

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE FOR EMERGENCY MANAGEMENT
OFFICE OF ECONOMIC STABILIZATION
WASHINGTON, D C

February 5, 1943

JAMES F. BYRNES
Director

Please see that the enclosed copy of the minutes of the last
Board meeting is shown to Mr. Eccles.

MINUTES OF BOARD MEETING

January 22, 1943, 11:00 A. M.

East Wing, White House

Present: The Director (Presiding)
Mr. Wickard
Mr. Jones
Miss Perkins
Mr. Bell (Acting Secretary of the Treasury)
Mr. Smith
Mr. Eccles
Mr. McHutt
Mr. Davis
Mr. Brown
Mr. Flanders
Mr. Johnston

Mr. McHutt read a memorandum on the relationship between agricultural wages and the supply of farm labor. He pointed out that the wages received by farm labor are still, for the most part, sub-standard. The average hourly wage is still less than 30 cents, and the average daily wage is \$2.80 without board. These wages, Mr. McHutt stated, are substantially less than those paid in even the lowest paid industrial occupations.

This disparity, according to reports received from the field by the Employment Service, is one of the principal factors which make it difficult to recruit agricultural labor.

The situation is especially acute with respect to workers engaged in the production of dairy products, poultry and livestock, which are year-around occupations. The situation is aggravated by the fact that workers in these activities are generally the most skilled of all farm laborers, and by the further fact that many dairies are located in industrial areas, where the demand for labor at higher wages is strongest. This situation will grow worse in 1943, stated Mr. McHutt. Dairy and livestock production are already beginning to show the effect of this shortage. While wages cannot be relied upon as the sole or even the principal method of securing additional labor for these activities, it will be necessary to increase wage rates if production is to be maintained.

Furthermore, Mr. McHutt indicated that wide wage disparities exist within agriculture itself, thus placing farmers in the position of bidding wages up by pirating from each other.

The remedy will be difficult to work out, said Mr. McHutt, but a number of alternative approaches are available. He stated that in England the same situation was met by the imposition of a national minimum wage for agriculture, with additional local minimum wages set by wage boards in the various agricultural areas. Another possibility, he stated, would be to stabilize agricultural wage rates at the entering rate for unskilled industrial labor in the particular area.

Miss Perkins pointed out that the average straight time daily wage for common labor in industry is \$5.08. Mr. Davis expressed the opinion that it would be impossible to raise farm wages to the level prevailing in industry. Evidently, he said, the farmer believes that he is unable to pay higher wages, and to double his wage bill would not solve the problem.

Mr. McNutt agreed that wage increases alone would not solve the problem, but contended that such increases were indispensable to a solution.

Mr. Wickard pointed out that, while farm wages are still low, they have increased substantially since 1936. Mr. McNutt admitted that this is true but also pointed out that farm income has increased far more than farm wages, the gap between the two having widened steadily since 1939.

Mr. Wickard stated that we are running short of manpower, and that agriculture has always constituted a residual supply of surplus labor, but that these reserves have now been exhausted.

The Director inquired whether the importation of Mexican labor had been considered. Mr. McNutt stated in reply that substantial numbers of Mexicans would be imported, with a guaranteed wage of 30 cents per hour, or the prevailing rate, whichever is higher. These guarantees were insisted upon by the Mexican government.

Mr. Wickard also stated that the importation of Bahaman labor into Florida is being considered, but that Florida growers are refusing to sign contracts with the Department of Agriculture to obtain domestic workers unless assured that Bahaman labor will also be brought in. Mr. Wickard expressed the opinion that the reason for this was that the growers believed Bahaman labor would be more docile.

The Director expressed the opinion that we must use all available sources of supply, and that the importation of Bahaman labor would free manpower for other necessary purposes.

Mr. McNutt stated that he and Secretary Wickard had prepared a program for submission to the Congress, calling for the recruitment and transportation of a Land Army of about 3,500,000 migratory farm workers. In this connection, the Director suggested that the American Legion in every locality be enlisted to cooperate in this recruitment program. Mr. Wickard stated that it was planned to use the Office of Civilian Defense, the American Legion, service clubs, and other community organizations. However, he expressed the opinion that it would be impossible to rely exclusively upon this voluntary type of local labor. Regular migratory workers must also be recruited to travel for considerable distances as part of a Land Army. In order to afford sufficient security and incentive to attract individuals into such an Army, it will be necessary to assure them in advance of certain stated wages and working conditions. The Director agreed.

Mr. Eccles stated that wages are not the only incentive applicable to agriculture and to farm labor. He pointed out that the farmer is now more prosperous than ever before in our history, and yet we face a shortage of essential foods and fibers. The real threat is a sense of future insecurity, based upon a

threatened shortage of labor regardless of wages, upon the shortage of machinery and the rationing of certain essential supplies.

Mr. Flanders stated that a land Army would not solve the problem of year-around agricultural labor for dairy and livestock production. He suggested that it might be possible in many localities to recruit and train women for this work.

The Director and Mr. Wickard also stated that a program of incentive payments to induce increased agricultural production was being drafted for presentation to the Congress. Mr. Jones inquired whether this was a subsidy. The Director replied that it was not a subsidy, but an incentive payment designed to compensate the farmer for producing more instead of less. Mr. Eccles pointed to the difficulty caused by these incentive payments when other essential crops were in competition with the crops for which such payments were offered.

Mr. Brown expressed the opinion that the Congress would not be so much opposed to incentive payments as to out-right subsidies.

The Director also read a telegram from Mr. Patton stating that wages and prices were not the crux of the food problem; and that the most important contribution to increase production would be the provision of credit and supervision designed to increase the production of more than 1,000,000 family type farmers whose manpower is not now fully utilized.

The Board adjourned at 12:45 to meet again on February 5, 1943 at 11:00 A. M.

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BOARD OF GOVERNORS
of the
Federal Reserve System