

OUR AGRICULTURAL POLICIES

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This is too big a subject for comprehensive treatment in the limited time tonight. So I'll touch on only two phases of farm policy: the agricultural price outlook and supports, and the need for closer teamwork among federal and state agencies that work with farmers in the field of land and water use - soil conservation.

Let us set a little historical perspective for the farm price picture. Many of you will recall that, after the tremendous up-surge in farm prices in World War I and following, they fell sharply in 1920-21, leading the entire decline in prices of all types of commodities, and that they fell faster and further than other prices. They also failed to recover as much as other prices until World War II. The net result of this, of course, was two decades of depression for farmers, which for thousands of them meant personal financial disaster.

This sharp type of reaction is not in the cards for the future. We had no price support program in the 1920's. We have one now, perhaps I should say we have several, but at any rate there is and in the foreseeable future there is likely to be some kind of farm price supports. Farm prices already have dropped 20 per cent from their peak. While they will go down further, I see no reason to fear in the immediate future anything like the debacle of the early 1920's.

I want to introduce a word or two of caution here. I have been in agriculture all my life and I am not exactly a spring chicken. As I look out at the world picture and the longer-range

farm situation I see many signs which remind me of the 'twenties and the 'thirties. I catch myself saying "I've seen that; here's where we came in". In the 'twenties we faced real troubles with our major commodities when the United States stopped lending abroad to finance our exports and when our foreign customers ran out of dollars. Those adjustments are still ahead of us and they will be particularly severe in the wheat and cotton areas. They will face us as soon as we quit sending our own checks along to pay for our export cargoes.

Government price supports and high level government loans can help cushion but they cannot avert the shock. We are living in a fool's paradise if we think otherwise. A system of rigid, legislated price supports extended indefinitely into the future and at levels higher than the over-all supply-demand situation will support, will have extremely undesirable consequences, including a great deal of harm to farmers themselves. If time permitted I could give you play-by-play accounts drawn from experience to back up this statement.

There is no magic by which billion bushel wheat crops can be marketed profitably, or by which cotton can avoid eventual adjustment to the competition of synthetic fibers and foreign growths. There is a place, particularly through the transition period from which we have by no means emerged, for reasonable price supports, free from legislated requirements that prevent intelligent administration. But we cannot expect to ride them painlessly over the rough roads that will have to be traveled in the 'fifties.

Please do not misunderstand me. I think all of us recognize that farming problems differ from industrial problems; that because of the very nature of the farming process it is vital to protect the farmer in some degree from the sharp swings in demand for his products, especially when agriculture generally tends to produce at full capacity in good times and bad. Industry adjusts to changes in demand by curtailing supply. Agriculture has adjusted by sharp price swings, which have meant ruin for many farmers and closed markets to the products of our factories.

The economy as a whole is hurt by recurrent and severe swings in agricultural income. Consequently what can be done - and workably - to iron out the marketing and distribution problems for agriculture is a desirable step toward greater economic stability. But it seems to me that there is a vital difference between attempting to modify the agricultural economic swings and in attempting by legislative legerdemain to hold farm prices at levels higher than can be sustained and still in the long run sell the product. I feel and feel strongly that we need more realism in the farm programs currently being considered by the Congress. We definitely need adequate supports for agriculture. But artificially high fixed supports, as I see them, are merely temporary stop gaps which lead in the all-to-short run future to severe problems of tight acreage control or almost impossible-to-manage farm surpluses. It does no good to lull a farmer to sleep in 1950 if in so doing you insure that he will have something worse than a headache when he wakes up in 1952 or 1953 or 1954.

And a program that is designed to hold farm prices higher than they can be held under a reasonable stabilizing price support program almost inevitably will lead either to sharp curtailment of production or unmanageable surpluses and eventual price collapse.

There is not time for me this evening to discuss in any technical detail the various plans that are being considered by Congress. I can say just this. In general I favor a flexible farm support program rather than one which legislates rigidities into the farm price structure. I hope that the Congress will eventually come up with - or should I say return to - such a flexible program.

And there's one more very important consideration. Over the long pull agriculture in this nation cannot be prosperous unless the rest of the economy prospers. We have to make our whole economy tick before we can insure good times for the farmer, and all of the laws that are written will not insure farm prosperity if the economy is not prosperous.

Well, let's summarize what I have tried to say while wandering back and forth and around the barn. Over the near term through 1950, I expect production to hold up, costs to go off less than prices, and both gross and net farm income to decline. For 1949 it seems very likely that net farm income will be 15 percent below 1948 with farm prices averaging about 10 per cent less than in 1948 and farm costs averaging about 5 per cent less. 1950 should see a somewhat further drop, both in gross and net farm income, depending, of course, upon what happens to production

and to general economic conditions. Thus, farm income, both net and gross, in 1949 and 1950 will not be favorable when you compare it with 1947 or 1948, but will be favorable by almost any other comparison.

For the long run future there are a number of problems that we have to solve. The production problem seems to be the simplest one. We can produce well on American farms; we grow more efficient each year. Increased mechanization, growth in strength of the other factors leading to greater production should insure capacity to produce. As we farm more efficiently, we should be able to cut costs. We need to continue with our soil conservation work and with our attempts to further diversify so as to avoid the shocks attendant upon dependence on one crop. These things I think we can accomplish. But beyond that we need to do some good hard and clear thinking with respect to price or income support programs. We can't solve these problems by hopes or guess work or refusal to see them. Temporary postponements are no solution. If the non-agricultural industries of the nation keep out of trouble, and hold to high levels of production and employment, agriculture will get along fairly well in the years ahead.

