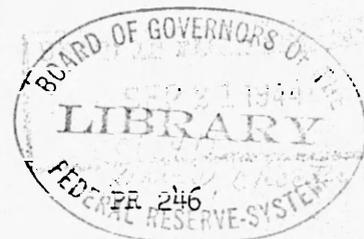


NATIONAL DEFENSE ADVISORY COMMISSION



NOT TO BE RELEASED BEFORE
9:30 a.m., November 13, 1940

Address by Chester C. Davis,
Commissioner in charge of the Agricultural Division
of the National Defense Advisory Commission, delivered
before the Fifty-Fourth Annual Convention of the Asso-
ciation of Land-Grant Colleges and Universities, at
the Grand Ballroom of the Drake Hotel, Chicago,
Illinois, at 9:30 a.m., Wednesday, November 13, 1940

AGRICULTURE AND ARMAMENT

Very few people in the United States, I think, realize that the economic, social and political world of the future in which we must of necessity operate is going to be totally unlike the world of the past to which we have more or less adjusted ourselves.

In spite of all our talk of "total defense" and "complete industrial mobilization," our habits of thought for the most part carry us comfortably along the old grooves, with our outlook and expectations essentially unchanged.

In these sober statements I do not imply that any sharp line divides some who clearly understand from others who do not understand the fundamental alterations in our own behavior which these world changes will bring to pass. All of us are in more or less the same state of mind - the facts are spread for us to see, but their implications are so startling, so incredible, that we automatically tend to dodge them.

Some of us may even take refuge in the thought that our colossal expenditures for armaments plus England's purchases from us mean an unprecedented rise in business activity, with consequent expansion of profits, industrial employment and payrolls, and a war market at better prices for farm products. I say to you that after a generation we have not liquidated the disaster of the last World War, and that we cannot emerge comfortably from this one.

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On one point I believe we are all reasonably clear, although it involves a sharp departure from old opinion. We have generally believed that any nation that minded its own business would be left alone to work out its own destiny. The early warnings from China and Ethiopia did not sink in. Only a small minority took notice when three powerful dictators made the body of Spain a practice ground for undeclared mechanized war. The annexation of Austria, the partition of Czechoslovakia, and even the seizure and division of Poland were colored by memory of the rigidities of the Treaty of Versailles.

But when in turn the peaceful Scandinavian democracies, then Holland and Belgium were violated, and when France fell, the pattern became perfectly clear. No nation is safe if it possesses resources which the dictators covet unless it has organized those resources for prompt and effective military action; and no nation that stands between the dictators and their dreams of world dominion can sleep in security unless its effective military strength is respected.

Americans have certain ideals for this hemisphere to defend and for which they will fight. These ideals directly clash with the ambitions of the dictator states of Europe which extend to Latin America. With that conflict clearly before us we cannot afford to drift on, anaesthetized by hopes for an early English victory in a war she was unprepared to fight, or expectations that internal dissolution or quarrels among the Axis partners will diminish their threat to the rest of the world.

The rules of the world are being rewritten by powerful predatory nations which respect nothing but force. On that point I am convinced that the United States no longer has illusions. That is why 130 million people have united back of their government's armament plans. That is why Congress voted with overwhelming public approval the first peacetime conscription for military training.

We have the material resources, the manpower, the wealth and the genius to make ourselves impregnable in this hemisphere. But let us not delude ourselves in the belief that we can accomplish that end and at the same time preserve untouched for classes and for individuals all of the privileges and the prejudices that are imbedded in American democracy.

If prejudices and privileges are disregarded, it can be demonstrated by logic and mathematics that this nation can carry out and extend its armament program without important reduction in the volume of production for civilian use - without spiralling prices or depressing the standard of living. In other words, it is possible "to have guns and butter both." But it will not be possible to have full production for both defense and standard of living if the important elements in our economy, industrial management and capital, labor, and agriculture, successfully resist any modification of their traditional attitudes.

If there is likelihood that more capacity will be needed to produce essential industrial raw materials to meet both defense and normal requirements, then additional plant capacity must be provided regardless of the quite understandable apprehension of industrial management over the peacetime use of such facilities. The English steel industry and the English machine tool industry were unwilling to sacrifice profits and security by increasing capacity and taking advantage of new production methods. This experience should be all the warning we need on that point.

