

# Post War Agriculture And Livestock Policies

Address

by

**CHESTER C. DAVIS**

President, Federal Reserve Bank of St. Louis

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## POSTWAR AGRICULTURE AND LIVESTOCK POLICIES

It was not until day before yesterday that I actually realized how broad the subject assigned to me actually is. It isn't a topic that can be fenced in neatly and cultivated like an 80-acre field. Agricultural policy is not a thing apart. Everything, everywhere, is related to it. What happens in India, the Crimea, in Africa, or Argentine, and in labor union halls as well as the halls of Congress, it all goes to determine the conditions under which American farmers and livestock growers will operate. Agricultural policy cannot be separated from other phases of our national and international behavior. They are inseparably woven together in a common fabric.

When I stop to look at it, I am amazed at my nerve in accepting the subject Dr. Trowbridge assigned to me. A year ago I was in Washington on a job that proved quite temporary, but I was then more closely tied in with agricultural policy than I am today. I remember that a year ago today we were wrestling with the price of corn and the faulty distribution of corn to the industries and the feeders that depend on it. They are still wrestling. I will make only this one comment on the War Food Administration. Starting in 1939 and 1940 we should have laid the foundation for a comprehensive food administration which, when the time came, would have had plans, the know-how and the authority to deal competently with all phases of wartime food management. If that had been done, we wouldn't have had to play by ear, improvising as we go along; the orchestra leaders and players would have been familiar with their instruments. All that, however, is past history. I think we can all agree that the orchestra and its leaders are getting better, and that it is our job to work with them and support them in every way we can.

Before we think about postwar problems and policies, let's take a quick look at the present situation. We are producing a national income of 145 billion dollars a year. That is because our labor, our agriculture, and our industrial plant are producing to the limit for war. The national debt is 185 billions, and we are adding to it at the rate of another billion every week.

Farmers are sharing in the high national income. The Department of Agriculture estimates that the cash income from crops and livestock in 1943 was nineteen billion one hundred million dollars - 31 per cent higher than the cash income of 1919, the high year of the last war period. The estimated net farm income last year was \$12,500,000,000 compared with \$6,300,000,000 for 1941. While farm income has been gaining, farm debt has been falling. Farmers have reduced their mortgage debt by more than a billion dollars, they have saved more than two billions invested in government bonds, and they have increased their bank deposit holdings by over four billions. I don't know how much they hold of the more than 21 billion dollars money in circulation. They probably hold a substantial part of it, but I suspect they have less than a proportionate share - farmers are too intelligent to carry their savings behind the clock or under the mattress.

These are indications that farmers as a whole have improved their position, and are bracing themselves for the period of adjustment after the war. That is all to the good; the farm family that has cut down its debt and built up substantial savings during the war will be hard to knock out after

the war.

You who are meeting here are primarily interested in the livestock picture. On January 1, the number of livestock on farms and ranges reached an all-time high. At the same time our feed reserves have fallen so that the ratio of feed supply to livestock numbers is lower now than at any time in the last seven years, 18 per cent below the 5-year average ratio for 1938-42.

That situation is loaded with dynamite. The demand outlook is good, and will continue high with war and high employment. The risk is that we may run short of feed. Our exposure to a drought is serious. You men remember 1934 and 1936. In 1934 the government had to rush into the market with a huge cattle-buying program to preserve any semblance of a market for stock forced to move because of the shortage of feed and water.

There are better ways than that to make our adjustments. Hog producers are already adjusting, with an estimated spring pig crop of 62 million compared with 74 million last spring. But even 62 million head can chew up a lot of corn, and it will seem like more if our corn crop is light this year.

You know the situation with cattle. There is need for an orderly increase in marketings. Cattle numbers should be brought down within the safe carrying capacity of pastures and range. The situation calls for close culling of the herds. There is a support price for hogs, but the only floor under beef is that promised by continued high demand.

Now I want to run hurriedly over some elements of national agricultural policy, some things which farmers themselves can do, some in which they need government aid and cooperation, and some which call for performance on the rest of our economic society. Here are a few points I will touch:

Farmers and livestock men must:

- (a) Join up and work together in their own organizations and societies;
- (b) Keep production costs low;
- (c) Avoid increasing debt and a land boom;

With the aid of the rest of our society and of government, we should:

- (a) Maintain the machinery for cooperative adjustment which we convert from war to peace demands;
- (b) Push forward a broad program to conserve our land and prevent its waste and destruction;
- (c) Continue a moderate program of price supports during the period of transition from war to peace;
- (d) Prevent an ill-advised move to push too many of the unemployed out on the land.

Many other important elements of an agricultural program could be named, but with these I have got more hay down than we can put up today.

It shouldn't be necessary to preach the virtue and necessity of organization to this audience. There is no other way in which the interests of the farmer and stockman can be intelligently presented. The money

and effort you devote to your organizations is the best investment you make. If your organizations aren't all you want them to be, both the fault and the remedy rest in your hands.

