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WORLD RESOURCES--FOOD

6 October 1947

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WORLD RESOURCES—FOOD

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CAPTAIN WORTHINGTON: We certainly have a subject this morning that is of vital interest to all of us. Judging from Dr. Rowe's biography, which has been furnished, it would appear that he has had almost a lifetime of experience in the problems of food and food control.

I take great pleasure in welcoming Dr. Rowe to the College.

DR. ROWE: Gentlemen. When first invited to lead your discussion today, I thought I should not undertake the assignment. The topic, as it appears in the outline of your course, suggested to me that your plan of study at this point called for a lecture of a type that I was not at all prepared to deliver. Specifically, I feared that something of a statistical survey of food resources might be expected, together, of course, with an appraisal of the adequacy of those resources to which the United States reasonably might maintain access in a future national emergency. That kind of discussion would require a speaker who has been actively studying the distribution and utilization of world food resources. It would not be undertaken by one with my particular interests and background of experience. Representatives of the College, however, have convinced me that my first reaction was based upon a misinterpretation of your purpose. It was explained to me that the real purpose in arranging for this talk is to place before you any analyses of experience, principles, or even points of view relating to those aspects of economic mobilization which you are currently studying, to the end that you may be encouraged to approach the problem of planning from the broadest and, at the same time, most penetrating point of view possible.

On that basis, we agreed that I should undertake to explore with you some of the more important lines of government activity with respect to food that would need to be considered in the event of another national emergency comparable to the recent war. In doing this, I shall try to emphasize the necessary interdependence of food problems that would arise and their close interrelationships with other parts of the over-all problem of economic mobilization. In brief, my remarks will relate mostly to some aspects of what might be called the "food-economics of war" and its significance to the problem of mobilization planning, although, of course, I shall not be able to cover anywhere near all the ramifications of such a subject.

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The ideas and points of view which I shall suggest for your further consideration have been derived, in part, from my own experience during the recent war: first, in working with the National Defense Advisory Commission, where I enjoyed considerable contact with the early phases of military food procurement; next, in supervising the first food-price controls; then, in directing the formulation and installation of all the food-rationing programs; later, in serving as a consultant in the Office of War Mobilization and Reconversion; and, finally, in working with the several foreign food programs, including Lend Lease, relief, export control, and foreign procurement. Because of that diversity of experience, I felt that one of the most important objectives I could seek would be to reveal these interdependencies to which I referred rather than to split apart and isolate for separate treatment the different lines of activity.

Currently I have been engaged in research through which I hope to accomplish a fairly comprehensive analysis of the food experience of the United States during the war. Much of what I shall discuss has been drawn from that study, as yet by no means completed. Hence my present formulation of this material is subject to refinement and revision or discard in the light of further study. Moreover, my interpretations of food problems that would need to be dealt with in a period of renewed emergency will, at some points, contradict interpretations that have been offered in support of past official policies, and they may conflict with ideas that you have previously accepted. In presenting these interpretations to you, I shall accomplish my purpose to whatever extent they assist you in obtaining a clearer understanding of the Nation's food economy as an area for mobilization planning in which:

1. The problems to be dealt with are very important in relation to the accomplishment of national objectives, although the ramifications of these problems are so great and their implications at times so indirect that even in their simplest phases they are sometimes overlooked or misinterpreted.
2. The problems are so interdependent that unified treatment is imperative; uncoordinated or inadequate emergency controls, therefore, may often do more harm than good.
3. The problems are so interrelated with other aspects of economic mobilization that they should neither be ignored in decisions on non-food features of the mobilization plan nor set apart for isolated handling without regard to their bearing upon other parts of the emergency program; provision should be made for the specialized administration of food affairs, but this should be under the authoritative supervision of a unified economic high command.

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As a starting point for our discussion of specific food matters, I take it that we are already in agreement as to the objectives of economic mobilization in a period of national emergency. These objectives, in brief, are:

1. To expand economic activity until the resources which make up the Nation's economic war potential are employed as fully as possible.

2. To bring about those shifts or conversions within the economy that will result in the utilization of all resources for the most important uses in which they can be employed.

