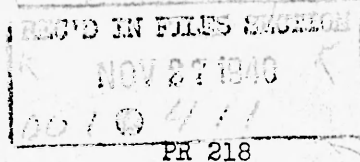


## NATIONAL DEFENSE ADVISORY COMMISSION



NOT TO BE RELEASED BEFORE  
9:45 a.m., November 1, 1940

Address by Chester C. Davis,  
Commissioner in charge of the Agricultural Division,  
National Defense Advisory Commission, delivered before  
the Annual Meeting of the Southern States Cooperative at  
the Lord Baltimore Hotel, Baltimore, Maryland, 9:45 a.m.,  
Friday, November 1, 1940.

## AMERICAN AGRICULTURE AND NATIONAL DEFENSE

It is a real pleasure to participate in this annual meeting of the Southern States Cooperative. I have long been acquainted with your management and have shared your pride in the sound service rendered farmers in the five states in which you operate.

When I tentatively accepted, several months ago, an invitation to address this meeting I thought at that time that I should probably talk to you about cooperatives and the place they fill in American farm life. Since then, however, international developments have come to absorb an increasing part of your attention and mine. Events that a year ago were incredible and unpredictable have etched such a pattern over the rest of the world that 130 million people are joined in demanding total preparedness for the United States.

Today, the United States is marshalling every effort to so arm this nation and organize this hemisphere that the safety of neither can be successfully attacked by the aggressors in the war now raging abroad.

It is vital that we understand that principle. Let me state it in another way. We are in a world that, judged by our standards, has gone utterly mad. Two years ago most of us felt that a nation which minded its own business would be let alone to work out its own destiny. I believe a majority of the people of the United States then believed that such a nation had no need for huge defensive armaments.

XERO  
COPYXERO  
COPY

We know better now. We know that nations holding resources which strong predatory nations covet, or which stand between them and the realization of their plans for world dominion, cannot be weak and live. There's no guess-work about that; the lesson is written for all to read from the swiftly turning pages of current history.

I want to speak very plainly. The people of the United States have deep-seated ideals for the freedom of this hemisphere which they will fight to defend. The dictators of other nations have plans for this hemisphere which clash with those ideals. The aggressiveness with which the dictators push those plans will be in direct proportion to our military incapacity to support our ideals here.

The nation that is rich in resources but unorganized to employ them powerfully and swiftly in military action, if need arises, does not command the respect of predatory powers. It has no weight by the standards of a world dominated by force.

We are not arming ourselves on this unprecedented scale in order to take a hand in European wars; we are mobilizing our resources because it is the only way in which America can stay out of war. If we arm swiftly and adequately, we can stay out of war. It is our only guarantee that our future clashes in this hemisphere will be on economic rather than military grounds.

I get sick and tired of hearing that America has bogged down in this task of complete mobilization. It takes time to accomplish the little appreciated but fundamental job of creating new facilities for production. But let me bear down on this one impressive fact - eight billion dollars in contracts have been turned over to American industry. Abundant means to finance new plants and the tooling for the job have been made available by private and public agencies. The productive job is industry's job, and I have full faith that, backed by the Army, the Navy, and the Defense Commission, American industry has the ability and the patriotism, and the resources to do that job, and do it well.

Nothing short of the complete mobilization of our unstrained and more than adequate resources will do. With our abundant reserves of manpower and materials, America can take it in her stride.

Every loyal American citizen in every segment of our national life has a job to do; each has a particular place where he can serve best. Not all of us can take our places in the great armed force the United States is now training. That's a high duty reserved for those who can meet strict age and physical requirements. But there are other ways in which all can serve. To many hundreds of thousands, serving will mean working in the plants that are now turning out airplanes, tanks, guns, powder, ships and scores of other manufactures necessary for defense. Millions of others can best serve by continuing to perform their every-day duties so that the normal routine of the nation will not be too much disturbed.

