VALUES

Address

By

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Since I left Washington the first of July to come back home, I have enjoyed the luxury of four and a half months free from making public talks. By the time I get through you will probably share my very sincere wish that I could have stretched that moratorium of speeches on indefinitely. But I came up against too good a salesman when your President got after me. Let me make one thing clear at the outset: The temptation is great to discuss the conditions that led to my resignation as Food Admininstrator, particularly in relation to the battle over food policy that is being staged in Washington today. Nevertheless, I am not going into that. It may be appropriate some day to thresh over that old straw, but not now.

I told your President, Mr. Short, that I would like to make this a talk about values. In every stage of our behavior we are guided by our appraisal of what is worthwhile. A sense of values lies at the root of choice. It governs us in trifles and in great things. It founds a family or destroys it; and it sends nations to war.

The men and women who are gathered here tonight came together because we think the subjects you are to discuss here in Little Rock are worthwhile - are more valuable to us than the alternative hours of leisure and ease you could purchase at the cost of leaving the task of farm leadership for others to do.

Every individual has his own standard of values. It is shifting all the time, partly because he himself is changing, and in part because his conception of the world in which he lives is changing.

Most of us have experienced a radical and thoroughgoing change in our standard of value in the past two years. An earthquake that shook the physical world in which we live would scarcely have been more cataclysmic.

I think we have all realized that we have passed the time when we in the United States can afford to cherish, pet, and gratify any values that fail to meet a

few fundamental tests. This is true of us as individuals; it is true of us as a nation.

In the category of primary values on which we must now concentrate as individuals and as a people I would list only three:

Predominant above all else are the infinitely numerous acts which make up the united effort of the nation to win this war decisively and at the earliest possible moment. In a terribly literal sense, nothing else counts; nothing else can be permitted to count if it is out of step with that objective.

But close behind and, in a sense, a part of the drive toward that primary goal, is the necessity to maintain a domestic order that is worth fighting for, that is worth coming back to when the conflict abates, a society founded on the dignity of the individual and maintained through the institutions and efforts of free men.

The final and much less tangible task of primary value is harder to define, but it is enormously important. Let's call it the development of a sense of perspective - a definition of the ultimate goal. We aren't fighting this war to restore the old order in Europe or to maintain the British Empire in the East. We are committed to a leading part in a world-wide revolution, the outcome of which will determine whether our children's sons will have to bear arms and face death as yours and mine are doing today in a struggle not of their making.

We faced that responsibility once before, and faltered at the finish. We cannot make that mistake again. That is why I place the realization of our long-time responsibility and the determination to meet it on the same level as fighting the war, and keeping citizenship sound behind the lines.

I have to fight the temptation to use more time than appropriate tonight in talking about the nature of this war, and the strain which developments in 1943

and 1944 are likely to throw on our spirits and hearts right here in the Mississippi Valley. We are battling enemies which practice total war while we still only talk it; who have spent years of complete national effort in preparing for a test which we have had only short months to get ready to meet.

Any generalization is sure to be over simple and so partially false, but I want to repeat what has been said many times - we can't win this war as a side show to our normal lives, and we can fail to win it decisively unless we throw every ounce of strength in our national fiber back of the boys out there in thin lines on land and sea.

This nation, in common with all the freedom-loving countries of the world, has been in grave peril because its leadership through two decades of the twenties and the thirties completely misunderstood and misjudged what was going on in the world. We followed the wrong standard of values in our international life. We have yet to redeem ourselves from that danger at the cost of oceans of dear blood and the sacrifice of material substances beyond the reach of imagination. When we have paid that price, we will have bought no security. Our greatest dangers will come on us if we behave as though we had. It still remains to be proved whether man is capable of managing the complicated machines he has created on this earth. Certainly there is nothing in the record of our generation to give us any grounds for overconfidence.