These, however, are also the ideal objectives of a peacetime economy. The only difference lies in the meaning of "most important uses" when that term is applied to the two situations. In peacetime the importance of any use for resources is determined by consumers when they decide how much they will spend for the goods or services yielded by that use. Resources are constantly directed towards their most important uses by the operations of a competitive price system--subject, of course, to whatever modifications are brought about by imperfections in the market, monopoly control, or government intervention in one form or another. But in a period of acute emergency, determination of the most important uses for resources no longer can be left to the independent decisions of individuals. Instead, the determination must be made in the interests of all the people and in terms of what is important in relation to national security. Such determination must be made under public authority by the agencies to which responsibility for the security program is entrusted.

One further comparison is necessary to establish a basis for the adequate understanding of some of the points which I wish to make. In peacetime conditions within the economy are continually changing. Consumer decisions with respect to expenditures for different goods and services, or as between expenditures and savings, vary with changes in their incomes and other factors. Decisions of investors also change. As a result of these and many other conditions, the relative importance of different uses for productive resources is constantly changing, and resources are shifted from one use to another. In the course of these shifts, total economic activity may increase or decrease within wide limits. Thus instability produces the large economic cycles commonly called business cycles.

Now, the point I wish to make as clear as possible, without spending too much time on it, is that the starting of economic mobilization sets in motion a great economic cycle which has many similarities to a major business cycle. In the first phase of mobilization and conversion, major shifts are made between different lines in response to the demands

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of the emergency program. Large new investments are made in conversion and in facilities, and total economic activity is stepped up towards full employment. The same things occur in the expansion phase of an ordinary business cycle, although, of course, the causes are different.

After the initial transition, the war cycle enters a phase of sustained high-level employment quite comparable to the boom phase of the business cycle. In this period, of course, the emphasis upon the importance of the capital goods (machines, tools, etc.) required for conversion is replaced by an emphasis upon the sustained all-out production of items for direct use in the emergency. At different points, however, the relative importance of these items changes. For example, with the conclusion of hostilities, the importance of combat equipment becomes negligible as compared with the materials needed for relief and reconstruction in order to support national aims during the post-hostility period of the emergency. Finally, the cycle passes through a liquidation or reconversion phase during which the special influences of the emergency diminish and are supplanted by other forces.

The over-all task of economic mobilization, therefore, I conceive to be fundamentally one of securing the most effective possible operation of the economy in relation to the requirements of the emergency program covering all phases of such a major economic cycle. (I, you note, have defined or attempted to define the emergency period as the duration of a cycle, the beginning of which, for the most part, coincides with the beginning of mobilization but which extends well beyond the conclusion of hostilities. Unfortunately, the present emergency clearly is going to extend well beyond the principal liquidation and reconversion of such controls as were established to deal with it.) Important parts of that task relate to food.

It is convenient to attack the problem of planning for mobilization of the food sector of the economy by briefly considering our position as to available food resources. Fortunately, the United States is well situated in this respect. Of course, a number of items we use are imported and hence become more difficult to obtain in wartime. Among these, coffee and, to a much lesser extent, tea are important morale items even if they have negligible significance as food. Sugar and cocoa are desirable but not indispensable in an emergency diet. Spices and tropical fruits are mostly imported.

We also import considerable quantities of oils and fats. The cutting off of those imports from Pacific areas created a major problem during the past emergency. But of these, drying oils for nonfood uses are by far the most essential. On the basis of any reasonable computation of requirements and with an appropriate use of our domestic productive resources, we could get along on our own supplies of edible fats if imports were cut off during a critical emergency.

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Time is so limited that I must make some of these statements without the qualifications that would be necessary in a longer discussion. Of course, you will note that I am referring to the situation that would arise if there were really a severe emergency. If we were not hard pressed, however, and there seemed to be no necessity for an all-out effort, requirements for sugar for soft drinks, for example, could be met. One thing that stands out clearly in my mind as a result of recent experiences is that, in the entire food field, there were more protests--and they were couched in the most virulent terms--over the fact that the rationing program restricted the volume of soft drinks than there were protests over any other food restriction we imposed. An item such as that need not be restricted in the event a truly all-out effort is not required. But if we reach a period of extremity, there certainly is nothing in the list of imported food items that we could not get along without or that other people have not gotten along without in similar periods of emergency.