Each of the three major segments in our national life - industry, labor and agriculture - has its work cut out for it. To industry, defense preparations mean expanded plants and production, new plants and more production. To labor, defense preparations mean more jobs, new jobs, and greater buying power. To agriculture falls the unspectacular but difficult job of adjusting its already serious peace-time problems to the even more serious war-time situation.

From the viewpoint of national defense and national safety, American farmers are more than prepared to meet the emergency. They have produced abundantly. Our elevators, our bins, and our warehouses are filled. America is better prepared than any other nation on earth as to food and fiber. What is more important, farmers have the organization, through acreage allotments and production goals, to produce almost any required amount, be it large or small, of any major commodity in the minimum possible time.

As a matter of fact, we are so well prepared from a supply standpoint that in addition to taking care of all our own needs, it has been estimated that we

could safely sell to other countries as much as 150 million bushels of wheat, 400 million bushels of corn, 100 million bushels of barley, 350 million pounds of pork, 500 million pounds of lard, 250 million pounds of other edible fats and large quantities of fresh, dried and canned fruits and vegetables. We have extra millions of bales of cotton and pounds of tobacco presently unrequired. These surpluses are largely carried over from previous crop years. In addition to our already bountiful supplies, present indications are that aggregate crop production for 1940 is likely to be the second largest on record.

In this time of international stress, it is well that our storehouses are overflowing, even though these large surpluses make it more difficult for farmers to get the prices they should receive. Farmers know their prices are too low, but they also know that in spite of the ultra-modern weapons of war, an army still must have food and fiber. To feed and clothe that army and the nation behind it is the farmers' job. That's their contribution to national defense. On that score, the farmers and the nation are well prepared.

It is apparent, therefore, that agriculture's job is mainly one of maintenance and adjustment. In the first place, agriculture must maintain the farm plant in such a healthy, productive condition that supplies of food and fiber will continue to be sufficient, regardless of what may develop. Abundant supplies of agricultural products are essential to any nation. That is a basic need in any program of preparedness.

In the second place, agriculture must adjust itself to the impact of war . abroad and of our national defense program. It must be prepared to adjust itself to the loss of a large proportion of our export markets for many of our major commodities. It must be prepared to adjust itself to increased consumer demand, made possible largely by the increased defense activity, for many products which .

are consumed at home. Agriculture must meet all of the new problems and at the same time hold the gains it has made in the peace-time objectives of balanced farm production, improved prices and a fairer share of the national income.

Those who have been predicting a powerful war export demand for our farm products reason from the experiences of the last World War. It happened then; therefore it will happen now. But here is a vast difference between conditions then and now. It would be a tragic mistake for farmers not to recognize it; they haven't yet completed the adjustments made necessary by the effects of the last war.

It is fortunate for agriculture that it has developed on the farm the leadership, ingenuity and farm programs which have helped it to meet economic emergencies in the past. It will be necessary to meet the new problems brought about by war abroad with even greater leadership, foresight and courage.

There can be no lasting benefit to American agriculture from any war anywhere. The headaches farmers suffered as a result of the First World War are too well remembered, and too close to us, for any thinking person to believe otherwise. We all know that regardless of who wins the war, or how well we arm, American farmers are going to be in a tight squeeze.

If the Axis powers win, American farmers will be forced to trade in a world market dominated by and dictated to by the totalitarian governments. They could market only at the consent of these governments, and no one doubts that the terms would be harsh.

If the British Empire wins, American farmers will be forced to trade in a world market devastated and exhausted by war. They might produce and sell at a high rate for a season or two but the gradual rehabilitation of the war countries would force them out of the market for which they had over-expanded their productive plant.



If a stalemate should occur, with each side maintaining some form of armed peace, the expenditures necessary to support huge military establishments would so lower the standards of living in the countries involved that we could expect to sell very little of our exportable farm crops to those nations.

It can readily be seen that farmers, without whom wars could not be fought, have nothing to gain from war.

