Even as I begin, when so many of you have been reading in the newspapers about the "farm depression", I can almost hear you wondering why we, as bankers, continue to fuss so much about maintaining service for a sick industry.

American agriculture is now feeding our growing population on science and technology. One farm worker in 1955 produced enough to feed himself and 17 other persons, whereas a century ago, he produced only enough to feed two or three others. This has resulted in a higher level of living for farm families and cheaper food for urban families.

We live in an era of the most rapid scientific and technological change of all time. If you were to put the full recorded history of man on the face of your clock, starting with the story of creation in the Book of Genesis, and continuing until 1853, 100 years ago, the hands of your clock would have moved from noon around to 11:45 P. M. The last 15 minutes on the face of your clock would represent the last century. Yet, output per man in the United States has increased more in the last 15 minutes than in the entire previous 11 hours and 45 minutes. And most of the increase within that last 15 minutes has occurred since the turn of the present century. Many of us now living have played a substantial role in this amazing scientific and technological revolution.

**Our Role in Changes**

We have applied the principles of genetics by introducing hybrid vigor to the production of crops and livestock. We have applied chemistry in a tremendous way for the production of weed killers, insecticides, defoliators, fertilizers, and antibiotics for the control of diseases.
In the field of irrigation, we have made tremendous strides. Our fore­
fathers, a hundred years ago, were irrigating the deserts of Utah, but everyone
thought of irrigation as just a western activity. Within the last ten years,
however, farmers in other areas have discovered that irrigation pays tremendous
 dividends as supplemental water at periods of critical droughts.

The ingenious machinery devices have been developed for better and
more timely land clearing, preparation, cultivation, and harvesting of crops.
Electricity - 93% of all farms are electrified today - has taken the
drudgery out of milking, feeding, and a myriad of miscellaneous chores.

Let us imagine for a moment that a good Egyptian farmer in the day
of Moses could have been brought back to life in the day of the Caesars, some
12 centuries later, and placed on a good farm in Italy, then the most advanced
nation of the world. He could have farmed with practically no additional
instruction, for the art of agriculture had changed little, if any, in the
intervening centuries. Now let us imagine that same farmer brought back to
life on a good English farm in the day of Shakespeare, some four centuries ago.
He still would have been a pretty good farmer with no additional instruction.

Now, let's bring that same ancient Egyptian farmer to the eastern shores of
America, 150 years ago and put him on Thomas Jefferson's farm, one of the
most advanced farms of that day. He still would not have found the art of
farming very different from that which he practiced in Egypt 3,000 years earlier.
He still would have used the same motive power, the same crude implements, and
large amounts of hand labor. He would have known very little about fertilization,
improved varieties, high-producing breeds of livestock and the hundred mechanical
and electrical gadgets which occur on our modern farms.

Now, imagine for a moment the same farmer on a modern American farm. He
would be completely bewildered. He would not even recognize the working end of
the tractor parked on the farm yard. He would probably raise the cry of "witchcraft"
at all the wonderful things performed by mechanical and electrical power. It would require hard years of instruction and apprenticeship for him before he could even begin to operate the modern American farm.

And all this with what results? We have greatly improved the output per acre and per man hour of labor. The efficiency of agricultural production has increased tremendously. When the delegates from Russia last summer were visiting Iowa farms, they found 320 acres being operated by a father and 12-year old son, with no outside hired labor. One of the Russians on the side was heard to comment "With us, it would take a hundred men".

Fortunate Timing

Now this technological revolution has had a very fortunate timing. It hit our nation during the war years when we had tremendous demand from our allies for agricultural products. It came during a period of unprecedented prosperity at home when we had the demand and the ability to pay for tremendous quantities of agricultural products. It came at a time when there was a sharp growth in our population and we had millions of new mouths to feed. During the post-war reconstruction period, we shipped boat-loads of agricultural products to foreign countries. And finally it occurred during a period of industrial expansion when surplus farm labor was drained off to profitable jobs in the city. Despite all these outlets, we have had a stupendous piling of commodities in warehouses. We are still producing approximately 15 per cent more than we can possibly consume. Again let me repeat, it all stems from the tremendous scientific advances in the technique of agriculture.

With the huge accumulation, we have witnessed a price decline of farm commodities of 30 per cent from peak levels of 1947. We probably will have a further decline of perhaps 10 per cent during the crop year of 1956. I sometimes stop to reflect what would have happened had this technological development come at a time of peace, when we had just normal income and a period of stable population.
I guess it's idle to speculate on these consequences, though, as necessity was probably once again the mother of invention.

**Large Investments**

Prices of farm land are now at an all-time high. That seems peculiar in the face of declining farm income. Land values increased 8 per cent in 1955 and farmers are the buyers. Back during the war years, city buyers paced the farm market. The city man is out today. He just can't see present prices. The farmers is the one in there bidding - that is, the successful farmer. He is interested only in the land that adjoins him; beyond that he has no interest.

It is not unusual for a good farm in almost any section of our country to require an investment of $30,000 to $40,000 to create one farm job. In American industry, it takes an average investment of only $12,000 to $15,000 to create one industrial job. Truly, agriculture has become big business.