I am sure we can safely take it for granted that the men and women in this meeting understand the amazing opportunities all around us to build safer and more profitable farms, sometimes on the ruins of old ones, simply by using the land right. Soil conservation and the kind of farming that goes with it are not only right morally - they pay big dividends in dollars and cents. We can use a lot of the capital and the labor in every community

to put complete soil and water use programs in effect on individual farms. We have the capital, the tools, the "know-how", the minerals, and the seeds and plants with which to work a farming revolution here. Many agencies, public and private - the Soil Conservation Service, the Extension Service, the experiment stations, and local organizations and leaders are working with farmers to get sound farming programs launched.

The one main thing that stands in the way is human contrariness. Some of us are too old to learn. Some of us are too lazy. Others are like the farmer who refused to attend the pasture improvement meeting at the school house, and told the county agent, "Hell, I don't want to learn to farm better; I don't farm as good as I know how to already."

This audience knows as well or better than I what needs to be done. The question is how are we going to get it done. We know that when we organize conservation districts, or hold meetings or publish bulletins we are only helping build the frame for the conservation picture. The painting in of the picture itself is done by actual, concrete performance on the individual farm. I want to drive home this point: the payoff comes in the adoption for an individual farm of a complete, integrated, balanced program of soil and water and crop and livestock management. The program to be fully successful must be complete. The mechanical engineering steps of terracing, contour cultivation and grassed waterways are not enough. Minerals need to be restored, soil health brought back with organic matter, with crop and livestock systems fitted

to the land. It may take 5 years, or 8 or 10 to complete such a program on a farm, but the starting point must be a plan that sets out definite steps to be taken each year. When the plan is set, then it is up to the operator to stay with the job until it is done.

Not until that kind of performance is under way on every farm in the country can we rest assured that this nation has met its overall responsibility for the care of the land. Furthermore, - and it has taken a long time for me to build up to the point where I talk like a banker - every dollar of new capital that goes into carrying out such a soundly conceived farm plan will repay the investor or lender in short order through increased yields and lower production costs. The farmer or land owner or mortgage lender will have a better farm 5 or 10 or 20 years from now than he has today to operate or to secure his loan, an assurance altogether lacking in American agriculture as a whole right up to now.

The need to get this done challenges all farmers, educational leaders, and technicians; it demands their full cooperation. There is more work to be done in the years immediately ahead than can possibly be accomplished by all those now working in agriculture.

The question that concerns us who want to see full and wise use of the land spread over all the nation's farms, is this: how can the most work be done in farm improvement in the shortest time with the help and resources available and at the smallest cost to society and to the individual farmer? I wrestled with this idea and these objectives along with seven other members of the Agricultural Activities Task Force of the Hoover Commission for several

months last year. After working with this committee and counseling with many leaders in agriculture in and out of government service, and in and out of university circles, I think I understand some of the difficulties involved in reorganizing the present setup, let alone creating the ideal one to do the job. I'm not going to bore this audience with organization charts and blueprints. But I wish we might have closer teamwork among the agencies in agriculture to which the farmers must look for leadership.

We have states in the Middle West where county agents and district soil conservationists are at each other's throats, where open feuds exist between the Extension and Soil Conservation Services. A good many men in both branches of service who are out in the field where they work directly with the farmer, tell me that they have no difficulty in getting along there; that the trouble is higher up at the state level or even higher still. This situation is by no means uniform. I know of two states side by side in the Midwest in which directly opposite conditions prevail. In one there is complete harmony from the head office down to the last employee in the field. County agent and district conservationist ride to meetings together, sit side by side, cooperate in demonstrations, apparently recognizing that there is plenty of credit and plenty of work for both services, a great deal more than even has been attempted. In the other state the Soil Conservation Service fights for and the Extension Service fights against the creation of soil districts. ~~_____~~

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If we had a clean sheet on which to write, or if government

could act in a vacuum without regard to vested agencies and interests, it would not be too difficult to consolidate and coordinate the lines that reach through the levels of government out to the individual farm in the field of conservation and land use. But we do not function that way in a democracy, so I am convinced that physical changes in the existing setup are going to be slow in coming, and uncertain as to form and effectiveness when they do come.

In the meantime we have a job to do, and it is a pressing and important one. The task ahead is too important to be handicapped by conflict between forces on the same team. After all, I have more faith in men than in charts, and men of good will can and do rise above organizational handicaps. Conflict and duplication are by no means confined to the agricultural field. I am sure that organizational division and duplication are much more evident in the federal end of finance and banking than in agriculture. In both, there has been a Topsy-like growth of agencies as new problems unfolded. But it is surprising how well you can get along if you make up your mind you have to.

The job will be easier if we all keep firmly in mind that the organizations through which we work are not ends in themselves, but only the means through which we hope to achieve the main objective of increasing and perpetuating the productivity of the land, and the real income of the farmers. Think what it will mean to community income and production when this is achieved!

Increased farm income will not only make possible better homes and living for the present generation, but will make the

farm more attractive to the intelligent young people who will stay on the farm if they can enjoy the comforts and pleasures of the modern age. The prosperous farms mean prosperous rural communities. Prosperous communities mean better churches, better roads, better schools and a better place to live.

The enormity of the work ahead calls for a common meeting ground. I have faith that we can find this common ground. By teamwork the land can be made to produce rich living for its operators today while strengthening its ability to produce for the generations of tomorrow.