An adequate mobilization plan certainly would seek to maintain reasonable minimum imports of coffee, tea, cocoa, sugar, fats and oils, and spices, but none of these items could be considered indispensable in a crisis.

Beyond this moderate degree of dependence upon imports, our food supply is well protected. Don't misunderstand me; we may mismanage our food supply to an extent where we would find ourselves in trouble. I am speaking, rather, of our situation with respect to the basic resources, which, properly used, will furnish ample protection as to food. We have such a large area of productive land, particularly located in the interior where it would be least possible of being cut off or invaded, that it is safe to say we could feed our Armed Forces and civilian population during another emergency as well as they had been fed over any extended period prior to the recent war. (It should be remembered, of course, that our civilians, as well as the members of the Armed Forces, were fed better during the war than they had been previously.) In fact, we could do this with something to spare. Of course, a large labor force would be required, but our basic food production is becoming so highly mechanized that in this connection we are probably better situated than any other country.

This may be an appropriate place to digress for a moment on a specific question that was asked me on the occasion of a previous discussion with a much smaller study group here in the College. The question was whether or not, despite this protection in the long-run situation or despite the strength of our position with respect to the duration of the emergency, it might still be necessary to provide for a reasonable reserve of food to be held in storage against the contingency of, let us say, a successful attack upon an important industrial or military area. My answer to that question would be an unqualified "No."

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Except in very special circumstances, such as perhaps in the early summer of 1946 when we scraped the bottom of the barrel to maintain exports, as undoubtedly we will have to do again next spring and summer, the large stocks normally carried in our far-flung distributive system provide the best kind of reserves against such a contingency. Those stocks are widely distributed and are not susceptible to destruction as a result of action in any one community. Transport, of course, is required to move them into the area in which they might be needed. But it seems to me that transport also would be required for moving special, ear-marked reserves, unless, of course, the reserves were on the spot. In that case, they probably would be destroyed. It is a digression from my main point, but it seems to me that the situation is such that that kind of preparation in the mobilization plan is not necessary.

Now, merely to say, as I have, that we have an abundance of resources for maintaining our food supply does not cover the main problem. Many of these resources, the manpower, much of the equipment, many of the supplies, as well as transport and storage facilities used in the production and distribution of food, could also be employed for other purposes in the emergency program. To what extent should they be retained in food uses and to what extent should they be shifted to other uses? This question leads to a consideration of the character and importance of food requirements.

Since food is a necessity of life, everyone will agree that production, processing, storage, and distribution of foods are among the most important uses for resources either in peacetime or in war. But this does not mean that every food item is of equal importance, nor does it mean that consumer demand for each food represents an inflexible requirement that must be met. On the contrary, a wide range of substitutions are possible. Hence when tin plate becomes a critical item, it is entirely appropriate to question the essentiality of much of the canned food normally consumed. Similarly, if railroad transport is the bottleneck, it may be undesirable to ship lettuce or spinach from western producing areas to eastern cities. With individual foods, as with virtually every other product or service, importance, therefore, is relative and depends, in part, upon your need for other things.

Moreover, it is of the greatest importance to recognize that widely different nutritional values are obtained when given resources are employed in the production of different types of food. Perhaps the most significant instance of this is revealed by a comparison of cereals and livestock products. Roughly speaking, a given amount of grain will feed three to four times the number of people that can be sustained over the same period of time on the livestock products that could be produced by feeding that grain to animals. The ratio, of course, varies with the type of livestock and the kind of grain and the proportion of roughage fed to them. But it follows from this basic

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agricultural relationships that much more land, labor, equipment, fertilizer, and all the other supplies that enter into production are required as the amounts of meat and other livestock products in the diet are increased.

If pressed, we could do as other countries have had to do to a greater extent than we have. If we should need resources in other parts of the emergency program, we could use them there and simplify our diet, make it less attractive, and permit it to afford less pleasure. In other words, we could remove the luxury aspects of the diet without significantly lowering its nutritional efficiency, thereby releasing greater quantities of resources than would be released under circumstances where we felt we were in a position to provide our people with a more attractive diet, including more red meat, for example. The point is that there is a wide latitude for decision as to what the level of diet shall be without unduly upon the minimum nutritional margin of keeping people well fed.

