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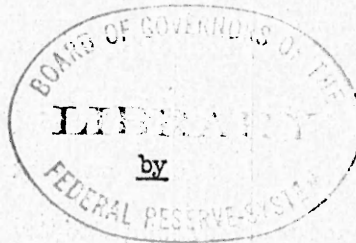
Cunningham, E.H.

ADDRESS

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Delivered at  
THE MIDWEST TRAINING SCHOOL  
Ames, Iowa.

July 18th, 1930.



E. H. Cunningham.

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I greatly appreciate your courtesy in inviting me to appear before the conference. I doubt very much, however, whether I shall be able to give you any new thoughts on the subjects you have under consideration at this meeting.

It has now been seven years since I have had any very close contact with Farm Bureau activities, but during that period, having retained my interest in agriculture, I feel that I have been able to gather some information that might be helpful in strengthening your Farm Bureau organization. No business within the range of my knowledge has been, within the past decade, so ably defended by its friends and so consistently misrepresented by its enemies, as has the business of farming.

The constructive policies and persistent efforts on the part of your organization have obtained for the industry of farming the recognition which it rightfully deserves. I know the thought is quite prevalent among farm people that agriculture has been neglected in the past, or, possibly, subordinated to a secondary position in favor of some of the frills and non-essentials of life. Not that this has been due to premeditated action on the part of any particular class or interest, but more likely to the fact that in this modern age, it is often difficult to distinguish clearly between essentials and non-essentials, between needs and desires. But there still remains one old landmark which modern thought has failed to obliterate: Agriculture is the hub around which all else revolves. The farmer is dependent upon other industries to supply some of his needs, but people generally realize that they

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are almost entirely dependent upon the farmer for the necessities of life, but they have not yet come to the full realization that until the prices of agricultural products are such as will permit the farmer to buy the output of organized industry, and also enable him to pay the demands of labor, which is a large item in his cost of production - America's food problem is insecure.

The industry has now reached the point where the country has been convinced that there is a farm problem. The Congress of the United States has recognized this problem and has placed upon the Statutes of our country the Agricultural Marketing Act, which is backed by liberal government appropriation, and which carried out in good faith the promise made to the farmer by President Hoover. It is therefore evident that it now becomes the duty of your members to cooperate wholeheartedly and conscientiously with the Federal Farm Board in all constructive efforts to give to agriculture its long-sought opportunity to function on an equality with other industries.

While I hold no brief for the Federal Farm Board and have no assurance as to what they have in mind as a solution of the farm problem, I feel that until the policies advocated by the Board in its efforts to establish sound marketing practices have proved impractical or faulty, the objective should be to cooperate in such manner as to justify public confidence and respect. A membership in the Farm Bureau in the future will entail responsibilities which the members will be in duty bound to respect; and, in my opinion, it is high time that these contingent obligations be

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anticipated and that your members prepare to meet such reasonable responsibilities that future developments may impose. I assume that most of the people in this conference have already recognized this need and are here for the purpose of gathering information which will aid them in rendering future service to their organization. For me to attempt to outline a procedure that would be helpful in such work would be the assumption on my part of a task which I feel I am not qualified to perform. You can do it, however, and I hope before you leave this conference that you will have worked out a plan of procedure that will enable you to present to your members all farm organization policies in such a manner that will leave no doubt or confusion in their minds as to their responsibilities. I stress this point as I am now convinced that the time has arrived when no preconceived ideas or individual plans of procedure which are not fully approved by the executives of your organization, should be advocated by its representatives.

I purposely refrain from expressing any opinion as to when and how the Federal Farm Board will bring about a solution of the farm problem. It might be proper to say that perhaps we are not sufficiently optimistic to hope that all of the policies advocated will be fully up to our expectations, but this should not lessen our desire for cooperation in every effort that promises success, or that would be helpful in eliminating any features which experience has proved impractical. No element of doubt or thought of failure should have a place in the mind of the farmer. Errors are bound to occur, but they can be corrected, especially when all

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concerned are cooperating whole-heartedly to make a success of an undertaking which has no chart<sup>ed</sup>~~ed~~ course to follow. It should be your constant effort to avoid, so far as possible, having the farmer charged with any failure in the government's present attempt to solve the agricultural problem because of his lack of cooperation. It would be a reflection on your organization if this were to happen.

I recall that in the beginning of this organized movement the question was so often asked: "What is the object of the Farm Bureau organization?" The reply was: That by a thorough organized effort, the farmer would be able to accomplish things which as an individual he could never bring about, and in that manner he would be rendering a service to the industry. I am wondering who can challenge the soundness of such an undertaking?

I hope, now that the hour is at hand for a most determined effort to bring your organization up to the highest point of efficiency, that the farm men and women will not permit themselves, because of outside criticism, to be diverted from the real objective. There should be a constant vigilance on your part not to allow false charges or unjust criticism to go unheeded. It should be your purpose to have the public understand that the American farmers and their families are not organized to destroy good government. The farmer has never been disposed to disregard his obligations to society. He has met every responsibility that the country has imposed upon him. He has never asked compensation in advance nor has he asked this government to arbitrarily fix the

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price of his product. In a word, the farmers have contributed more to the world's blessings and comforts than have any other class; and criticism of the farmer, because of his determination to adjust the economics of his business to a more equitable relationship with industry and commerce, is not only unwarranted but unjustified.

