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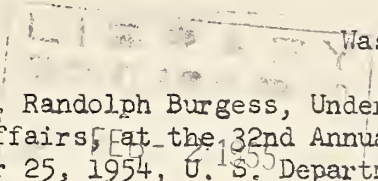
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Washington, October 25, 1954

Summary of remarks by W. Randolph Burgess, Under Secretary of the Treasury for Monetary Affairs, at the 32nd Annual Agricultural Outlook Conference, October 25, 1954, U. S. Department of Agriculture, Washington 25, D. C.

State extension economists gathered here today for the 32nd annual National Agricultural Outlook Conference were told that the United States must not accept the philosophy that inflation is essential for a prosperous economy.

Under Secretary of the Treasury for Monetary Affairs W. Randolph Burgess told the group that this administration is dedicated to halting inflation which has cut the value of the dollar almost in half during the past 20 years, and equally to avoiding deflation. There are two methods of attempting to do this, said Burgess. One is through direct government controls. The other, and the one on which the economic policy of the present administration hinges, is through indirect government controls.

"This administration believes," said Burgess, "that we have demonstrated that certain fiscal and monetary methods are of great power in avoiding both inflation and deflation. These are budget control, freedom of the Federal Reserve System to carry out wise economic policies, and debt management.

To this end, stated Burgess, the rate of government expenditures has been cut by 10 billion dollars during the past 21 months and the annual tax take from the American people reduced by 7½ billion dollars. The Federal Reserve System has been freed to devote its energies wholly to its lawful purpose of giving the people honest money, and preventing inflation and deflation. And the national debt has been managed for the same purpose, he said.

(more)

Burgess reminded his audience that economic freedom or, "opportunity unlimited," has been responsible for America's strength. Some call this liberal capitalism, he said, but whatever the name, it must be continued if the economy is to continue to grow. Such a system is dependent upon honest money and reward for saving, he added.

"For 20 years," said Burgess, "our National Government grew bigger and bigger and moved more and more into areas of the country's economic and social life. Some of these extensions of functions have proved proper and useful, but the trend towards centralization of power got out of hand. It brought us mounting expenditures, higher taxes, larger deficits, and inflation."

Burgess said that the present Government has turned against this trend. "The reduction in Government spending and taxes is evidence of this change. It is not a change in the sense of responsibility of the government for the people's welfare," said Burgess, "it is rather a difference in method and approach. The objective is a dynamic, vigorous and growing economic life and rising living standards. The function of our government is conceived as not so much to supply benefits directly to its citizens as to insure the opportunity for them to achieve them by their own effort."

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