I were projecting it at the moment, it looks like about 3 billion dollars. It is clear we cannot continue indefinitely a deficit of this magnitude.

Where this relates to this whole process of markets, supply and demand factors, controls, is in the difference between the steel strike in 1956 and the steel strike in 1959; the increase in steel wages to occur December 1, this year, and the previous increases.

In 1956 I had the privilege of talking to a few people in both labor and management. Both sides felt confident that they could pass on to the consumer whatever agreement they came up with. I say that dispassionately. I think I am right in that analysis.

But in 1959 it was a very competent labor foreman, a member of the Union, who told me that he knew steel could be laid down alongside of his operation at considerably lower prices than anything they were likely to be able to produce for some time. He said to me, "I think this creates an entirely different situation." I said, "Yes, I think it does."

Now we have the broad foreign aid problem, the world requirements of foreign aid. We also have this problem of balance of payments. We can no longer afford to ignore it. We can no longer believe that these forces are just going to work themselves out.

I won't go so far as to say, I hope you are not thinking I am going that far, as to say we have priced ourselves out of world markets. I don't think so for a moment. We have an immense future to deal with. In some instances we will have to work with other products. In some limited number of instances we have priced ourselves out of world markets. We have come to the end of a cycle in this particular period.

Now this matter of gold and the speculative apprehension about the dollar is something we can only handle by a firm and clear understanding that under no circumstances will we be devaluing the dollar. To devalue the dollar would be a catastrophe of the first order.

The dollar today is a reserve currency in a way no other substitute has been. It substitutes for gold in general accounts.

The Federal Reserve has embarked on an easier money policy. It is doing everything in its power to assist in adjustments in the economy.

The recreation in demand in various areas through new techniques, modernization of equipment, lower prices, more active selling, and the like, is always painful. It creates social problems. Germany is now running at full capacity. I think it is in part due to sound finances. Germany has absorbed all the refugees from East Germany and still has overemployment to a marked degree. Its balance is going up steadily.

Against these factors it is time we stop shilly-shallying around about this idea that interest rates are something that can be set and controlled at will.

I had a very distinguished individual come to my home not so long ago, in the midst of this controversy, and say to me in essence, "Mr. Martin, this country cannot have high interest rates. This country must not have them. I know you are well intentioned, you don't want to see high interest rates. If you will just tell us what additional powers you need in the Federal Reserve to restore us to a 2-1/2 per cent - 3 per cent interest rate level, I will see to it that you get it." He was a man of great distinction and capacity and great political knowledge.

I cannot quite visualize how we can deal with that type of thing against the fact that the entire world today is struggling for savings and there is a limit to which you can substitute bank credit for savings. I do not know where the limit is. I have never said we would try to eliminate all substitution of bank credit for savings.

You all know the difference between short-term, self-liquidating credit, and between long-term capital projects, and the necessity of using bank credit in such a way as to maintain checking accounts and general solvency. I do not know what the proper proportion is. I would not want to try to spell it out, it would be a negation of what we are trying to do.

What we have here is a problem to deal with, in which the entire world is seeking savings. You can point to Africa as the number one problem. If those countries are to develop, they have great potential resources, they need perhaps as much as 6 billion dollars in capital in the next few years. That is a lot of money.

Interest rates are not something you can close off in New York, when everybody is competing for funds. You can make certain controls and do various things but when you are dealing with powerful market forces that is very difficult. In this little Cuban affair, I have watched some of the flow of money between Florida and Cuba. Suppose I were made a dictator and told to stop this flow, the bringing in of 50-dollar bills, how would I go about it?

It is a more fluid problem than you have with big items. Money is a more fluid instrument. Where do you come out with this interest rate problem?

On this problem of financing the government, let me say that in 1959 despite the allegations of tight credit and high interest rates, the United States maintained the lowest interest rates of any important country in the world, controlled or non-controlled. Central banks subordinate to the Treasury have not succeeded in producing lower interest rates than ours. Our interest rates have never been high compared to other countries. Yet we financed an expansion of credit, one-third larger than the largest expansion of credit in a peacetime year in the United States, of 63 billion dollars in a non-inflationary way by letting the securities which the banks held and other financial intermediaries flow into the hands of non-bank investors rather than have them just pumped up by the creation of assets and liabilities on a balance sheet. I believe if we had not followed that course, we would have had an almost intolerable situation at the present time.

I would like to tell you one incident, it is of no particular importance, it shows that those people who say interest rates make no difference have perhaps strayed pretty far from the real facts. At the time of the magic 5's I had a woman come to me with $30,000 in cash. She did not have it in the bank, [redacted]. She heard about the securities and thought she would invest.

I don't suggest there was any great amount like this. But at a certain point people do see what is involved in this saving and investment process and they will invest. This is really at the heart of sound finance. It is in this area that the Federal Reserve has endeavored to operate.

We must not be in politics. Let me emphasize it. Many of you will think I am naive on this. Nevertheless I have persistently indicated that the purchasing power of the dollar is just as important to the Republicans and the Democrats alike. There are many areas where we can disagree in the spectrum of politics without either party following the route of depreciation of the dollar.

My good friends tell me I am very naive on this, that it has been in politics always and always will be. To some extent that may be true. However, I say that depreciation of the currency will never solve anything for either party and should be rejected out of hand. The American dollar is a symbol the world over and to impair its integrity is similar to lowering our flag.

When we talk about our background in the United Nations, our political framework, our problems, when we talk of our political ideals and the inseparability of politics on the one hand and economic freedom on the other, in terms of a higher standard of living, this is where you come out. I feel more confident than I ever have been before that by and large the American people do understand this. They don't really believe down deep--there may come a time when they will--they don't really believe down deep yet that there is pie in the sky, that there is a fountain of perpetual youth, that you don't have to pay your bills.

Now I want to point out that on this argument of big government or little government, on whether we ought to have more government activity or less activity, you and I can have all the positions we want as citizens. I have some convictions about it. They have been weighted somewhat by the fact that a number of people say to me, "Mr. Martin, there is no such thing as a decision in the market place which is of benefit to people. Such decisions are devoid of social consciousness." They overlook the fact that people buy, out of their private income, many goods and services which are basic necessities. Nevertheless that is their position.

I say to them, do you mean to tell me all decisions of government are made in the real sense of social consciousness, in terms of the greatest good for the greatest number?

They do not know what the solution to the farm program is. We have a 9 billion dollar expenditure in it, we have not solved the farm problem yet. We have a lot of budgetary problems.

However, under present conditions it may be we should have more government activities and less private activities. I am not going to argue with that. I say there is a point beyond which you cannot take from the income of the people and achieve your goals.