It is estimated that the value of the United States agricultural plant is about $157 billion. This means a national average of approximately $30,000 per farm. This calls for a very high level of managerial ability on the successfully operated farm.

This operation is now separating the men from the boys. The big efficient ones are going to succeed. They are going to get bigger and the inefficient are going to get out. It's rough. There's going to be a lot of headaches and tough adjustments. But the trend is moving inexorably in that direction. Numbers of farms from 1950 to 1954 decreased from 5.4 million to 4.8 million. The number has decreased in every state in the Union except Florida. The average size farm has increased from 215 acres in 1950 to 242 acres in 1955. Thirty years ago, the average was 145 acres per farm.

Now the little farmer, and there are about 2,700,000 of them - they are in trouble. Maybe the one with an outside job will get along; he's all right.
But the little fellow depending entirely on agricultural income - he's really in trouble. He's in a real severe cost-price squeeze. He's the one we read about in the newspapers. He's the one Congress is struggling with. We have here a social problem, not a farm problem. It's impossible to make a success in agriculture for all these little fellows. It just isn't in the cards. Until they get readjusted in some other industry or obtain some other source of income, they are always going to be a problem.

Country Life Changed

Farming is no longer a "way of life". It is now a way of making a living. The "country hick" of a generation or two ago has almost completely disappeared from the American scene. The city limit sign which appears at the edge of your county seat town no longer means the same as it did a generation ago. It is now just a tax boundary. It is no longer a cultural boundary, or an economic boundary. It is just a legal dividing line.

The same kind of people live on one side of that city limit sign as on the other. They have increasingly the same types of ambitions, similar cultural, social and economic opportunities, comparable ways of living and even similar disappointments and frustrations. This development is all for the good. It has been associated with a lowering of the "drudgery" of farm life. The living conveniences of the city have been taken to the country.

Business and Agriculture Interdependent

The technological revolution in agriculture has brought agricultural production and marketing closer together, actually making them interdependent. Thirty years ago, agriculture produced 70 to 80 per cent of its own production supplies - buying only 20 to 30 per cent from business. Today, agriculture buys from business almost 50 per cent of its production items in the form of machinery, tractor fuel, commercial fertilizer, mixed feeds, building materials and so forth. Currently, these purchases are running about $16 billion per year.
Farmers combine these purchased supplies with items from the farm such as land, management and labor in the production of food and fiber which they then sell to business for an aggregate sum of about $30 billion. Business firms in turn assemble, store, process, package these commodities and distribute the end products derived to the consumer for an aggregate bill of about $75 billion. When synthetic fibers, imports, and seafood items are added in, the total amount paid by consumers is about $90 billion.

We need to look not just at production on the farm, but at the aggregate of all agricultural purchasing, production and distributing operations. Currently these combined operations are a major component in our national economy. They now employ almost 40 per cent of our total work force and account for about 40 per cent of our gross national product. This fact must be taken into account in developing farm policy.

Food in America is Cheap

The phenomenal increase in agricultural production has helped urban people as well as farm people. It has provided them with a record high diet at an all time low cost. Few urban people understand this. In recent years politicians often have joined with labor leaders in trying to make food producers, processors and distributors the "whipping boy" of inflation. Every one is conscious of any increase in food prices and any person in public life can become the friend of the "common man" if he can "roll back" food prices. We need to get this story across, every time we get a chance, that food is not expensive.

There is no country on the face of the earth today where the working man spends so small a portion of his working day earning the food he eats as in America. There is no country on the face of the earth today, where the working man has so large a portion of his working day left to buy the things that make life so pleasant in your home and mine as in America.
Food is cheap and is getting cheaper. It is cheap in terms of the time you have to spend to purchase it. It is cheaper now than it was before Korea. It is cheaper now than it was in 1932.

As an illustration of how cheap food is in America, let's see how many minutes it takes of a factory worker's time to buy certain items of food.

In 1948 the American factory worker spent 6.4 minutes to get a pound of white bread. Today he spends under 6 minutes. In 1948 he spent 40 minutes to get a pound of round steak. Today he gets it in less than 30 minutes. In 1948 he spent 9.5 minutes to get a quart of milk delivered to his doorstep. Today he gets it in about 8 minutes. Never before in the history of America was food so cheap in terms of human effort required to buy it.

The other day a friend of mine was complaining about the high price of milk - 23 cents a quart delivered to his doorstep. He lectured me about how he was being robbed at 23 cents a quart. Then he went around the corner and bought a glass of beer for 20 cents. That cost him 54 cents a quart, by the time he blew the foam off of it. Then he bought a coke for a nickel. That was 23 cents a quart. But that seemed all right because somebody spent millions of dollars to teach him that the "pause that refreshes" is worth a nickel. But 23 cents for a quart of good, wholesome, palatable, nutritious, healthy milk - robbery? Of course not! It was the cheapest thing he bought all day. It was cheap because science and technology and mechanization have been applied to the process of producing food to put it on the American table cheaper than consumers any other place in the world get their food. Those of you in the banking profession who help finance agriculture have played an important part in this amazing technological revolution.

