

OUTLOOK AND AFTERMATH

Address

By

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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.

Some day this war will end. Then the demand for farm products will be radically changed. Then 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.

That is the outlook I want you to keep in mind as background for my talk, while I try to throw a flashlight on two parts of the general picture which seem to me to be points that are very important.

Point No. 1: I want to talk plainly about some problems and dangers which, unless you overcome them, may seriously weaken the usefulness of farm leadership to the nation in the years ahead. The American Farm Bureau Federation must not only make sure that its policies are foursquare with the broad national interest; it must do a better job than it has been doing to convince the rest of the country that this is the case.

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.

In picking these two points I am by-passing others of vital importance; the grim months or years of bloody sacrifice, the price that must be paid if we are to win the war decisively; the certainty that, when we have paid that price, we will have bought no security; and the great dangers that will come to us if we behave internationally as though we had. Those are topics for other speakers or other occasions.

Returning now for a closer look at Point No. 1: What you and other farm organizations do now to fit agricultural policy into national policy will affect decisively your influence in the postwar years. You need to take a stand on wartime prices for farm products, and to make your position clear. As I discuss that question, and the accompanying one of food subsidies that has gripped the nation's attention, I expect that some of you will not like everything I say.

The general public believes the American Farm Bureau is opposing the Administration's program of general food subsidies because you want a chance to raise the level of farm prices. If that is not your position - and I do not believe that it is - then you have failed in getting across to the non-farming public and to press and radio just what your position is.

I am not trying to settle the argument over whether the advance in prices of farm products has exceeded the rise in factory workers' income that has taken place, or vice versa. A lot depends on the date at which you start your comparison. Personally, I am convinced that a degree of improvement in farm prices over those prevailing in the pre-war years 1935-39 should have been permitted without assuming that the adjustment called for wage increases. Bear in mind that the rates of pay of factory workers for the period 1935-39 were the highest in history up to that time and 14 per cent above the level of 1929. In contrast, farm prices were still at depression levels and 27 per cent below 1929.

The point I want to make tonight, however, is that the general level of farm prices in 1943 has been high enough to yield a cash farm income between 19 and 20 billion dollars as against 8.7 billions in 1939 and 11.3 billions in 1929.

I am not going to throw many statistics at you tonight; I know as well as you do that statistics can usually be found to support whatever the speaker wants to prove. But let me give you the figures on realized net income of farmers from farming which Joe Davis recently gave the California Farm Bureau. For 1910-14 the average net (not gross, not cash, but net) income is estimated at \$3.6 billions, for 1935-39 \$4.7 billions, for 1941 \$6.3 billions, for 1942 \$9.5 billions, and for 1943 \$12.5 billions.

I know that total figures cover many cases of individual hardship; I know, too, that farm costs which lag at the beginning of a rise are moving up. But these are the figures from the source we have always depended on, and they constitute a warning signal we cannot afford to ignore.

In the interest of long-time farm welfare any further marked increase in the general level of farm prices is undesirable. Unless their production costs materially increase, farmers for their own and the general welfare should join wholeheartedly to hold their prices in check. For one thing, further increases would add to the danger of inflation in farm real estate prices that already is on the horizon.

I am talking about the general level of farm prices. Flexibility in adjustment between commodities is needed and is almost wholly lacking in the present O.P.A.-W.F.A.-Economic Stabilization setup. Some prices have ranged higher than necessary to get needed production and yield satisfactory returns; others are lower than they should have been. The policy that attempted to freeze old relationships inside the farm price structure hasn't worked well; nor will it.

I do not believe that the general use of Treasury subsidies is necessary either to keep food prices from advancing further, or to secure downward adjustment in the case of commodities when consumer prices are higher than necessary to get production and reward the producer. Neither, on the other hand, do I believe it is wise national policy to prohibit all use of subsidies. Whether they are used and the extent to which they are used should depend on their necessity from the standpoint of planned and intelligent food management.

The division of this nation into warring camps, pro-subsidy and anti-subsidy, was a tragic mistake which could and should have been avoided. Proper cooperation between executive and legislative branches in developing a long-range program for the wartime management of the nation's food supply would have done it.

The best protection the consumer can have is an ample supply of essential foods. Some of the support price subsidies have, in my opinion, contributed substantially to expanded production. They ought to be continued, and similar moves should not be outlawed in the future if they become desirable. On the other hand, the impulsively and poorly planned "rollback" subsidies on meat and butter were not intended to increase the food supply; they were aimed to bring about a slight statistical lowering of the cost-of-living index, but they were not well chosen from the standpoint of wartime food management.

Subsidies are not justified as an end of themselves. A general subsidy of consumer costs contradicts the basic principle of inflation control, which is that consumer buying power must be brought down by taxes and firm savings until it is in balance with the goods that are for sale. Neither are subsidies the only alternative to runaway food prices. But a large part of the general public is being led to believe they are. The farm groups which are classified by the public in the present struggle as "opposed to subsidies" have a real job on their hands. Con-

sumers are worried; as you listen to the hysterics of radio commentators and read the editorials, you understand why. Organized agriculture, if it is to keep its hold on public confidence, must throw its weight positively on the side of assuring them that in opposing broad, general subsidies you do not advocate, but on the other hand are determined to prevent, a general rise in the nation's food costs. To utter a pious hope isn't enough; you must have a program, and convince a large part of the consuming public that it will work.