How far, therefore, resources should be made available for the purpose of providing higher-grade food products, which animal products represent, depends upon the abundance of resources available in relation to the importance of the other uses in which they could be employed. The significant point is that there is no rigid or absolute requirements as to the resources to be employed for food production during a period of emergency. On the contrary, there is a wide latitude for decision. Determination of how resources are to be allocated, first as between food and nonfood uses and then as among the various food lines, is, of course, the basic problem. In both instances the allocation must be based upon the determination of the relative importance of the different uses.

One other comment with respect to the importance of food requirements is necessary, and that relates to their timing. During the initial phase of an emergency cycle, the requirements for food remain about where they were in peacetime: adequate supplies for maintenance of health and productive efficiency of the population is an imperative necessity. As mobilization progresses in its early phases, military food requirements increase in importance but are likely to represent only a moderate increase in the total--at least until action begins in an overseas theater. Food shipments to allies increase the requirements further, and these are stepped up again as enemy-held territory is occupied. Finally, as current history illustrates, food may attain its greatest importance in the post-hostility phase of the emergency cycle. In other words, the rise in the importance of food tends to lag behind other items of anywhere near equal importance. As a result, there appears to be a persistent tendency for these requirements to be underestimated. Certainly such a tendency was in evidence throughout the recent emergency. During the earliest phase, in 1939, 1940, and 1941,

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there was no apparent recognition of the fact that problems would or could arise with respect to food. Later policies repeatedly were based upon underestimates of requirements for future periods and upon the woolly mistaken belief that food requirements would drop sharply when the shooting stopped. Subsequent events, as well as the history of previous wars, show how erroneous those views were.

An adequate mobilization plan for any similar emergency in the future should, therefore, recognize this characteristic lag in food developments during the emergency cycle. If it does this, it certainly will provide for much earlier action on food matters, before valuable supplies have been dissipated. It also will contemplate a degree of restraint in the provision of luxury foods during the earlier phases of the cycle, to the end that later, more essential needs can be supplied.

While the decisions as to the amount of resources to be used in food uses, as to the apportionment of these resources among different kinds of food production, and as to the rates of use to be permitted in different phases of the cycle represent the substantive core of a plan for this sector of economy, much larger operating tasks will be involved in seeing that these decisions are carried out in practice. How, for example, can food production be limited to the level set in the plan and directed at the kinds of foods desired? Let us say we contemplate a need for diverting a maximum amount of resources away from food and that in order to maintain the required supply of food it is necessary to make a very considerable conversion of production away from live-stock products. How is this going to be done?

In general, as you know better than I do, there are two approaches to this matter of controlling the actual use made of resources. One involves reliance upon the price mechanism of the market. Under this approach, the Government would enter the market as a competitive buyer and would simply out-bid everyone else for the items required, relying upon the adjustments in price that would occur to redirect production into the lines needed. The other approach contemplates imposition of direct controls upon the economy. You gentlemen are more familiar than I am with all of the reasons why the tendency has been toward direct controls, so far, at least, as most industrial sections of the economy are concerned.

To some extent direct controls over the use of resources also are possible in the food sector. Thus Selective Service can draft men out of agriculture and allocation controls can limit the aggregate production of farm equipment and supplies, thereby limiting their use in food production. But such controls simply cannot be devised for directing the use of resources within agriculture. Several million farms cannot be regulated directly on such matters as whether they use scarce fertilizer materials for growing watermelons or for growing

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essential oil seeds and whether they use scarce equipment for growing unneeded short staple cotton as opposed to some badly needed food. Above all, the farmer's use of grain produce on his own farm for feeding livestock cannot be controlled under any system of direct control; yet devised.

In the food field, therefore, prices must still be relied upon to direct the actual use of productive resources.

