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ROLE OF THE DEPARTMENT OF AGRICULTURE IN ECONOMIC MOBILIZATION

15 May 1952

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The Honorable Charles F. Brannan, Secretary of Agriculture, was born in Denver, Colorado, 23 August 1903. He was graduated from the University of Denver Law School in 1929 and holds honorary degrees as follows: LL.D., University of Denver; D.Sc., Colorado Agricultural and Mechanical College. He was admitted to the Colorado state bar in 1929 and started his career in private law practice in Denver 1929-1935. He was assistant regional attorney, Resettlement Administration, Denver, 1935-1937; regional attorney, Office of Solicitor, Denver, 1937-1941; regional director, Farm Security Administration, Denver, 1941-1944; associate administrator, Farm Security Administration, 1944. He was appointed Assistant Secretary of Agriculture in 1944, and has been Secretary of Agriculture since 2 June 1948. He has served as vice-chairman and is now Chairman of the Board of Directors of Commodity Credit Corporation. He has carried out several assignments in the international sphere: agricultural advisor to the United States Delegation at the San Francisco organizing conference of the United Nations; delegate to the Ninth International Conference of American States at Bogota, Colombia; head of United States Delegation to the Inter-American Conference on Conservation of Renewable Natural Resources at Denver, Colorado, of which he was elected president; head of United States Delegation to and elected chairman of the Fourth Annual Session of the United Nations Food and Agriculture Organization held in Washington, D.C.; member of the United States Delegation to the United Nations Scientific Conference on the Conservation and Utilization of Resources; and advisor to the United States Delegate to the United Nation Economic and Social Council. On 7 January 1949, President Truman designated Secretary Brannan to be in charge of presenting the national economic stabilization program to Congress.

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GENERAL HOLMAN: In our final committee study on which you gentlemen have just embarked, we will give very close consideration to many of the complex problems and the interrelationships that confront the Federal Government for partial and total mobilization. The maximum production of food and forest products to support the military and the industrial effort will always stand very high on any list of objectives. Under the Defense Production Act of 1950, the formulation of programs and the solution of problems in the area of agriculture were placed with the Department of Agriculture.

We are very fortunate today and highly honored in being able to have with us the Secretary himself, the Honorable Charles F. Brannan. The Secretary has taken time out from the duties of his high office and a pressing schedule to come over to discuss some of these problems with us this afternoon.

Mr. Secretary, we are certainly honored to have you with us once again and we welcome you to the Industrial College.

SECRETARY BRANNAN: Thank you, General. General Holman, Colonel Barnes, gentlemen of the school: I am very much complimented by the fact that you again invited me to address this school. I was here on a previous occasion and must confess that I enjoyed it very much. I recall very distinctly on that occasion an audience with a very active interest in the problems which we had under discussion; the question period which followed was a pleasant one for me although to another person it might have seemed that the questions were quite searching. I have been advised by General Holman that you will have a question period and again I welcome it; I welcome as searching questions as you care to put on the subject.

I would first like to say that I think the importance of schools of this character cannot be overemphasized. The economy of this country and everything that we are engaged in are inseparably connected together. What happens to the military operations of this country cannot be divorced by any stretch of the imagination either in the planning stage, in the stages of execution, or in the final summation of whatever the principal objective may be, from the economy at home if the operation is at a distance.

We in this country have had the good fortune of having most of our military problems fought on other soils. This is a great boon, in one sense of the word, to the preservation of our own resources and the welfare of our own people; but it has always added greatly to your kind of problem.

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I don't think it is possible any longer to plan a military operation or to prepare for an eventuality in military terms without thinking about the balance of the economy. Many of you came from the rural areas of America and that is where a proper proportion of the manpower for the military services will come from. Out of the rural areas of the country--this applies to every other area of the country--will come the people who will help to man the great factories which produce the very highly complicated and highly effective equipment with which you will work.

Let me examine that statement just a little bit further by citing a few figures. There was in this country a time--and it was not long before the turn of the 1800's--when about 85 percent of all the people in the United States were engaged in agriculture. They were engaged in the business of feeding themselves and the rest of the population. There was only about 15 percent of the people in those days who were available to man the factories, to carry on the other industrial enterprises, and to expand the economy as this economy has been expanded.

Today only about 15 percent of the people of this country are engaged in agriculture. To say it another way, today only about 15 percent feed themselves and the entire balance of our economy, provide the necessary food to supply an army in military operation offshore, provide the necessary food to implement our foreign policy--I will touch on that a little bit further in a moment--and set aside all over this country large stores of food against the eventualities which you folks contemplate every day.

I say a large amount of food goes into the implementation of our foreign policy. As you remember, after the conclusion of the hostilities in World War II, we began shipping to various parts of the world, particularly Europe, vast quantities of food. We are still shipping to many parts of the world vast quantities of food. From the standpoint of the Department of Agriculture and the farmer, the food is paid for, but we know that part of the purchase price of the food is provided by the Marshall Plan, the ECA, the MSA, and the rest of the foreign programs.