No man who makes a public address in these days can hope to paint for an audience even an imperfect picture of the whole scene in which our lives are cast. He will be fortunate if he can light up a few points so that they may be seen momentarily in reasonable perspective. To be of help to us these need to be points that mean something in our day-to-day lives, points that we can see from where we are.

Today I am going to try to throw a flashlight on three points where our sense of values will need to be very good if we are to keep out of trouble.

Point No. 1: We have built up a tremendous buying power in the form of bank deposits, currency, and demand obligations of the government, which if it actively starts bidding for farms or goods or services can become completely unmanageable. This pent-up flood can be kept from taking a destructive course only by workable and working controls backed by a program which locks up much of that flood in firm savings.

Point No. 2: We have seen how a nation fighting for its life can employ all of its human and material resources in high and sustained production. We know that this all-out effort has meant a high and widely distributed national income. The problem that confronts us is to continue high levels of production and income after the nation has turned from war to peace.

Point No. 3: We must see our international responsibilities clearly, we must assume them fully and courageously, and we must realize that we can never lay them down. The values we seek here are an association of nations that outlaw wars of aggression, and promote the broad exchange of goods and services among the people of the world.

These are not clean-cut separate problems. They merge with each other and with countless others. We cannot even separate them into problems peculiar to war and problems that will arise in the postwar period. What we do today determines to a large extent what we are going to have to do tomorrow. We are facing postwar problems now while we are still at war.

Returning now to a close look at point No. 1. Let me say at the outset that I hate to keep harping on inflation just as I know you are tired hearing about it. What I have to say may bore you, but it is very real. We are walking in a munitions dump with loose powder ankle deep all around us. The trouble is we are getting used to the feel of it, so that some of us are smoking and playing with matches.

Let me give you a few of the statistical measurements of the inflationery forces that have been built up during the war period.

Income payments to individuals are currently running at the rate of about $150 billion annually. This compares with $70 billion in 1939 and $82 billion which was the previous peak in a high prosperity year prior to this war.

Bank demand deposits of individuals, partnerships, and corporations have risen to a total of $56 billion, which is double the amount held in 1939 and over 2-1/2 times the amount held in 1929 ($21 billion).

Currency in circulation is nearly $19.5 billion, as compared with $7.1 billion in June, 1939, and only $4.7 billion in 1929.

Savings bonds held by individuals which would be converted into cash at the owners' option have a current redemption value of $25 billion dollars.

The national debt is about $170 billion as compared with slightly over $40 billion just before the war in 1939 and about $17 billion in 1929.

Cash farm income this year probably will be between $19 and $20 billion as against $8.7 billion in 1939 and $11.3 billion in 1929.

This rapidly rising national income has pushed prices up. They have advanced sharply, in fact probably more than the official figures indicate, but so far they have not gotten out of hand. The index of wholesale prices, with 1926 as a base, stands at about 103, as against 75.6 in 1939 and 95.2 in 1929. The cost of living index stands at about 124 (1935-1939 = 100), which compares with about 99 in 1939 and 122 in 1929. Thus, the cost of living index is only slightly higher than in the period of high prosperity in the United States during the late 1920's.

I don't propose to deal very heavily in statistics here tonight. I know

that they can be made to prove nearly anything that the man who uses them wants to prove. It was fallacious, for example, to compare the increase in gross farm income which has taken place during the war with changes in factory wage rates. The shift to a forty-hour week with time and a half for overtime in excess of forty hours meant an increase of thirty per cent in the spendable income of those workers who put in the extra eight hours even though the wage rate remained exactly the same.

How will inflation affect the farmers? The one way in which they can be hurt above all others is by going in debt to buy land or anything else at inflated prices. How to tell when land values are inflated is a problem. The actual situation as it exists today is not too bad; it is the recent trend and the outlook that are dangerous. Actually, farm land prices in the United States, despite the recent sharp rise, are on the average only about 10 per cent higher than they were in 1910 to 1914, before the last war. And farmers have been reducing rather than increasing their debt. Those are today's fair weather signs.