This brings me to a point where I must consider one other characteristic feature of the emergency economic cycle, and that is the generation of an inflation potential. As you know, inflation has been an inevitable part of the developments occurring during war cycles, because tax measures for financing war have not been capable of being stepped up in proportion to the requirements of the war program. (To some extent this has been intentional in order to bring about fuller employment.) What happens is that a very large fraction of the goods and services produced is taken by the Government for use in the emergency program, while the money incomes of the people who would be consumers of those goods and services in a normal period, do not diminish but rather increase--because of fuller employment, because wage rates increase, and because wage earners low in the wage scale move up to positions where they receive higher wages, and so on. Since taxation and savings do not (at least they have not in the past) absorb all of this difference, the result is the appearance of what is known as the inflation potential--in other words, that which the consumer wants to spend but which he cannot spend because the goods and services he wants to buy are being taken out of the economy for the emergency program.

Now, the significance of the inflation potential can be considered under two headings. First, the inflation potential has an influence upon the distribution of the war burden. Second, it has an influence upon the allocation of resources. The first is less important for the purpose of our discussion today and I will pass it by. I am principally concerned with the direct influence of the inflation potential upon the allocation of resources.

I have argued, as to the food sector of the economy, that direct controls over how resources are used are not possible and that we must rely upon prices. Now, when, in relation to the mass of all civilian consumers, the Government is a less important competitor in that market than it is in the market for heavy ordnance equipment, let us say, or transport equipment, it follows that the purchasing power and demand of domestic consumers determine the strength of their ability to offset or meet the competition of the Government and to redirect the resources to what they want. Characteristically, they want, for instance, meat. When you step up employment and raise incomes, the biggest change occurs for the group of people at the lower end of the income scale,

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a group which has not had anywhere near as much of the high-grade foods as they would liked to have had.

When we were preparing to install rationing during the war, I had occasion to observe two groups of so-called "Okies" in California industrial areas. These people barely had a pound of meat per week per person in prewar periods because they could not afford more. With two or three members of a family employed at relatively high wages, however, considerable money was available to each family for current expenditures. Now, their first preference might have been for a better home, but houses were taken up in the rapid expansion and were unobtainable; they might have desired a car, but they could not obtain one because production of new cars was discontinued--even tires for the old car could not be purchased. The families that did not have cars could not go very far to buy goods they wanted and were thus limited in their purchases; the children could not even go to the movies as often as they wanted to: all this resulted in a surplus of money being left on their hands in the sense that it was available to buy anything they liked that was obtainable. They all liked steak. We found that in some of the families consumption of meat jumped to as high as twelve pounds per person per week. They had the money, they had nothing else to spend it on--and they liked steak just as much as we do. That is an illustration of the origin of increased demand and the origin of shortages as they appear in the emergency situation.

Two views can be taken towards that situation. One view--the one that considerably hampered the management of food affairs during the late war--is that food is food and all of it is important, that all demands should be filled, that almost the sole objective of mobilization is to increase production. What happens when this view dominates policy? Resources that may be most valuable to the war effort are diverted into the production of what are essentially luxury products. Raising the per-capita average of civilian meat consumption by approximately 20 percent during the war represented an increase in luxury consumption. In the process of doing that, of course, we used up those very valuable emergency assets that we had on hand at the beginning of the war in the form of large stocks of grain. If you will apply the ratio of three-or-four-to-one which I gave you previously, comparing the amounts of grain consumed when eaten directly as grain products and when fed to livestock and eaten in the form of animal products, you may judge how much more grain was consumed because of the increased meat consumption. I don't want to oversimplify the problem, but this year, to a lesser extent than was true in the spring of 1946 and in the earlier failures to meet commitments both to the military services and to Lend Lease, the problem was that simple--of mistaking the increase in domestic civilian demand for meat as an important requirement to be satisfied during wartime.

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In such a situation, price control is of fundamental importance to food mobilization, because it is a means of bringing the inflation potential under control and, more importantly, because, by directly influencing prices, it is a means of determining where resources will be used. If it is desired that resources be diverted from livestock production, the price of livestock products should be kept down and the price of grain should be kept up. But I do want to make the point that this is one of those instances of control which can result in more harm than good if handled independently and without integration, as was done during the past war. The rigid imposition of price ceilings upon items merely because they are necessities of life and important in the cost of living may be the very factor that will divert resources away from those items to others less important.

