

STATEMENT BY SENATOR STROM THURMOND (D-SC) BEFORE SENATE AGRICULTURE
SUB-COMMITTEE ON INTEREST RATES, MAY 6, 1955

Mr. Chairman, on April 20th, I introduced Senate bill 1764 after reading in the press that the Department of Agriculture had, three months previously, raised the interest rates on government disaster loans from three to five per cent. This increase in interest rates has come at a time when our farmers need every consideration if many of them are to continue growing the crops to feed and clothe America and many other nations of the world. Thousands of our farmers in my state and other states across the nation have only recently--in the latter part of March--suffered millions of dollars worth of crop losses as a result of a disastrous freeze. This freeze cost the farmers of South Carolina alone more than \$10 million dollars, just at a time when they were trying to recover from a scorching drought that cost millions more during the last crop year.

Mr. Chairman, as you know, no segment of our economy has suffered more severe losses in recent years than our farmers. They should continue to receive these loans from our government at an interest rate of no more than three per cent annually. At present, this is the only form of government aid that has been made available to the farmers in my state as a result of the recent disaster. Now they find that the government rates they have applied for ^{are} comparable to those charged by private lending agencies.

It is contended that by raising these interest rates by two per cent many of our well-to-do farmers will not be attracted to apply for these disaster loans, which they, in fact, could not qualify for under the present law. As I understand

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the existing law concerning these loans, only those farmers who cannot obtain private financing are eligible to qualify for government assistance. If any unqualified farmers have obtained these low-interest loans in the past, then I believe this is a problem to be solved by the Department of Agriculture itself, and not one that our low-income farmers should be called upon to bear in the form of increased interest rates. I cannot see the necessity of raising these rates to make these loans less attractive to those who, under the law, cannot qualify for them anyway.

Mr. Chairman, this bill would not undermine the principle of free enterprise as it relates to private lenders. As I have already pointed out, only those who could not obtain loans from private lending agencies are eligible for these disaster loans. I strongly believe this measure is consistent with our traditional policy of providing for the general welfare, especially in cases of large scale disaster affecting such a vital segment of our economy.

Mr. Chairman, this change in interest rates at this time is an unwise action. I ask that this subcommittee give favorable consideration to both my bill and that of the senior Senator from South Carolina which would accomplish the same end -- that of placing a three per cent ceiling on all disaster loans.

The End.