No matter what pattern of international trade or domestic economy emerges after this war, that farmer or stockman who makes full use of the technological, mechanical, and biological advances of this age to cut his production costs and keep them low is going to be better off than the man who does not. I want to congratulate the livestock men of this state and the University of Missouri on the far-reaching improved pasture program you are developing for efficient meat production. We will all be better off to do more work with nature and grass and less with plow and cultivator. Mechanization to cut farm labor for more efficient production will make greater progress after this war than ever before in our history. The family with savings will be a jump ahead on that program.

Let's do all we can do to prevent another boom in farm land prices and another big headache afterward. Dr. Johnson made my speech for me on that topic. Land prices rose swiftly last year, and the volume of farm sales leaped ahead, but the situation in Missouri cannot yet be called alarming. Take a typical livestock region in Northwest Missouri and Southwest Iowa: Farm sales last year were 71 per cent above 1942, and the average sales price showed an advance of 11 per cent, but owner-operators bought 76 per cent of the tracts sold, and only 5 per cent went to non-farmer owners, and three out of four of the sales in the last quarter were for cash. About 9 per cent of the farms sold were re-sales within one year. One bad sign was that of the farms purchased partly by mortgage, the buyers' equity amounted to only 28 per cent. The red sign of danger will come if farmers start building up big debts. Avoid that like the plague!

A lot needs to be said about the future place of agricultural adjustment programs. We will have tremendous adjustments to make and will need the right machinery if it is to be done without disaster. I am disturbed over what seems to be too general a disposition to kick over the A.A.A. and all its works. The fight for Equality for Agriculture which began after the last war will not be ended by this war. The concepts and our objectives will change, of course. Parity still will be the goal, but I don't think it will mean the old idea of parity with 1910-14 purchasing power. The demand for parity means literally that the farmer wants an economic return for his labor, his capital, and his family's effort comparable with what a similar input would earn in other walks of life.

Efforts and machinery to that end need to be streamlined and simplified. To my thinking, Equality for Agriculture today means what it meant in 1933 - that the farmer and the livestock man must not continue to be the only one in our economic society who is expected to keep his plant in full production regardless of whether or not prices equal his costs.

There is a disposition to brand all farm programs of recent years as anti-social, as bad, as exemplifying only the "economics of scarcity". More and more there is a tendency to dismiss them all with the contemptuous phrase "killing little pigs". So I'm going to step right into that one, and talk plainly about the killing of the pigs in 1933.

You remember the situation in that year. We had a lot of corn which farmers couldn't sell for more than 20 cents a bushel, and the cornbelt farmers had bred up an abnormally large hog population to eat it. Millions of workers were unemployed and couldn't and wouldn't buy the pork the farmers produced even though hogs were selling at 3 cents a pound or less. Farms were being foreclosed right and left. Organized defiance of court and legal process had grown out of the desperation of farmers even in the solid, conservative state of Iowa. On top of that black situation, farmers had produced the biggest spring pig crop of their history, and were preparing to feed it out. The reason for that was simple - they had nowhere else to go with their corn. They had interest and taxes and other fixed costs to meet, and the lower prices went the more they felt they had to produce and market to meet those charges.

At that time I was the head of the Production division of the A.A.A., which developed and administered the corn-hog program of 1933. You could say with some justice, I suppose, that I was the man who killed the pigs. At any rate, I know how that program developed and I know what it did.

First the corn and hog producers of the important farm states held community meetings and chose delegates to attend state meetings. These state meetings in turn chose their representatives for a corn-belt-wide meeting in Chicago. One of the leaders from this state, who has since gone to his reward, lived right in this town.

These meetings evolved the rough outlines of a program which they put up to the Administrators of the A.A.A. We held a national meeting - I remember it was in the ballroom of the Willard Hotel at Washington - at which every interested element was represented from the corn and hog producer through the marketing agencies, the meat packers, the wholesalers, and the retailers, to the consumers. A committee was chosen which agreed on and presented to us an outline for the program which the meeting turned over to us. These recommendations became the basis for the corn-hog program of that year.

As one of its parts, this program called for the payment of premium prices to induce heavy marketing of sows bred to farrow that fall, and to recompense farmers who sold young pigs at light weights. Contracts were made with packing houses to slaughter and cure the meat from the sows and pigs purchased in the program. All the cured meat was given to the federal and state relief organizations to distribute to needy families. Pigs too young for curing as meat went into grease, tankage, and fertilizer.

Bear in mind what hogs were selling for then - 3 cents a pound for desirable weights. The program caused no scarcity of pork. It helped avert continued calamity from the corn belt farmers. It did more - and I want to drive this home with all the force I command. We couldn't, of course, then foresee the terrible drought of 1934. But to just the extent we saved corn from being fed in 1933 to hogs that were not then needed or wanted, we made it available in 1934 to carry hogs and cattle through a year of crop failure to the time when the meat was badly needed.