We shipped in foreign trade in the years immediately following the end of hostilities as much as 500 million bushels of wheat per year. The previous shipments of wheat into world trade before the war averaged about 50 million bushels per year. We had expanded our economy in the meantime so that we could feed this country with its increased population 13 percent better, as a matter of fact, than before the war had 500 million bushels of wheat to ship overseas; we had a considerable amount of fats and oils to ship overseas and a few other commodities. In the very midst of that situation, we ourselves had some serious problems of surpluses with eggs, potatoes, pork, and a number of other commodities. So your economy in terms of its agricultural potentialities has been expanding and has been doing it in the face of the fact that fewer and fewer people are engaged in

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agriculture every year. You say, "Well perhaps that is not so important as it sounds." But I again want to emphasize to you that the people who man the factories in this country, who build the guns, who build the planes, who do the rest of the industrial enterprise would not be there had it not been for the improvement in the efficiency of our capacity to use the soils intelligently for feeding ourselves and for all the other uses we made of food and fiber.

In other words one of the great exports from the American farm, over the period of the last half century or more, has been human beings who go to the city to man the plants which make this the great industrial economy that it is. And you folks have been told many times, I am sure, that we turn out more industrial goods in this country than all the rest of the world combined. That is why we are a real match, so to speak, for the Soviet Union and its puppet states which have, as I understand, in round terms some 800 million persons--about one-third of the population of the entire world.

We have in the free world the capacities to produce and we got them, first of all, from our resources; second, we got them from a redistribution of our manpower. It is that point I want to particularly emphasize today. It seems to me as we go into the future one of the really important problems with which every phase of our economy is confronted--you are faced with it in terms of recruitment, the draft, manpower for the military machine--is the sources of manpower. The capacity to release men from the other essential functions of keeping a healthy economy and at the same time to supply the manpower for the emergency type matters is your main business.

In addition to supplying the world with food, feeding ourselves 13 percent better, and many other things that we have been able to do from the farms of America, we also now carry strategic reserves--I think we are entitled to call them strategic reserves--spread all over this country. There is a warehouse capacity, a grain storage capacity which has been constructed in the course of the last two years, equal to almost a billion bushels. We can now store a billion bushels of corn in farm areas and wheat areas where there was no capacity to store before.

I think that is important for two purposes: One, because of the eventualities which confront us in terms of biological warfare, in terms of other forms of attack, it is highly essential that we maintain in this country even reserves of food in ample supply to keep the economy going; second, we always run very serious hazards of the loss of our food supplies as a result of the normal kinds or new insect encroachments in the economy.

For example, we are just now fighting what is known as a new variety of rust of wheat called the 15-b variety of rust. There was once in your lifetime when it looked as though the entire wheat economy of this country might be destroyed. The disease was a variety of rust and if we had not

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been able to find the answer to the rust which was attacking wheat at that time, we would have been in a very serious predicament. In those days we had not built up very great stocks of food in strategic places or any place in our country.

Fortunately, the scientists went to work and by a very simple process of elimination--with which you are familiar--walking out into the wheat fields where rust had made an attack and as they looked over the field there would be standing here and there a stalk of wheat that had not been attacked. Why it was resistant nobody knew. They worked on that later. But they took those few stalks and from them developed new wheat which was resistant to the rust. They then used that wheat to breed into other wheat which was resistant to other diseases. At the same time they developed a wheat which required a shorter growing period.

As a result to this development, the production of wheat now moves farther and farther north. As a matter of fact, Canada, which is the largest exporter of wheat--although not the largest producer--would not have had such a business had it not been for our scientists and theirs. But our scientists principally learned how to produce a wheat which will grow and mature in a shorter period of time.

We think we have the answer to 15-b rust. Your fellow employees in the Department of Agriculture went into Mexico, where apparently this particular rust is host upon both wheat and other kinds of grains, and have come back with some strains which are resistant to it.

I don't want to leave the impression that there is a serious threat to our wheat crop from 15-b rust, but there may come a time when by malicious intention of the enemy a basic crop such as corn or wheat could be destroyed for a season. It would take a season or two to get back into production or find the necessary substitutes and make the necessary adjustments in the economy. Therefore, we have these shiny bins well spread out over the country where no enemy could reach all of them by any stretch of the imagination. There we have vast stores of food, principally in the form of grain; but there are many other stocks, such as stocks of edible oils, all over the country in the same kind of condition.