In my view the most fundamental of the controls that can be used to direct the use of food resources in a period of emergency is consumer rationing. There the attack is directly upon the demand itself; rationing restricts the demand of the consumer to the desired level by limiting the purchases that he can make. What items do you ration? Of course, you want to ration those items that I referred to loosely as luxury products, those that use the largest amounts of resources. The most important food rationing program in this country covered meats and fats: fats constituted an indispensable item that needed to be conserved carefully; meats had to be restricted in order to conserve grain. In addition, they could not be rationed separately. Rationing of sugar and other food products was worth while but of secondary importance. With reference to the problem of planning for a similar future emergency in this country, I would say without any qualification whatsoever that any time a situation is allowed to develop in which it becomes necessary to ration the cereals--bread, for instance--failure of the mobilization plan is indicated, because the planning should be directed towards the rationing of livestock products in order to avoid the development of a bread shortage.

Now, these points that I have so hastily covered I have of necessity put in theoretical terms, in terms of principle. It was not my purpose to try to give you a comprehensive and critical appraisal of how we did it during the recent emergency. I shall be satisfied if I have succeeded in making these rather simple points clear to you and if you find, after studying intensively the experience of the recent war, that my comments apply to what really stand out as the largest mistakes that were made in the handling of matters within the food field. These mistakes are:

1. The failure to recognize in advance the importance of the food sector within the war cycle. With large reserves of food and feed in storage at the beginning of the war looked upon as "price depressing surpluses" rather than valuable assets, and with no immediate appearance

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of increased war demand, there was no motivation to begin action on the food front when it should have been started. Take sugar, for instance. If we had had permission to ration sugar while we still had large stocks here in the United States and had used rationing to conserve those supplies by regulated use over a period of time, it is quite possible that some men would not have had to lose their lives in transporting sugar from Cuba to support the rationing plan later on, after those initial supplies had been exhausted.

2. The failure to understand the timing of food developments within the emergency economic cycle, which failure resulted in the persistent underestimating of the rate of rise in food requirements and particularly the underestimating of the requirements in the late phase, including the post-hostility period.

3. What I consider to be the most fundamental mistake of all, the dissipating of our very valuable war assets that were represented in those initial cereal supplies, by increasing the production of items that, it is true, were desired by consumers but which represented an increase in luxury consumption, resulting in the intensification of the food deficiency in respect to later needs.

I shall be satisfied if I have helped at all in indicating that these are not isolated matters; that provisions for the determination of rationing policies, price-control policies, and export-control policies are matters which do affect one another so directly that they must not be handled in an uncoordinated manner; that they must be under unified supervision; and that they do have a corresponding bearing on other parts of the program. In other words, to the extent that my remarks may have been provocative to your thinking in those directions, I shall be very much pleased.

QUESTION: Dr. Low, I believe you indicated that you are optimistic about the supply of food in a future emergency. Have you considered the possibility or probability of biological warfare, involving the use of crop poisons and animal poisons, which might very seriously threaten food supply?

DR. LOW: I have not considered it in the terms that I know you people have. From the little knowledge I have of the potentiality in that direction--and you may correct me if I am wrong--I would have supposed that the most promising attack of that character would be upon water supplies; or, if that is not true, that the problem would relate not to the quantity of food in absolute terms but to the particular possibilities of poisoning that food which might reach the largest number of consumers. For instance, poisoning of market-garden produce that is contiguous to urban areas would not make us insufficient in our food supplies, but it might be the means of killing many people.

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QUESTION: I made an error really. I should have said crop and animal "diseases" rather than "poisons."

DR. ROBE: I certainly would not want to say that that type of warfare is not a possibility. But such means of warfare can be better appraised by you people, evaluating them as offensive weapons, rather than in terms of determining the adequacy of the food resources that we have. If there were an effective method of spreading plant disease, that would destroy our wheat crop, for instance, it is not exactly clear to me where we would come out merely by having more wheat land or facilities to produce more wheat. Our wheat is distributed so widely that a large area of the country would have to be blanketed for such means to be really effective.