In brief, and in general, the prospects for the next year show that the demand for commodities produced chiefly for domestic consumption - vegetables, some classes of fruit, dairy and poultry products, and meat animals, should be materially improved as a result of defense activities. The demand for commodities that are produced in considerable part for export - cotton, wheat, flue-cured tobacco, lard, and certain classes of fruit - is hurt rather than helped by the war abroad.

Demand, of course, is directly related to price and I don't believe anyone would argue with the statement that at the present time farm prices, in general, are low. It is my opinion that a substantial increase in most of them is desirable. Such an increase, where it is simply a recovery from abnormally low levels, must not be considered as either a justification or a cause of spiral-price advances in other areas.

As a matter of fact, agriculture has been producing in recent years at prices which are low not only in relation to past periods but also in relation to the levels of other prices. This has been due partly to certain deep-seated maladjustments in the agricultural industry itself and partly to the unique behavior of agriculture during the depression period. Agricultural output during the depression remained relatively constant, while the adjustment to diminished purchasing power has been taken by agricultural prices. In industry generally, the depression impact has been shared between output and prices.

-7-

In the period following 1929, agricultural output declined only fractionally and since 1937 it has been well above pre-depression levels. On the other hand, agricultural prices fell in 1932 to less than 50 per cent of the pre-depression figures. By contrast, industrial production fell off sharply during the depression - far more sharply than agricultural production and considerably more sharply than industrial prices. Agricultural prices remain to this time substantially below industrial price levels.

With agricultural prices so extremely low in relation to other prices, reasonable increases would be welcomed - and such increases can hardly portend or justify a general advance in other prices.

An important fact to remember is that the prices farmers pay for many raw materials, for manufactured products and for farm labor are almost certain to advance. This means that along with increased income will come increased operating and living expenses.

Farm improvement is likely to be spotted. In livestock and dairy producing areas where defense industries or training camps are located, farmers are likely to benefit by increased income and improved purchasing power. In areas where export crops such as cotton and flue-cured tobacco predominate, the picture is dark. Any improvement on the domestic side for these major export crops is virtually certain to be more than offset by the loss of export markets.

The question, of course, is what can be done to ease the economic blows that inevitably lie ahead for American farmers in this business of preparing for total national defense. You are thinking about it and we in government

who are responsible to the farmers are thinking about it. Farmers have helped develop, and through the Department of Agriculture are administering, programs which may be used to lessen some of these blows. In every project which the Agricultural Division of the Defense Commission has undertaken, there has been close and active collaboration with the Department of Agriculture.

In addition, the Commission wants to work and cooperate with many other agencies, particularly the national farm organizations and organizations doing educational work among farmers, such as your own cooperative, in an effort to utilize every possible avenue to help adjust farmers to the defense program and to the impact of war abroad.

So far as organization is concerned, farmers are in far better shape today to meet the economic consequences of war abroad than they were in the First World War. It was then that the Extension Service and vocational education were born. All of agriculture's service organizations, including the cooperatives, have seen their greatest growth in the years since that war. Now that war is once again aflame in the world, farmers are looking to those very agencies - both government and non-government - to help them avoid the economic pitfalls which lie ahead.

As I see it, one of the big jobs ahead of all of us in organized agriculture is to inform farmers correctly on just what is likely to happen to them. The best way to face tough problems is to look them straight in the face and call a spade a spade. There's nothing to be gained by smoothing over things for the time being. Even now, I doubt if the cotton farmers, the wheat growers, and the producers of flue-cured tobacco, for example, fully realize what the present European war, and the intense nationalism that preceded it, have done to them. They haven't felt the full force of the blow because of the cotton and wheat



loans and the special steps that were taken to assist in marketing the last two tobacco crops. We may as well examine all of the bad things that can possibly happen to American farmers and then get ready to handle as best we know how, each individual event as it develops.

A policy as broad and as frank as this will entail, in the first place, a right-down-to-the-farm educational program which will give farmers the necessary information and facts to guide them. Farmers should know what has really happened to our foreign markets for the export crops. They should know that increases in other farm prices will come mainly because more people are working at good wages in industry. They should be thinking about what can be done when the war stops and our defense efforts slacken.

