

January 16, 1943.

Dear Lauch:

Your memorandum of December 30 to the President on the matter of increasing food production was very interesting and I greatly appreciate your letting me have it.

I took the liberty of having Governor Evans read it in confidence because he is so well informed on the subject of agriculture. I asked him to give me a memorandum commenting upon it. He did so and I am enclosing a copy for your very confidential information. I know you will find it interesting as well as enlightening. I hope it may prove helpful to you.

Sincerely yours,

Dr. L. B. Currie,
Administrative Assistant
to the President,
Washington, D. C.

Enclosure

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date January 15, 1943

To Chairman Eccles

Subject: _____

From Governor Evans

In 1943 the farmers will tend to increase materially the crops they can raise to the best advantage with the land, labor, machinery and fertilizer they feel certain will be available. Prices are sufficiently high to give the maximum incentive from that angle.

Labor used on dairy farms is skilled farm labor and cannot be quickly replaced. Dairy farmers will not risk valuable cows and milking machines to unknown and unskilled help; they prefer to reduce their herds to the size they can handle. Dairy production will probably decline because the skilled help has already been drafted for the armed services or has gone into more profitable defense jobs. Less skilled labor can take care of the usual crops, as well as hogs, cattle and poultry because skilled farmers can direct them. Quite likely, the goals on these commodities will be met or exceeded.

In laying out a cropping arrangement, several things should be kept in mind. In the Corn Belt, soybeans and corn largely compete for the same acreage so care will have to be exercised in fixing the goals for these two crops to insure an adequately balanced supply of each. Corn Belt farmers would probably prefer to raise corn rather than soybeans if permitted to make their own choice. Peanuts frequently compete with tobacco and cotton for the same acreage, but the peanut acreage will be retarded unless adequate facilities are available for processing the peanuts.

Farmers hesitate to change from growing crops with which they are familiar to growing new crops they know little about for fear they will suffer financial losses. The protection of crop insurance could be extended to farmers producing new crops and thus encourage this shift.

The danger of a feed grain shortage in 1944 should be carefully considered now. A poor crop this year would cause real danger in 1944. We have an abundant supply of wheat, which is now being utilized for feed to some extent, and it will be used to a much greater extent if the usual feed grains are not as abundant in the future as they are at the present time. As a hedge against this danger, we should look to Canada and see what help could be secured from there. Canada has large supplies of wheat and other feed grains now and they could substitute barley, etc. for part of their wheat acreage this year if

To: Chairman Eccles

-2-

the proper inducements were offered to the farmers. It would seem wise to approach Canada immediately and see what they could furnish us and what the prices would be for feed grains, in case we need them. Certainly, it would be good insurance against this contingency. Feed grains raised in Canada could be supplied quite easily to American users tributary to the Great Lakes. This matter has been discussed with the Canadians by the Department of Agriculture on several occasions but it is now time to really get down to brass tacks.

Farm labor is going to be increasingly difficult to secure. Last year some effort was made to enlist the services of school children during the summer season, and in quite a few areas their assistance was a real aid. If a hard drive were put on to encourage all suitable school children and part-time employed business people to help during the busy summer season, real progress could be made. The school teachers, especially the Smith-Hughes group, could lead a general movement of this kind in cooperation with the State and County War Boards. These teachers and workers should be designated as war workers by an insignia of some kind so they would feel they were making an actual contribution to the war effort. Farmers are reluctant to use imported labor for many reasons so the local help must be totally mobilized for use especially during the rush season.

The food situation, in view of the heavy lease-lend and armed services demand, will be tight, and unless a careful budget is worked out, showing in detail our food requirements and those of our Allies, we may end the year with a heavy production on some commodities and a shortage on others. In other words, I think it is very important to have a balanced production, and this can be achieved only by very careful, long-range planning. The fact that farmers produced so abundantly in 1942 is not an indication that they can do even more in 1943 because the production in 1942, about which I am very familiar, was achieved only because it was very carefully worked out well in advance, and farm labor, which is more of a problem than many realize, was more abundant in 1942 than it will be in 1943.