The storm clouds are these:

Actual sales show that so far this year farm prices have been going up on the average over one per cent a month. In some states the rate of rise is several times that fast.

Too many city buyers are going out after farms without much thought to the price.

Danger after the last war came in the year or two following the armistice. The test, then, is ahead of us.

If the men who actually farm the land will keep from going into debt, if instead they will continue to pay off debt, if they will put aside savings for the lean years that may be ahead, we may be able to emerge from the war without the

disastrous consequences the last one brought to agriculture.

If, on the contrary, present temporary returns are capitalized in inflated land prices, if farmers put mortgages on one farm to buy another at a higher price, if the second and third mortgages make their reappearance, if we think more about getting higher prices than we do about keeping out of debt, then the troubles of the early twenties were tame compared with what lies ahead of us.

I find myself talking of reaction, a drop from present prices and returns, as if it is inevitable. The one condition that could avert or temper it materially would be a sustained high rate of industrial employment at good wages. And that brings me to point No. 2.

How can this nation continue in peacetime a productive effort equal to the productive effort we have been putting into the war? Seven years ago the program of the annual convention of the American Farm Bureau Federation in New Orleans was devoted to a consideration of how industry, labor, and agriculture could cooperate to establish and maintain a system of full production in the United States. I remarked then, and I repeat here today, that the problem will be largely solved if industry and labor will use their factories and their hours as fully as the farmers have always done. The men and women on the American farms will fit comfortably into any national program of full production. They always want to produce to the limit; it goes against their grain not to. All of us have heard a great deal in recent years about "economics of scarcity". And I will admit that we have to be done with it, but the "economics of scarcity" never originated with the American farmer.

All my life I have preached what you have preached, the wholesome effect which a prosperous farm population has on factory employment and wages. Now I want to preach its corollary to this audience. I want to emphasize the effect which high wages and sustained industrial production have on farm income. The fact that our

employable population is now working regularly, most of it at good wages, has been the principal factor in building up a high and mainly profitable demand for the products of the farmer.

The challenge that confronts leadership in this country as we approach the postwar period is to find a way to use our factories and our manpower for the maximum production of peacetime goods. I prefer to see this done through the utmost possible expansion of private employment and production by individual initiative, with a minimum reliance on government-made work.

I am not naive enough to believe that the government will not play a substantial role in meeting the postwar employment problem. But I know that the more men we can employ profitably in private enterprise, the few there will be for whose employment the government will assume responsibility. I know also that the output of high employment must be distributed widely to prosperous customers in the city and on the farms. We have the means to produce goods at a rate that will afford a rising standard of living for everyone who is willing to work. And such a rate of production as we can afford should mean falling, not rising unit costs and prices.

I do not have a blueprint of any plan by which this can be accomplished. I do not even know anyone who has such a plan. I know that it cannot be done unless both business management and labor leadership change the views and policies which have dominated their behavior throughout my lifetime. Our national economy must be expansive, not restrictive, That condition cannot be had by striving for the highest possible return for the lowest possible output, as both business management and labor leadership have done too often in the past.

If we can find a reasonably satisfactory way through the difficulties of this problem, we will produce a beneficent dividend in increased comfort and health of the American community, which it is almost impossible to exaggerate. If we should fail,

the consequences may be incalculably disastrous. Democracy as we have known it will hardly survive another long period of general unemployment of men and women who are willing and able to work.

If peacetime policies are developed in the United States that continue the full employment and large volume of non-agricultural production the war has brought, then the demand for farm products will stay high, as will the real purchasing power, the exchange value, of farm commodities.

This suggests to me that part of the farm problem, and a large part at that, lies outside the farm field; that the policies of non-agricultural industry, of organized labor, and of the government with respect to both, will have enormous influence in determining whether the farmer prospers or suffers in the exchange of his goods.

If we examine each separate problem in our economy, I suspect we will find that in every case part of the trouble lies off in some other field. Labor suffers when farmers lack purchasing power to buy the output of city industries. Railroads suffer when volume of business lags. In other words, this isn't the blind men's rope, or tree, or wall, or snake - it's an elephant we've got on our hands!