Agriculture is Basically Sound

American agriculture is not on the financial rocks or even near them. Agriculture is basically sound. There is nothing - and I say this with all the
sincerely I am able to command - in the current economic picture to warrant
the near-panic attitude that some people have toward the future of American
agriculture.

The man who has a large enough unit to make a living, the one who has
the industry and knowledge to apply scientific methods to his farming - he is
financially sound. He is going places and provides an excellent customer for
all departments of our banks. But we have the difficult problem of screening.
We've got to find the successful farmer; we've got to recognize a relief problem
when it appears. We must not, however, lose confidence in the future of
agriculture.

It is true that the current agricultural situation remains filled with
an unusual amount of uncertainty. Farm commodity prices continue their decline.
Congress is divided in its attitude toward Secretary of Agriculture Benson.
Politicians are playing lower farm prices for all they are worth. Small wonder
that farmers are alarmed and those of who finance agriculture are anxious.

Partisan Politics

As we meet here today, American agriculture is in danger of being
sacrificed on the altar of partisan politics. The object of the sacrifice is
to curry favor of the Goddess Victory in the 1956 Presidential and Congressional
elections.

This soil bank program is an act of desperation spawned by politicians
who feel that before the election, they must do something. The only accomplish-
ment in my opinion, will be to distribute 600 million cash before election. The
soil bank will not reduce production. Farmers will simply lease their poorest
land to the government. They will take the rent money they get to buy fertilizer
and put it on the good land. They will produce more agricultural output than
before they had the program.

The rush of many politicians, in both political parties, to jump on the
bandwagon, reflects not nearly so much their genuine concern for the long time
welfare of American agriculture, as for their desire to control Congress in 1957. It is becoming increasingly apparent that the major issue in the 1956 campaign will be the farm situation. As a result, it will be difficult, if not impossible, to keep large numbers of farmers from being convinced they are worse off economically than they really are.

Exiting Challenges Ahead

An exciting experience is ahead for us in American agriculture. The current cost-price squeeze may continue for another year or so. But the long time prospect is good. The future is filled with interesting challenges. Science will dominate the next century. Brains will replace brawn in American agriculture and industry. Man will direct power rather than supply it. Production per man will continue to increase. This means still larger agricultural units with more capital. It means increased mechanization. It also means higher standards of living for those who produce our food and fiber. Farming will be even more big business than it is now. It will be still less a "way of life" than now.

Horace Greeley made famous the statement of "Go West, young man, and grow up with the country". Were he attempting to make a similar appraisal today, he probably would say instead, "Stay home, young man, and help build a better community". The geographic frontier in American agriculture is gone. No longer can a young farmer go west and stake out his claim. But the scientific frontier in America is barely scratched. It is limited only by the mind and the imagination of man.

It follows logically, therefore, that if we can keep our economy free, and preserve an environment in which individual producers and scientists are free to experiment with new techniques and new ideas and to enjoy the fruits of their labors, we shall see phenomenal progress in the next generation.

Our growing population means good markets. Our amazing upsurge in population will provide a continuing consumer's market of considerable magnitude.
for nearly everything we can produce. In the last 10 years in America, we increased our population by 20 million people. That is 1\frac{1}{2} times the whole population of Canada. And if the signs I keep seeing with some of the young ladies around our bank are any indication, we are going to increase our population 20 million more in the next 10 years. We are a vigorous, growing nation. Every year, we add to our population a brand new city the size of Detroit, Michigan - 2\frac{1}{2} million new people every year. We are going to have to feed these people, clothe them, educate them, travel them, recreate them, and meet their demands we have not yet dreamed of. They will have demands you and I can not imagine, just as we had demands our fathers never thought of.

What I am saying is that in America there is a tremendous potential market right at our back door for practically everything we can produce, if somehow, we can convince our people of the need to produce it at a low unit cost and then price it into consumption. Never again must we price the products of our fields into destruction, or purposeless storage.

For the longer period, I am unalterably optimistic. I am convinced that the amazing strides toward domestic prosperity which we made during the last two decades, will continue for at least another decade or two if we can preserve our system of free prices and free enterprise. No administration in Washington can do that automatically, for government cannot go beyond what the people in your state want or what the people of any other state want.

For the long pull, as a life's vocation, agriculture has as much to offer as any other comparable vocation to the young man who desires a comfortable standard of living for his family, a pleasant environment, and an opportunity to provide his own security for his declining days.

Let me suggest that you are the financial doctors for our farm population - the guardians of their economic resources. Continue to give to these good farm people of your area the same helpful, considerable service you would to any other segment of our economy.
My life insurance company gives me about 30 years yet to live. I am looking forward eagerly to those 30 years in this marvelous America. I expect them to be the most challenging, the most interesting, and the most rewarding in the history of mankind.

If I could have my choice of the period of all time when I would spend my last 30 years on this earth, I would start them this day.

The scientific, business and social challenge which lies before us is unparalleled in history.

I approach my next 30 years with anticipation and enthusiasm.

I am going to have a lot of fun growing and building with this still young and vigorous America.

I hope you, too, can see and become a part of this great challenge in the years ahead.