Before skilled labor bottlenecks seriously cramp production in any line, untrained or semi-trained workers must become skilled, notwithstanding the fact that at some future time all these trained workmen may not be required in their particular lines.

Farmers will have their own and very serious adjustments to make. Defense needs may require that domestic production be supplemented by increased imports, as we see happening in the case of some grades of wool. Cooperation with Latin America may require farmers to re-examine most critically some of their traditional patterns and prejudices.

There are only a few examples, far from complete, of the areas in which national and group patterns will have to change if the defense effort is to meet the challenge we have taken up. We use the words "total defense" and "total mobilization" rather carelessly, I believe. On the whole, we in America haven't even stopped to think what they really mean.

The British people are getting a clear view of it. A close English observer recently pointed out that before there can be any hope of British victory on air or sea or land, England must overtake her enemy's five-year head start on the industrial and economic front. To that end in England today complete mobilization means throwing into the battle all her potential as well as actual manufacturing, labor and financial resources, with a ruthless disregard of vested interests, of orthodox finance, of the peacetime profit motives and, while the crisis continues, of living standards and of the normal production methods wherever these obstruct the primary objective of winning the war.

In attempting to set in perspective the seriousness of the task this nation has undertaken I do not for one moment minimize the accomplishments that have been made. The civilian body to expedite armament, the National Defense Advisory Commission, was first called together by the President on Memorial Day. Since then, up to November 9, out of funds so promptly made available by Congress, a total of \$9,865,108,000 of contracts had been cleared by the Defense Commission for equipment and new production facilities for the Army and Navy. Contracts actually awarded by the Army and Navy through November 5 amount to \$8,236,300,000. That means that the responsibility for producing under those contracts has been passed over to American industry and American labor.

The full rate of production cannot be achieved until the fundamental but unspectacular job of creating new factories and additional machines has been accomplished. That takes time. Again I turn to England for an example. The first move for government-financed aircraft factories in England reached the construction stage early in 1936. The engine factories in this group began producing in July 1937, the first of the airplane plants in January 1938. The group as a whole did not reach full production until mid-1938, two years after the initial construction was launched.

I do not mean to suggest that defense production in the United States is at a standstill pending the completion of new factories. The output of existing and enlarged plants is steadily accelerating. For example, airplane production has reached a current rate of approximately 10,000 planes a year. It is scheduled to reach the 15,000 plane rate early next year.

24,000 rate by July 1, and to attain an output of 3,000 planes a month by early 1942. Light tanks are coming off the line at the rate of over 100 a month, and the first real mass-production tank factory in the world is under construction.

This is the beginning. Time does not permit further details. I must turn to questions in our own immediate field, that is, the impact of the war abroad, and the armament program at home, on the farmers and the institutions that serve them.

The Land Grant Colleges have a peculiar responsibility. The day which limited their work with agriculture to demonstrating and teaching efficiency in production has long since gone - if it ever existed. Today the activities that radiate from them reach out to every farm and nearly every rural home. Because of their intimate relationship with the United States Department of Agriculture they share the task of assisting farmers in the adjustments demanded by changed world conditions.

From their own standpoint, the farmers have much to do. From the national viewpoint their job had already been pretty much done. They have produced in abundance what our citizens normally require of them. Through the simple process of having continued to produce in spite of hard times, they find themselves at the height of defense planning with warehouses, bins and elevators filled. So far as food and fiber are concerned, agriculture has already delivered its quota toward national defense and national safety.

We are so well fortified with agricultural supplies 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 full. I believe every patriotic farmer in America will agree with that conclusion 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.

But an adequate agricultural supply as important as that is does not fully meet the challenge. Agriculture in the years ahead faces two tough assignments. It must continue to maintain sufficient supplies of food and fiber to meet the nation's needs, regardless of what develops. And it must adjust itself to the effect of war abroad and of the industrial speed-up at home. If we are to make these adjustments with the least possible harm to agriculture, it is necessary that farmers know what is going on and what is

happening to their economy. This is a job in which every educational group in America can assist to some degree but the Department of Agriculture, the Land Grant Colleges, the Extension Service and other agricultural agencies will take the lead.