I've talked longer than I intended on that subject. The position of organized agriculture is misunderstood on other fronts. I have been amazed at how many news columnists, radio commentators, and well intentioned city people believe that the American Farm Bureau is an organization dominated by large commercial farmers who are antagonistic to the interests of tenants and small farm operators. The city press more and more takes it for granted that this is true.

I used to know your organization pretty well from the bottom to the top. It was then fairly representative of small farmers, tenant farmers, and large farmers as they were found in the communities. I believe that still is the case. You have fought to make agriculture a vocation in which there is opportunity for the tenant to become a land owner and where there is security in ownership for the small holder.

Just to check on my impression that your membership is fairly representative of the agriculture of the regions it serves, I asked for a spot check of the Illinois Agricultural Association, the great farm bureau of this state. The Illinois Agricultural Association, as you know, has over 100,000 dues-paying members; it was inconceivable to me that with such a number all classes of farmers were not fairly represented.

Seven counties were picked because they represented every geographical section and every type of farming in the state - Winnebago, La Salle, Adams, Logan,

Edgar, Effingham, and Randolph counties. You who know Illinois will agree that these counties give a fair cross section of the State. Here are the facts:

Winnebago has 1,263 members of whom 34.8% are tenants; the farms of all members average 177 acres.

La Salle County has 2,516 members of whom 53.6% are tenants; the farms of all members average 195 acres.

Adams County has 1,024 members of whom 36% are tenants; the farms of all members average 172 acres.

Logan County has 1,322 members of whom 80% are tenants; the farms of all members average 194 acres.

Edgar County has 1,232 members of whom 47% are tenants; the farms of all members average 246 acres.

Effingham County has 714 members of whom 31.4% are tenants; the farms of all members average 170 acres.

Randolph County has 953 members of whom 19% are tenants; the farms of all members average 185 acres.

Here is the most significant thing to me: Of the combined membership of these seven counties 43.2% are tenants. For the entire state of Illinois, including all farmers, the percentage of tenants is 43.1%. These are the figures of the State University and the Federal-State crop statisticians. In other words, the figures I am giving you indicate that the percentage of tenants among the members of the Illinois Agricultural Association is almost exactly the same as the percentage of tenants in the total number of all the farmers in the state. Not much support there for the contention that the Farm Bureau is not concerned with the interest of the tenant and the small farmer.

You know that the political and social strength of American agriculture is on the small farm. Its continued vitality depends on holding wide the door of opportunity to the landless man, the tenant, who is willing to work and who wants to own his farm and be secure in its ownership. A large and important part of our city population is highly emotional on this subject, and more or less believes that the Farm Bureau is on the other side of the fence. The reasons for this are beside the point I want to make, which is this: This great organization cannot afford to hold

a negative position; it must not only have a positive program for tenant purchase and rehabilitation, but it must also be able to sell the public on its sincerity and effectiveness.

These and other things you must do if your leadership is to count as it should count in the trying days of national reconstruction that are ahead. For the United States is going to need above all else the kind of leadership in government, in agriculture, in business, and in labor that will submerge petty interests in a concerted attack on its complicated problems. In the past 25 years farm organizations have made great strides in public esteem and leadership. With wisdom, they can continue those gains. The day is coming when the nation will need the counsel of wise farm leadership and when farmers as a whole will need the nation's sympathetic understanding as they adjust themselves to peacetime demands.

I find myself talking of reaction, a drop from present prices and returns, as if it is inevitable. One condition that could do much to 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 tonight, 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 fewer 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.

There is something ominous in newspaper headlines that say "Stock Market Falls On Peace Rumors". Depression and unemployment are freely predicted as the aftermath of the war. These are awful commentaries on our civilization.

There are many hopeful signs, and I took this assignment tonight mainly to talk about one of them. There has never before now been a time when so many leaders of business saw the problem, and asked themselves what they could do to help solve it. They are talking about it in their trade organizations and in their state and national associations. Many of them have come together in the Committee for Economic Development, not to try to write a national program, but to study how business management can best contribute to a high level of production and employment after the war.

Here is the problem as they see it: Twenty million workers will need new employment when peace comes. This figure assumes that eight million out of the eleven million men in the Armed Services will want their old jobs back or will need new ones; that out of twenty-five million workers now in war production, seven million will remain in the same or similar work, six million are temporary war workers who will drop out, and twelve million will seek peacetime jobs.

The C.E.D. is assisting in a two-way attack on the problem. Its sole concern is with postwar production and jobs. Its field development program is aimed to stimulate planning by individual companies, small and large, first to avoid lost time switching from war to peace production, and then to proceed from that point on the assumption that a high level of national production and employment will continue. Its research program is aimed to find out what is necessary to provide an economic climate favorable to expansion of production and employment.

There are undreamed of frontiers to conquer if business management and labor will venture boldly with peacetime policies that continue the full employment in non-agricultural production the war has brought. The favorable consequences for agriculture would be enormous, for 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!

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.

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. All of us need to work on this central problem; we will not have all eternity to solve it in.

So in conclusion I submit that this challenge to use our resources in peace as fully as we are now using them for war will become, after all, the nation's economic problem No. 1. Work it out, and many of the difficulties of the farmer will tend to shrink and disappear. Of one thing we can be perfectly sure: Sooner or later the American people are going to lose patience with an economy that can only function fully under the whip of a desperate war; which in peace tolerates unemployment and poverty in the midst of potential abundance.

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