

October 30, 1942

Governor Ransom

Chairman Eccles

As the attached letters express a viewpoint in which you will be interested, I am sending you copies for your information. They should, of course, be held in strict confidence.

Attachments 2



BT:b

(Letters from Edw. A. O'Neal and Ralph E. Flanders to Mr. Byrnes, Director of Economic Stabilization Board.)

ABOVE SENT TO EACH BOARD MEMBER INDIVIDUALLY



TELEPHONE DEARBORN 1633

CHICAGO, ILL.

October 26, 1942

Honorable James F. Byrnes, Director,
Office of Economic Stabilization,
The White House,
Washington, D. C.

My dear Director Byrnes:

Pursuant to your request that Board members send you suggestions in advance of our bi-weekly meetings, I submit the following:

Because agriculture has always produced abundantly, the American people have taken agriculture for granted, and people find it hard to believe that present surpluses may prove inadequate to meet the situation. The result has been, in spite of all the President and the Secretary of Agriculture have said about food being just as important as munitions, that agriculture has not been looked upon or treated as a major war industry. It is high time that this situation were corrected. Since the President has given you the duty and responsibility of carrying out a program to stabilize our national economy, you have it in your power to do a great deal to remedy this injustice. Thirty million farm people are looking to you for action to change fundamental conditions that are forcing tens of thousands of farmers to go out of business and other tens of thousands to curtail their farm operations.

I should like also to point out that keeping farm prices at parity can not possibly control the inflationary processes unless labor costs and other costs of production of industrial goods are also kept at comparable levels. Parity itself automatically rises as the cost of manufactured goods rises.

Agriculture is facing a desperate situation with respect to manpower. A survey by the U. S. Department of Agriculture indicates that 1,500,000 workers have left the farm since the beginning of the present emergency. Sixty percent of those leaving have gone to work in industrial plants, thirty percent have been called to the armed forces through Selective Service, and

ten percent have volunteered for military or naval service. If this drain on the farm labor force continues, agriculture will be unable to produce in 1943 the volume of food and fiber that we must have to supply our Allies with the food that is urgently necessary to sustain them.

I suggest therefore that you take appropriate steps to secure the cooperation of the Selective Service System in a program under which the local Selective Service boards will grant occupational deferment to all workers who qualify as "necessary men" in agriculture.

To stop the exodus of farm workers to highly-paid jobs in industry, may I call your attention to the provisions of the Anti-Inflation Law which became effective on October 2, 1942. This law directs the Administrator of the Price Control Act, in placing ceilings on farm commodities, to consider increases in farm wage rates that have occurred since January 1, 1941, and also to give adequate weight to the factor of increased labor costs.

If these provisions of the Anti-Inflation Law are literally interpreted and fairly applied, farm operators and tenants will be assured of reasonable prices and income to keep them in active production; employers will be in a position to pay reasonable wages for experienced farm help; and wage earners will be protected because the limited supply of farm labor will automatically force farm wages up to competitive levels.

With respect to farm price ceilings, it has been suggested that price ceilings on certain farm commodities be kept low in order to keep food prices down, and that the Government pay subsidies to producers of such commodities to supplement the price received in the market place. I am certain that farmers are strongly opposed to such procedure for the reason that retail food prices are lower, in relation to industrial wages, than they have been for 30 years. If the Government undertakes to pay subsidies as indicated above, such subsidies are in reality subsidies to the consumer, and yet the public would consider them subsidies to the farmer. If consumers were to become accustomed to food prices kept low through government subsidy during the war, they would be certain to demand continuation of subsidies after the war. It would be hard to resist such demand, particularly if wages dropped to lower levels. To inaugurate such a program now would be to establish a very dangerous precedent. Congress has attempted for ten years to assure parity prices to the farmer, and it has been generally agreed that parity prices are fair prices; and yet now, when the public is better able to pay parity prices for food and fiber than ever before, the suggestion is made that farm prices

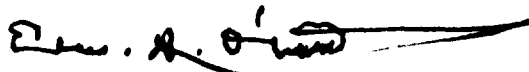
be deliberately kept below parity in the interest of the consuming public. I earnestly hope that the Government will not embark upon any such program, because it is wrong in principle.

It has been suggested also that farm price ceilings be lowered by the amount of Soil Conservation payments and other government payments on each commodity. I submit that the Anti-Inflation Law hitherto referred to does not authorize such procedure, but does plainly direct that no ceiling be imposed on farm commodities or commodities processed from farm commodities, which shall return to the producer less than the parity price of such commodity or the highest market price of such commodity between January 1, 1942 and September 15, 1942, whichever is higher. Naturally, farmers believe that the mandate of the law should be fully carried out.

In considering the problem of maintaining adequate production on the farms of this country, we are dealing with hard, economic facts - not with theory. I submit that in any realistic approach to the problem our supreme objective should be to arrive at a price which will secure adequate production. Farmers are willing to make any sacrifice required to win this war, but if they are denied prices which will enable them to secure the labor that is absolutely essential to adequate production, then production is bound to be curtailed. All that farmers themselves and their wives and small children can do will not be enough -- they must have additional labor if they are to meet their production goals for 1943.

I offer these suggestions for your earnest consideration.

Sincerely yours,



Edw. A. O'Neal - President

EAO LP

JONES & LAMSON MACHINE CO.
SPRINGFIELD
VERMONT

RALPH E FLANDERS
PRESIDENT

October 26, 1942

Honorable James F. Byrnes, Director
Economic Stabilization Board
The White House
Washington, D. C.

Dear Mr. Byrnes:

At our first meeting last Friday you asked the non-governmental members of your Committee to make suggestions in advance of the next meeting. Among the suggestions which occur to me are the following:

General Marshall has announced to Congress an intention of organizing an army of 7,500,000 men by the end of 1943. If a million men are still under training at that time, and a million are engaged in service of transportation, it still leaves 5,500,000 in the active fighting forces to which must be added two million odd for the Navy, bringing our total of fighting men at the time up to 7,500,000.

I would urge that we start to get a rough over-all measure of the agricultural and labor manpower required to feed, clothe, equip, and transport men and supplies for a fighting force of this kind in remote areas of combat. In making this rough over-all estimate, we must not forget the furnishing of food and military supplies to the armies of the United Nations now actively fighting in the field. From the standpoint of an arm-chair strategist, it would seem that these present active fighting forces should have primary and not secondary consideration.

Furthermore, that we must reckon on a high volume of supplies for a highly mechanized army goes without saying.

We should start to measure the size of this production task now, for it will require such enormous changes in our economy that they must be set in motion at once if the desired result is to be

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reached a year from now.

The manpower problem involved cannot be left for later study and solution. While for the moment the bottle-neck in arms production lies with materials, yet the provision of more materials becomes a manpower problem in the last analysis.

Furthermore, the problem of manpower is a serious one now. It is serious in agriculture and particularly in those branches of agriculture such as dairy farming in which labor is an important element. While it may be possible to keep farm price ceilings down, this will not solve the problem of providing an expanded output of agricultural products. This is a problem of manpower which we must face at once.

From what Leon Henderson said at our last meeting, his staff has been making some over-all manpower calculations. The War Production Board, the Army, the Navy, and the Maritime Commission can doubtless furnish data which must be correlated with the independent analysis. I would presume there is some branch of the government available for making the correlation.

An approximate measurement of our task now will save us from under-preparation on one hand and from military establishments we cannot support on the other. The effect of miscalculation on inflation and on migration of labor is obvious.

Sincerely yours,

A handwritten signature in cursive script, reading "Ralph E. Standers". The signature is written in dark ink and is positioned to the right of the typed name "Ralph E. Standers".