I doubt if farmers generally understand what is happening to American agriculture. On the adverse side, it will take time for them to grasp fully what the loss of the continental European market and the curtailment of exports to the United Kingdom really mean in terms of individual farms. On the favorable side, it will also take time for them to consolidate the gains that are possible as a result of increased payrolls and wider industrial employment in the defense effort. Most of us will agree, I think, that had it not been for government loans and purchases and other programs administered by the Department of Agriculture, the losses because of the war would be greater than the gains resulting from the huge armament expenditures.

It is going to take the combined efforts of all agricultural groups, working in complete harmony, to help farmers get the facts and build the morale needed to make the adjustments which lie ahead. Nothing is going to head off these adjustments. We are going to find ourselves face to face with them, regardless of what we may do. If we are informed and prepared to meet them, we can at least lessen their disagreeable factors, even if we can not overcome them.

There is a definite relation between the location of new defense industries and the distribution of supply orders, and agriculture. The Defense Commission shares this responsibility with the War and Navy Depart-

ments. Wherever the technical requirements for a plant permit reasonable freedom of choice, new factories should be located away from the areas of present industrial concentration, and in areas where there are surpluses of labor to be drawn upon. The unemployed, and the unsatisfactorily employed on the farms, should be counted as part of this labor reservoir just the same as those whose names are on the roll of unemployed in the cities and towns.

Under present and prospective conditions, there are too many people trying to grow cotton and tobacco and wheat. Many of them cannot produce a decent standard of living at it. The real job is to provide new sources of income for them. Industrial employment near their homes would help.

It will be well if farm people who do get jobs in new plants near their homes continue to live on the farm. That extra income is needed there; the immediate housing problem in the rural towns where new plants are being located will be alleviated if workmen live at home and drive to work; and there will be fewer stranded people in the communities when the new plants shut down if the laborers have stuck by and built up their farms.

However, the establishment of defense activities in rural areas, particularly those requiring large acreages such as munitions plants or training centers is creating new and difficult problems for the people who have to move from the land chosen. Many of these people will be able to re-locate themselves without guidance or aid. Others will need some kind of assistance.

A number of problems have arisen in connection with the actual acquisition of the land. After a particular site has been chosen, arrange-

ments for the purchase of the land are made by the Real Estate Division of the Quartermaster Corps of the War Department. In the case of factory sites the land needs to be acquired quickly, in many cases within 30 to 60 days. Farmers have not always been told and do not understand the reason why that particular location was chosen; they have not understood the reason for the haste nor the basis used in arriving at values. I know that many of you have been disturbed by these problems.

After reviewing their experiences, the interested agencies in the War Department have made some modifications in their procedure, and I am happy to report that in the projects recently started steps have been taken to advise more with the local people as problems are encountered and to inform them more fully on questions that have troubled landowners and tenants so much in the first projects.

Perhaps I should have talked more about the work of the Agricultural Division of the Defense Commission, and less about the broader problems. In general, the Agricultural Division has a small staff of well-trained men who watch and study the unfolding armament program, assisting with problems which agriculture shares, and carrying on the duties that are our part of the work of the Commission as a whole. We work closely and harmoniously with the Department of Agriculture and other government agencies which have responsibility for the action programs. Your own executive committee, and your representative in Washington, have been very helpful. Our work naturally ranges over a wide field of good resources and facilities, foreign trade, rural youth training, phosphate and nitrate supplies, plant location, trouble-shooting where land acquisition is under way, and many more that intertwine agriculture and national defense.

Before I conclude my remarks, I want to touch on two subjects that relate to your work. Early in my remarks I suggested that farmers ought to re-examine their traditional attitude toward Latin America. 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 and with the leadership of the educational institutions on which they depend, 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 Land Grant Colleges give it real study this winter.

There are enough changes in the agricultural picture to warrant a review of the research and extension projects of the Land Grant Colleges. The agricultural pattern as we have known it in different parts of the country for the past few years will not be the agricultural pattern of tomorrow. The research work of the Experiment Stations and the Extension activities must take this new world into account if they are to be most effective in meeting the problem. They must recognize the changed demand conditions that confront farmers. There are going to be marked shifts in the type of farming in many agricultural areas. The Land Grant Colleges must show and lead the way.

Now in conclusion: I have faith that American farmers, backed and informed by the same invaluable agencies which have made them the world's greatest producers will be able to meet the world's challenge of adjustment. In that way, they will add courage, stamina and morale to the abundance which they have already contributed to national defense. In that way, they can join most effectively in maintaining the ideals of a free and democratic America.
