

UNITED STATES DEPARTMENT OF AGRICULTURE  
Washington, D.C.

GOVERNMENT POLICY WITH RESPECT TO THE USE OF SUBSIDIES  
IN HOLDING DOWN THE COST OF LIVING

The time is rapidly approaching when for the first time in the nation's history there will be real food scarcities for the United States. In order to maintain food production at a satisfactory level it may be necessary to increase returns to farmers for some commodities.

Although income to farmers is the highest on record, farmers are still operating at a disadvantage, from the standpoint of income, with other wartime industries and activities. The 1942 per capita income of farm people is \$368 as contrasted with \$981 as the non-farm per capita income figure. Agricultural income accounts for only one-ninth of the national income today as compared with one-sixth in 1918.

Not only is agricultural return low as compared with others, the hours are much longer and working and living conditions are less attractive.

There is a steady exodus of workers from farms to the cost-plus war industries. Agriculture is losing fifteen to twenty percent of its best workers annually. In addition, equipment and materials for farmers are curtailed. How long we can maintain production through patriotic appeal and substitution of inexperienced workers is a matter of conjecture.

If it is necessary in the national interest to increase returns to farmers in order to maintain production, subsidies are preferable to price increases which would have definite inflationary tendencies. Subsidies are already being used very successfully in agriculture to keep up production and hold down prices. A notable example is the

*fewer people engaged in ag.*

*but prices go up*

*making farming more attractive & work in cities less attractive*

present government program holding feed costs at 85 percent of parity.

In government payments this program costs around 200 million dollars, but it is saving consumers one billion dollars a year on their grocery bill. It may also be argued that this program results in a great saving to the government itself in the form of lower prices for its wartime purchases.

*higher than  
into*  
How

It must be recognized, however, that there is widespread opposition among farmers and in Congress to the kind of subsidies involved in such programs. It is my opinion that there will have to be a better understanding of the advantages of subsidies before we can obtain public sanction and congressional appropriations for a food subsidy program similar to the one used in the United Kingdom. It is my hope that there can be an early crystallization of opinion in this matter.

/s/ CLAUDE R. WICKARD

Secretary