QUESTION: The President has recently asked us to waste less in order that we might meet our commitments to the people of European countries. Do you think this request would have the desired effect, or will it be necessary to go into rationing again?

DR. ROBE: That is a difficult question, although a perfectly legitimate one. The President's request is of such a type that people in my position, whether or not we believe in it, feel we must support it because it is a move in the right direction. I, of course, have some prejudices as a result of my own background of experience. When we were considering the establishment of food rationing, I conferred at some length with leading exponents of voluntary controls, and sometimes we disagreed completely.

I do not think that any very significant influence upon demand can be achieved by that course. It seems to me more probable that there will be a temporary enthusiasm which will wear out in a few weeks, whereas the program would have to be carried out throughout the entire season in order to have the desired effect. Strategically, however, it may be a very good thing to do, because, while it is going on, aggressive procurement in the market here early in the season may be facilitated. If the Government covers the export requirement when the crops have just been harvested and before they have gotten into the hands of livestock feeders, the primary purpose will be served. But, although I may be too cynical about it, I can't help feeling that a job requiring compulsory control cannot be done by such voluntary methods.

QUESTION: Is it practicable to stockpile food? I have in mind a period about ten years ago when the farmers were asked to skip every other row and were paid for not planting on their land. Is it practicable to work out a solution by stockpiling food in good years?

DR. ROBE: Within limits, of course. That is more or less the ever-normal granary sponsored by Henry Wallace, as you remember. I

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spent a great deal of time doing research on the operation of those programs. Actually they did not influence production as much as many of the administrators would like to pretend. My scrutiny--part of it official and part of it unofficial--of what happened is one of the bases upon which I rest my contention that there is no known means by which the Federal Government can direct the actions of individual farmers. Production was not restricted as much as may have been supposed. The use of the emergency price support by the Government during that period necessitated taking excess production off the market. I am sorry I can't give you this in terms of figures, but we had enormous stocks of grain on hand as a result of that accumulation.

Now, you can accumulate foods in large volume, and if an emergency does not come too soon, I am confident they will be so accumulated in this country. But there is a limit to how far you can go. You can't carry over grains to nullify crop failures such as we had in 1934 or 1936.

QUESTION: I gathered, Dr. Rowe, that your statement that our resources are adequate was based on the nutritional minimum that we would have to feed the people during war; is that correct? Don't you think we would have to look ahead and analyze the situation to see what the American people would accept to maintain their morale?

DR. ROWE: That is another point on which I did not elaborate because of lack of time. I based my theory, however, on much more than the nutritional minimum. What I said was that we had sufficient resources, in my judgment, to maintain a diet at as high a level as our people had ever had over any extended period prior to the late war; in other words, that the production of these high-grade products can be kept up to a level equal to that existing in the period 1935-1939 and, with good management, maintain a high-level diet, a diet higher than that of most other countries in the world.

What I am arguing against, Colonel, is the stepping up of the production and consumption of meat and other animal products to luxury levels because of the increased demand resulting from the inflation potential. I never considered, for instance, that the steaks which the restaurants in urban centers wanted to serve during the war represented any very important requirement for ration points. Such steaks are luxury items and can be dispensed with, without very much effect on the morale of the people. As a matter of fact, distribution is more important in relation to morale, anyhow, than is the per-capita average for the country.

QUESTION: Dr. Rowe, can you give us any comments on the land reforms in the so-called satellite countries and on the effect they may

have upon the food-production requirements in those countries, so far as the development of their economic potential is concerned?

DR. ROWE: That is a subject with which I am not very much acquainted. I do not have first-hand information, but I have the impression that the land reforms have been a factor in lowering production in the short-run period. What effect they will have on production in the longer run, I don't know. Reform does, characteristically, upset economic processes and does lower production during the period while it is going on; and my impression is that that has been true in this instance, although I may be wrong.

QUESTION: Starting from scratch, how long does it take to put in a suitable price-control and rationing system for food as a whole? Assume there is legislation.

DR. ROWE: Assuming there is legislative authority and back of that the degree of unanimity required to make it a national policy, the installation of price control does not take very long. From my own experience, I would guess that we could begin to deal with the ration problems in three months but that it would take six months to get them pretty well in hand. If there is a staff with the know-how, the prices can be brought under control within that period of time.