Now let me turn to another side of the economic picture in 1933 which the public in its zeal to condemn the "killing of the innocent little pigs" seems quite generally to have overlooked. What about the economic

system under which our industrial enterprises plowed some 14 millions of laborers out into the streets with no place to turn but to public relief? Granted that neither the hog program nor the industrial program meets the ideal of what-ought-to-be, which, after all, weighed more heavily in its social and economic effects? There can be but one answer. We needed houses in 1933, millions of them. Yet trees were not cut, lumber mills and brick yards were closed down, and building trades unions held to their wage scales but built no houses.

I've been wanting to get that off my chest for a long time. It goes to show that what other elements of our society do has real and decisive bearing on the welfare of agriculture. They cannot be separated. But I'll return to that later. There are a few more points in the outline I promised myself to cover.

Soil and water conservation must be the keystone of any agricultural program of the future. In the brief 100 or 150 years in which we have used the bulk of our land, we have managed improvidently and senselessly to destroy a quarter of it. The time has come to recognize that the ownership and occupation of land is a trust, and no owner or operator should be allowed to destroy it. The process of destruction is still going on. We literally have no time to lose.

To the men of the cities, let me say that when you stand by our rivers and see the mud rushing by to the sea, it isn't just the soil from the top of our farm lands that is passing by. Look closely and you will see banks, houses, department stores, hotels, and industries going too. The land is the basis on which they all rest.

We know a lot about destruction by floods in this state. The engineers are planning great and costly devices to control them. But nothing the engineers can plan or build will prevent or control floods in the long run if the process of denuding the land of its cover continues upstream. I read an article the other day in the magazine "THE LAND". Its title was "Soybeans Fill a Lake". The story was simply this: In Illinois, the thriving city of Decatur had constructed a large and beautiful artificial lake for industrial water supply. As a result of annual cropping to soybeans, the silt from the plowed fields is rapidly filling that lake. It will be that way with big dams and reservoirs, unless the land is handled so that the water that falls on it sinks in instead of runs from its surface.

Again I want to congratulate the University of Missouri for its contribution to the control of soil erosion and to the prevention of floods. Your pasture program is a part of it; so is the campaign for hundreds of thousands of farm ponds. We can lick both the soil and flood problems if we get grass and trees back where they belong, and build terraces and plow on the contour where we cultivate the slopes.

I'm not going to say much about the part support prices will play in post-war policy. At present there is the pledge of loans at 90% of the "parity" price for basic crops, and those for which price supports have been "proclaimed". At most these supports can only cushion the shock of adjustments, they cannot cure deep-seated maladjustments.

There is some danger that the farm may be made the dumping ground and the main shock absorber for industrial unemployment after the war. I feel like warning against too much of that. If agriculture is to be depended on to take up the slack, then decentralized industry should provide these families with part-time employment and dependable cash income.

Most of these topics are important enough to justify full and extended treatment, each by itself, but I have talked for too long already and still have only hinted at my main theme. Before I turn to it as a conclusion to this talk, let me say just a word about the importance of farm prosperity to city industries and workers. Probably from two-fifths to one-half of our population depends directly and not too indirectly on the farmers. You and I have preached that and heard it preached for a long time. You cannot have a healthy nation with a sick agriculture. For that reason the city people, the workers in industries and in non-farming services, should support these elements of an agricultural policy.

But the other side of the shield is vitally important - and here I hit the note which I want to sound above all others here today. Agriculture itself cannot prosper with millions of city consumers out of work.

In looking toward the future, do not count too heavily on foreign markets for the products of our farms. It's the home consumer that really counts. Most of the present high demand for food is for consumption in our homes rather than for the use of the armed services or for lend-lease.

Beef consumption has always been tied directly to the size of our payroll. In 1929 when the index of payrolls stood at 110 and total wages and salary payments amounted to \$52.4 billion, the farm price of beef cattle was 9.47 cents per pound. In 1933 when the index of payrolls had dropped to 50.1 and wages and salary payments to \$28.6 billion, beef cattle prices dropped to 3.75 cents per pound. In 1941 the index of payrolls stood at 148.8 while wages and salaries totaled \$60.2 billion, and farm prices of beef cattle were 8.8 cents per pound.

So if I were given the magic power to ask for and have one condition to insure healthy agriculture, I would ask for full employment at good wages in the big and little industries and in the non-agricultural services. I would like to see non-agricultural goods and services kept as cheap and plentiful as farmers have always made our food. Keep the factories going full blast turning out useful goods. Give us as high a standard of living as our magnificent plant and labor force can produce.

Give us that condition, and the farmers will take care of themselves. The exchange value of their products will be satisfactory; they'll have parity. It is when the farmer goes on producing while the rest of the economy falters and goes to pot, that we have real trouble in agriculture.

Many men see this. Many of the most influential leaders in American business not only see it, but are working and planning for it. After all, what we make of the future is up to us, up to us all, and no one group or class can go it alone. The challenge of the future calls for sincere, tolerant, good-humored cooperation from everyone of us, no matter whether his primary interest be in the factory or on the farm, at the desk, at the bench, or at the plow. We are all in the same boat, so let's pull together.