As I see the central domestic problem that will emerge after the war, it is this:

We will have millions more men to employ than ever worked in peacetime before; we will have the greatest endowment of natural and mechanical resources known to the world; and we will have the monetary basis for expanded productive activity far greater than ever existed heretofore. And we will have an almost unlimited gap of unfilled human wants and needs.

I submit that the challenge presented by that combination will become,

after all, the nation's economic problem number one. Work it out, and many of the difficulties of the farmers will shrink and disappear.

The task ahead of us is to bring about such a rate of production that all of our effective manpower may find useful employment. Most of us favor accomplishing this expansion under private initiative and direction.

The needs of the people are great enough to absorb production in the aggregate at a much higher rate than we have ever attained. Expansion to that point is safe as long as we produce what the people need and at prices at which production will be absorbed.

All of us need to address our attention to this central problem. I mean all of us - those who are temporarily in positions of government responsibility, the farmers, labor, industrialists, the press, the educators, the carriers, all element in our society. I do not offer to solve the equation, but we will not have all eternity to work it out in.

I do not believe we are going to meet this challenge when the war ends unless the government, the employers of labor, and the leaders of organized labor themselves get a new sense of values, reappraise their policies and true them up with the all-important objective of getting the unemployed into useful work and maintaining conditions that will give them work to do.

I submit two propositions:

When the war ends, manufacturers and other non-agricultural producers will be better off if they look to large volume production and moderate prices instead of limited production and increased prices for their profits.

And labor will get higher real wages if its leaders fix

their eyes on the amount earned at the end of the year through steady employment in producing things people need, rather than on the highest attainable hourly wage for a minimum of production.

The principles suggested by these proposals for industry and labor are the principles agriculture has always followed. If they are put to work, the farm problem will be far simpler to handle than it has been in the past.

Before I return to the third point, our international policy, let me say what I imagine you have sensed - I am trying to cover too much territory for one talk. Each of the three points is important enough to be the sole topic itself. That certainly is true when we come to consider our future relations with other nations. A State whose economy includes an important export crop like cotton is vitally concerned.

Every citizen wants this country to follow the course that is best for the long-time interests of the United States of America. We differ widely in our judgment of what that best course is. Some believe we can live our lives entirely free from any world association or federations of nations, and without any formal framework for international intercourse. Others believe we stand now where the 13 colonies along the Atlantic stood in 1787 - ready to take our full place in a World Union or Federation of Nations. Between these extremes there are infinite shades of belief and opinion.

I submit these propositions:

If following generations are to have a chance to avoid world-wide wars such as have twice swept over this generation, then peace-loving nations must be organized to act in concert whenever a would-be aggressor shows his hand.

If future differences between nations are to be adjusted without war, suitable tribunals must be created to render judgments that will be respected by world opinion.

Access, through trade, to the resources and products of the world is essential to peace, and it can best be promoted within the framework of an association of nations.

The setup of the United Nations, and the declarations of the Moscow Conference, show that we have made the start. We must not let our sense of values get twisted or dull. It is a new and challenging frontier, but the peace and the security of the world are rewards great enough for the pioneers who venture boldly and who do not easily discourage.

Whatever the framework of international association may be, this country must determine and then follow out a consistent long-time policy on foreign trade. I hope it will be one that expands our own contribution. That means we must buy as well as sell abroad.

If nations exchange fairly with each other the goods which each produces to best advantage, both gain and neither loses. You see this clearly when you stop to think what would have happened in this country if our forefathers had decided to let each of our states build up tariffs and embargoes at will against the others!

Too many false values have flourished in this country, and still abound, for us to have developed any clear-cut national policy to guide our foreign trade. An enormous educational task lies ahead if true values are to govern. I want to leave with you this thought: The farm organizations, working with each other and upon each other, can help set these values out in clear perspective.

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