So speaking in terms of the problem which confronts the person who must look at the total economy and putting into the picture that portion of the total economy which is agriculture, we see, first of all, that we have grown in tremendous strength and power to produce the things we need in this country into ever-increasing volume. We have done it at the same time we have increased our volume of production. Almost 40 percent more food is grown in this country than was produced in 1940, with the same number of acres of land and with almost six million people less working in agriculture. There are 500,000 fewer people working in agriculture than were working in agriculture at the time the Korean hostilities began.

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In other words, I think you have a right to feel fairly comfortable about your agricultural potentialities when you recognize the progress that has been made over the period of the last four or five generations--particularly over the last two generations.

It may sound to you a little strange to say that we almost doubled our production--40 percent--in a period of 11 years, but that is literally true. How did we get it done? We got it done in the field in which you are very interested. We got it done by the use of machinery, machinery that had to be made in the factories in which guns and planes or at least tanks and trucks and many other military conveyances are being manufactured today.

In other words whenever you took a look at the production of a tank or any other kind of military conveyance, you were also looking at the same facility which had been used or needed for the production of the things which make the American agricultural economy efficient. Whereas we had about 120,000 mechanical corn pickers in 1941, we now have about 550,000 on farms. There are about 100,000 more of these corn pickers on productive lines--I am talking about industrial production lines, manufacturing lines--the same as are now making some military equipment. Since the war we have had a rapid increase in the production of large quantities of machinery of various kinds, which has made it possible for fewer and fewer men to do a greater and greater job.

I don't mean to go into detail but I would like to give you an example. The Under Secretary is a corn farmer from Indiana. I think he plants somewhere in the neighborhood of 800 acres of corn. We have had ideal planting weather in the Midwest, much moisture to begin with and the right kind of weather. His two sons started out to plant the corn. They organized their little crew. One son rode the tractor all day--10, 11, 12 hours--and the other son rode it all night. As a result, in a period of four or five days they had planted this entire acreage of corn, whereas before, when they had to use horses, it would have required not less than perhaps three weeks to a month and a great deal of manpower.

Since I mentioned horses, I would like to remind you that it is harder and harder to get a horse anywhere in this country--except perhaps in the Blackstone. We have reduced our reliance upon horsepower to the point where we have released for the production of human food almost 35 million acres of land. In other words, back in the mid 1930's we had devoted 35 million acres of land just to produce hay, oats, and other feeds to keep horsepower available for the operation of our farms. Today, with tractors on the farms and other highly mechanized equipment, we devote that part of the farms to the production of human foods and, in the second place, we get the job done with less manpower.

Pesticides are another thing. Chemicals are being produced for war uses of various kinds. We are using those same chemicals in pesticides.

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Out of the same factories from which war chemicals come--in small quantities at least--come the chemicals for fighting insects and other things which economically reduce the productivity of our crops. So there again is the overlapping in the economy in which you are directly interested and the economy out on the farm.

Finally, fertilizer--nitrogen, phosphate, potash--all of those things are in very great demand in an emergency economy for military purposes, but they are greatly in demand in the same period of time for agricultural purposes. I would like to express my appreciation to the military services for the great cooperation we have had in the production of fertilizers.

I would estimate that close to 50 percent of the total output of fertilizer nitrate comes from plants which the military services built and utilized during the recent war and which were then converted to non-military uses. Fertilizers were made in those plants for crops on the farms of this country. The DPA has authorized expansion of nitrogen facilities which would almost double the output in the next four years.

All of this ties into your type of operation very closely. You can't easily, gentlemen, disassociate the things which you do from the things that are done on the farms of this great country of ours.

Another advantage I might touch upon is the matter of electric power. About 8.5 out of 10 farms in the country are electrified today compared to only 1 out of 10 having been electrified when REA was inaugurated in 1935. And by that token again it has been possible to release many men in the milksheds of this country by the use of milking machines. It has been possible to release many men in all of the food processing businesses because of the availability of electric power. So again the overlapping of the agricultural economy with the balance of the things we do in this country is very important and inseparable.

Finally, I would just like to say this: I have not talked much about price. I suspect if I had asked you folks to begin with what things about the agricultural economy you understood least or were the most irritated about, you would probably have mentioned the price problems, the price support and the alleged preferential treatment which this little segment of your economy, the American farmer, gets. I will wait for your questions on what you think is most interesting to you.

On that point I would like to leave this one thought here. I think it is optimistic. No place on the face of the earth today are people eating as well as we are in this country. No place on the face of the earth, with very few exceptions, are people eating as well as they ate before the war on a world-wide basis. The rest are in a contest between the capacity to produce food and the growth in population. The contest is

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being won by the growth in population. Only one place on the face of the earth, in general terms, are we able to keep ahead of our growth in population in supplies of food; as I said a few moments ago, today we eat 13 percent more food than we ate before the war. We also eat a different kind of food. We eat less bread and less of the starches. We eat more citrus; we eat more meat. We eat more preferential food in terms of nutritional value and palatability.