The total resources of agriculture are probably greater than those of any other one industry in this country. When we take note of the material progress made by the farmer in the past in spite of the unfavorable methods under which his industry has functioned, as compared with other types of business, one is impressed with the unswerving integrity, patience and persistence, that was required of those who participated in this development.

The war period with the accompanying inflation and subsequent deflation was primarily responsible for upsetting the ordinary sound judgment and discretion of all our people, including the farmers; as a consequence, there has been little in the life of our farm people since that time that can be regarded as satisfactory when compared with their pre-war existence.

In many respects the unsound economic development of 1920, which proved so disastrous to the agricultural interests of the country, seem to have been repeated in the drastic Stock Market break of October, 1929. The only distinction that can be drawn between these two periods is that the latter is threatening serious embarrassment to a different class of our people, and what the ultimate effects will be on industry and commerce and to what extent the agricultural interests of this country will be affected by this break, remains to be seen. The final outcome will depend largely

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upon how long the recession in business continues and how far-reaching the depression becomes. I am wondering if it is possible for you who are far removed from contact with the stock markets of the country to realize how it can affect your interests?

We are told by economists that the break in the Stock Market in October wiped out anywhere from 30 to 40 billions in values. In time you will be able to judge whether this country, or all the world for that matter, can permit such a drastic deflation in values by the speculative element of its people, without suffering unfavorable reactions therefrom. I refer to this in order that you may begin to realize the serious effect such a debacle may eventually have on your business. It is always well for you as producers of food stuffs and other necessities of life to realize that whenever there is curtailment in the purchasing power of the public, it will eventually reflect itself adversely on your interests. If there are any present who feel that what has happened will soon pass on only to become a memory and that the sun will soon be shining for everyone, I beg to leave with them the thought that, while in my opinion, the party is about over, it will not be forgotten during the life of the present generation.

The policy of the Federal Reserve System during the period of this unusual activity in the Stock Market and the tragic deflation that followed, is an open book and contains nothing that need be repeated at this time. You are also familiar with the credit policies of the System that have been effective since that time. Money rates at some of the Federal reserve banks are now at their

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minimum, which is sufficient evidence that there is nothing from the standpoint of Federal reserve credit rates that is in any way retarding business recovery. The discount rate to member banks in the New York District is 2 1/2 per cent; in the Boston District 3 per cent; in the Chicago, Philadelphia, Cleveland and Atlanta Districts 3 1/2 per cent. All other Districts in the System have a discount rate of 4 per cent. The minimum buying rate for acceptances in the System is 1 7/8 per cent except at one bank, which has a rate 1/8 per cent higher. Obviously, the foregoing discount rates apply to borrowing member banks, and, in the main, customer-rates are higher. The matter of interest rates charged on customers borrowings from member banks is wholly in the hands of your local bankers. In country districts or areas outside of large commercial centers the rates are usually on a par with the maximum rates established by state laws and do not usually move up and down with changes in rates of the Federal reserve banks.

Regardless of the manner in which credit has been affected by the stock market, I assure you that it is the policy of the Federal Reserve System to keep its resources available for the purpose of adequately serving agriculture, industry and commerce in accordance with the intent and purpose of the Federal Reserve Act.

Having in mind the conditions under which agriculture has functioned for the past several years, we must all be primarily concerned with the policies of the future. Certain it is that commodity prices are on the decline. This, however, appears to be a world-wide condition, and indicates that the purchase of consumable



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goods is declining in other countries as well as the United States. America being the largest producer of surplus commodities, such conditions naturally affect our exports which at the moment are greatly reduced. We are at present undoubtedly in the midst of a considerable recession in business. There is a large increase in unemployment; in fact, without being unduly pessimistic, there is every indication that this high-g geared economic machine of ours is slowing down. It is quite evident that the people of this country realize that the strain has been too great and that there is a necessity for reducing the tension. We have been operating an economic machine for the past several years that has had nothing but a high-gear transmission. There is now a tendency to get back to intermediate. It might be necessary in some lines and for a short period of time to reduce the gear to low in order to enable the people to regain some of their purchasing power and re-establish their confidence in the integrity of American business policies. If that time arrives, I feel confident that the wealth and resources of the American people can again be expected to become active and useful in perpetuating American business stability.

There is nothing in my remarks that is not a proper subject for full discussion with your members. It is quite necessary that they have full understanding of all questions vital to the future welfare of agriculture.

It is also quite evident that you will not be able to have the cooperation of some organized farm interests; nor will you have the

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cooperation from some sources which you had reason to believe was yours from the beginning; you will also meet with strong opposition on the part of some commercial interests; but you will be able through your constructive efforts to give the Farm Bureau members a better understanding of the economic problems that are yet to be solved, and, as a consequence, there should be a greater determination on the part of the farmer to "drive on".