If our agricultural production, dammed up from normal foreign markets, is not to swamp American farmers, there will be need for courageous action, action that can change as needs change, and is not fettered by formulae that were created to meet conditions that are past. In uncertain times like these, surplus stores of food and fiber are real wealth; any other industrial nation on the globe would be glad to possess them.

Moves may have to be made where all the succeeding steps cannot be clearly seen. The government and the farmers, faced with the choice between sharply curtailing acreage in crops for which export markets are lost, or increasing the store of the commodities, may choose the latter course. I only insist, however, that their burden, their impact on price, be shared by society as a whole, and not left for the farmers alone to bear.

There are ways, I believe, in which the defense program may be made to relieve in part the strain which lost exports have thrown on some branches of agriculture. Under existing and prospective conditions, there are too many

people trying to make cash income growing cotton and tobacco for them to draw a satisfactory American standard of living out of it. The trouble is, where can they turn for other income?

Many new plants are going to be built for defense production. I am contending for the principle that where there is freedom of choice, they should be located away from the regions of heavy industrial production, and near the reservoirs of unemployed labor -- including rural labor.

When all is said and done, the one limiting factor upon the productive power of a great nation is its resources in men. Our present industrial capacity can be expanded. We are naturally blessed with bountiful supplies of most important raw materials and are rapidly acquiring adequate stockpiles of those we normally import. Our maximum defense effort depends in the last analysis on the number of people we can bring into defense production. But our great reserves of labor are not in the present industrial areas. It is true that we have unemployment in these areas but much of this will be absorbed by the expansion of existing facilities for war or civilian purposes.

The great untouched reservoir is in the low-income, single cash-crop rural areas of the predominantly agricultural states. These are the areas where the birth rate is high and it is from these sections that the industrial centers normally replenish their labor supply. A part of this labor reserve is not included among those normally listed as unemployed - they are the unemployed residing on the farms or in the small towns and cities of the agricultural states. In total, we have a reservoir of some millions of such people outside the industrial areas. But this is not all. There are perhaps five million people now living on farms or in small towns whose labor is ineffectively employed.

Perhaps I can best illustrate the meaning of this reserve of ineffectively employed people by a specific illustration. A smokeless powder plant which

will employ some five thousand people has recently been located at Radford, Virginia. On the farms in and around Radford the Census estimates show that there are thirty-seven thousand people listed as gainfully employed in agriculture within roughly a thirty mile radius. At first glance it would appear that these people are unavailable elsewhere. But the same data also show that nearly half produce less than five hundred dollars worth of produce per farm a year. Cash value of the production of an average worker is probably not more than three hundred dollars a year. These men can be drawn into defense production with little or no sacrifice so far as agricultural production is concerned. I understand that some seven or eight thousand people have already registered for employment in the Radford area.

As I say, there are in the agricultural states perhaps five million such men not now listed as unemployed who could be released from the production of cotton, tobacco, and wheat, or from sheer subsistence farming, without any loss whatsoever so far as the agricultural industry of the country is concerned.

Now it is my judgment that wherever we expand our defense industry - whether in these rural areas adjacent to these large labor reserves, or in the heavily industrialized areas of the North or East - we will draw in greater or less measure upon the labor reserve which I have just been talking about. We will not make full use of this labor power if we wait for it to migrate to the areas where industry has long been concentrated. It is important that so far as possible we avoid uprooting these people, avoid shifting them into the industrial areas where their livelihood will be dependent solely upon the continuation of the defense program. If we bring them into the large industrial cities, we will separate them completely from their present livelihood. After the present emergency is over we will find ourselves with large stranded populations.

So, just as we have good reason to avoid the present areas of concentrated industrialization, we have positive reason for choosing the areas of heavy surplus population outside the industrial areas. If we do so, we can increase by some millions the potential labor forces of the country without setting in motion a mass migration in search of temporary defense employment. Even though the defense industries in many cases are temporary, we will create in these rural areas nuclei of skilled or industrially disciplined labor which, after the emergency is over, may well be fertile field for new industry. We should come out of the defense effort with a balance between industry and agriculture which, if not improved as the result of the defense effort, will at least not be made any worse.