The length of time required on some mechanical aspects of control has been exaggerated. During the last meeting of the Supply Priorities and Allocations Board, before it became the War Production Board, official, top-level consideration was given for the first time to the question whether or not there would have to be food rationing. It was decided that sugar should be rationed and that OPA should do the job. There was no food rationing staff and very little planning had been done. Nevertheless, in approximately one hundred and two or three days we began to ration sugar, with the books out in the field in the hands of the consumers. There were a million and a half volunteer workers who had been organized, told what they were to do, and who participated in that issue, registering the industrial users and what not. I cite that to you, not boastfully but merely to illustrate that if you have the go-ahead sign, the further operating limitations are not the problem. Unity of view on what ought to be done and the "guts" to undertake it are the real problems.

About six months is a fair estimate.

QUESTION: To what extent are the requirements for food tied in with other requirements? Specifically, if we followed your system of using no grain to feed cattle, what would we use for shoe leather?

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DR. ROWE: I didn't go so far as to say there should be no grain for cattle.

Where there is an industrial (nonfood) requirement and a food requirement for the same item, my argument would be that each requirement should be considered on its own merits. The result might be a complete reversal of the decision that we would make if we were considering food alone.

That is why I argue so strongly for not isolating food for wholly separate treatment where there might be contradictory decisions. It illustrates what I mean by unity and integration in handling the whole problem.

QUESTION: Dr. Rowe, if you had the job of organizing an emergency food administration, would you set up an entirely new agency, would you incorporate it in the Department of Agriculture, or would you have a combination, as was done during the war?

DR. ROWE: Again you ask me a question about a point on which I am not neutral. I have my opinions.

In the first place, anything that I say about the organization of an emergency food administration would presuppose the existence of an emergency economic high command, not necessarily following the pattern of the super-superegency provided by the Industrial Mobilization Plan that had been formulated before the late war, but at least providing for the topside direction of all branches of economic control under the authority of a truly unified economic high command.

In the next place, I would provide for a separate food administration, and it would be outside of any old-line department. Agriculture is one aspect of food management; not the other way around. The problem, with which you are all familiar, of converting the administrative processes, outlook, and views of an old-line department to an emergency situation, seems to be too great to argue for any such incorporation.

Third, I would make that independent food administration pretty inclusive in its coverage of food affairs. I would not talk in such terms as the production function going to one agency, price control and rationing going to another, an export control and foreign procurement going to another, as was done during the past war. Rather I would achieve the largest amount of concentration of those different functional lines within the one food administration under unified direction and obtain coordination with other types of activity through the action of the unified economic high command.

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DR. HUNTER: May I carry that issue a point further. Might we infer from your solution of that particular problem that you would organize the whole economic mobilization effort along commodity lines, shall we say, rather than functional ones, or does this apply simply to the matter included?

DR. ROWE: Dr. Hunter, your question implies a position that came up most frequently in the many, many hours of argument that we expended on this topic during the war. I would say that a most important factor influencing the decision to organize along functional lines was the preoccupation with symmetry in their organization charts displayed by so many of the specialists on administrative organization. This led them to insist in effect, that, if you do one thing in one way, you must do all other things in the same way. My own view is that there are special features of the food sector of the economy and perhaps of other sectors that are so important as to require individual consideration. The War Production Board was an appropriate--at least not an inappropriate--method of attack upon the problem of allocating scarce resources among industries that were susceptible to direct allocation control. But five million three hundred thousand farmers are not susceptible to control under that kind of allocation order. It seems to me that there is no adequate justification at all--except in the minds of some of the administrative organizers--for the belief that because we make one decision on organization for control of nonfood industry, we have to do the same thing on food.

That is not a complete answer, Dr. Hunter. All I am saying is that I am pretty well convinced, from my own experiences, about the way to handle the food sector. But I do not admit the argument that because you handle it in that way, you have to handle everything else in the same way. I really do not know enough about other sectors to answer that question.

CAPLAIN WORTHINGTON: Dr. Rowe, we are very much indebted to you for your splendid talk.

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