We hope that farm people who do get jobs in new plants near their homes will continue to live on the farm. The extra income is needed there; the immediate housing problem in the rural towns where new plants will be located will be lessened; and there will be fewer stranded people in the communities if and when the new plants shut down.

The establishment of defense activities in rural areas, particularly those requiring large acreages such as munitions plants or training centers, will create new and difficult problems for the people who have to move off of the land selected for defense sites. This presents a very serious and a very human problem that can have widespread repercussions unless it is handled with proper regard for the rights and welfare of the people who move. Families representing every section of the nation and every stratum of income, from sharecropper to estate owner, are now living on the land involved in the purchase program. Many of these people, of course, will be able to re-locate themselves without guidance or aid. Many others may need some kind of assistance. That is another job with which we are concerning ourselves.

Another agricultural goal which we must keep in sight is the conservation of our soil and natural resources. America has accomplished a great deal in recent years but a great deal more remains to be done. We must hold the gains we have made and add to them when we can. We must not let our eagerness and enthusiasm for defense preparedness cause us to lose sight of the fact that saving the soil is vital to our nation's future.

We got caught on that in the last war, you know. In our efforts to produce food for our own army and for the Allies, we broke the plains and tilled many other areas that should never have been plowed. We produced the food all right, when they told us "Food Will Win the War", but we produced it at a terrible cost of soil, and later, of human resources. We literally forced into production land that was meant for grass and trees. As a result, the shell holes of Europe had their counterpart in this country in the erosion ravaged areas and dust fields we created by our failure to conserve the soil. Let's not forget that.

There is too little time for the much that needs saying. Our hemispheric relationships and problems ought to be looked at clearly and courageously by every organized farm group in America. We cannot be military friends and economic enemies with Latin America at one and the same time. Farmers through their organizations must study this problem at once and with care. Economic and military dictatorships are sweeping most of the world's area into their systems. If we are to keep the western hemisphere free from their grasp, the United States and Latin America must learn to work together, to trade together, and to develop together. I hope that the farmer's voice at the council table when plans to that end are being studied will be constructive, not obstructive. I cannot go into it here, but I do want to urge that the Southern States Cooperative and its component groups give it real study this winter.



And finally there is one more subject that all of us, regardless of occupation, need to talk more and need to feel more if our hearts and souls are really to go with this job of mobilizing America. That subject is democracy.

It may seem strange that in a democracy as old as ours we need to remind ourselves of what it really means to us. But in this dark hour, when the dictator states are doing all in their power to wipe democracy from this earth, we can have no greater responsibility than to renew and revive this nation's interest in our national way of life.

I doubt if many of our citizens ever stop to think what it means to live in a democracy. They take it for granted that they may worship as they please. No one ever questions their right to speak and publish, within the limits of decency, anything they may choose to say. They vote for whom and for what they please and, when the issue is decided, they accept without quarrel the verdict of the majority. By proper application of their talents, they work at any trade or any profession. The humblest one among them can rise to the highest heights unhandicapped by caste or social barricades.

These things and many others are so routine in this democracy of ours that it is difficult for us to appreciate the fact that few, if any, other nations on earth enjoy the freedom that the principles of democracy permit us to take for granted.

The continuance of that freedom and the preservation of that democracy are threatened. That's why America is aroused. That's what we are preparing to defend. That's why our men are being called to training camps in our first peacetime conscription. That's why our industries are running full blast, why labor is working night and day, and why our farmers have put their vast resources of food and fiber at the command of the nation.

We don't want war. Individually and collectively, we all hate war. The essential objective of organizing our abundant resources is to keep war from these shores. I repeat, American agriculture is already producing in abundance what the nation requires from it. Beyond that, if sacrifices are called for, I am confident that American farmers are ready to make their contribution for the maintenance of liberty and the ideals of free men.