Let me just finish up that one. Maybe we can continue to increase the production of food in this country at a considerable rate. I have not said this publicly but a recent study we have in the Department indicates that we can add another 20 percent on our total food output in this country by as early as 1955 if we were actually called upon to do it. We will do it with about the same number of people working in agriculture and on not to exceed one percent more acres of land devoted to it. As a matter of fact we haven't had as many acres of land devoted to agricultural production this year nor last year as we had in the very grievous years of 1932 and 1933. Farmers, in order to secure the bare subsistence, planted more and more land to get more and more units which brought less and less money in the market place; this was in fact an operation of mining out the fertility of the soil.

In that period of time we were losing perhaps as much as 4 to 5 million acres of land. Up until 1933, the loss of land, abandoned for agricultural purposes, was more than a million acres a year.

We have now reversed that trend. Now we are losing very few acres of land for agricultural purposes, but we have much farther to go. We are now capable of producing from any given acre of land a great deal more in terms of bushels of corn, pounds of meat, or pounds of vegetables, or pounds of fats and oils, which are the counterpart of a basic normal diet.

Therefore, I have as my thesis this afternoon the fact that, while the world is losing the contest in the aggregate and we, as part of the world, are on the losing side in the competition between population and food supply, we in this country demonstrate by our daily operations that it is not necessary; that we can export, not food, not bushels of wheat--although we will have to export some of that--but we can export the know-how, the knowledge and understanding so that other peoples of the world can make intelligent use of their resources. Therefore, this contest need not be lost but the population might go on indefinitely.

That is the philosophy of Point IV. There are over 500 agronomists training people in various parts of the world in how to use their resources and feed themselves. While it is not a happy system as we look at the world as a whole and at western Europe, while there is more volume of food in total being produced in western Europe, France, the western part of

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Germany, Italy, England, and the Scandinavian countries, than before the war, there is per capita less food than before the war, and over the world the spread between the two has become greater and greater.

I say to you it need not happen--the living demonstration that it need not happen is right here on the farms of America. When you recall-- I can't repeat it too often--that between 1940 and 1950 we increased the production of foods 40 percent with the same number of acres of land and with 6 million fewer people working in agriculture. That in my opinion is a grand story of increased efficiency. It is an optimistic story. But I must remind you again that it was only done through the application of machinery and fertilizer, through the intelligency of our scientific people who work in the land-grant colleges and in the Department of Agriculture, and the application of the American farmer to the job.

Another thing which contributes to this situation very substantially is very adequate credit, the opportunity of the farmer to borrow the money he needs to buy the new machinery.

And then there is price stability, the assurance that, if he plants those crops, when he brings them to market he shall have a reasonable opportunity to secure a fair price for them in the market place. You are not getting tanks, guns, and everything else as gift from the industrialists of this country. You are giving them real price incentives.

We are giving farmers price incentives. It has been one of the main factors in making it possible for the American farmer to go on producing.

Just one other figure which I think is highly significant. In 1933, or somewhere along in the thirties, only about 58 percent of the farmers in this country owned the farms on which they lived. Today 75 percent of them own the farms on which they live.

The function of free enterprise in terms of our agricultural economy has been stimulated as it never has been stimulated before, and every one of those farms is an integral part of the total production pattern. I have a deep conviction that, as we go down the road into the future, we will continue to produce abundantly in this country to match our increases in population.

We say over in the Department of Agriculture that in 1975 there will be 190 to 200 million people in the United States. In other words, there will be a fifth plate at every dinner table in the country and we have measured the amount of food it will require to feed that fifth person who sits down to the table in 1975. We think we can eat as well and probably a lot better in 1975 if we can keep up the kinds of programs that are now operating in the American economy.

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There are about 2 million people added to our population every year. There are 7,400 new mouths coming down to the breakfast table every morning-- that is births over deaths plus a little bit of immigration. There is no institution in this country that feeds 7,400 people every day unless it is you people in the aggregate. That is larger than, I would say, 80 percent of the communities in this country--a new community added every day.

I think we can match it and I think what is more important we can keep from setting ourselves aside as the one group of people on the earth who have abundance and plenty by sending our skills, our plans, and knowledge and intelligence to the other people over the face of the earth.

If we do that intelligently, I think the problem in the military field can be very much lessened because it is only in areas where starvation and hunger and distress are rampant that communism can make, and where it has made, its greatest inroads.

Where we have been able to provide those people and those people have been able to provide themselves with the necessities, eliminating the hardships within their own countries and where they can see the possibilities of improving their total economic, social, and cultural lot, I think we have begun to swing the pendulum against the Communist, against the Soviet, and have begun to make it possible to think in more serious terms about a period of time in the future--not in your lifetime and mine, gentlemen, but a period of time in the future when there will not be quite so much talk about wars and rumors of wars.

In the meantime I am one of those who agree that we must become increasingly strong, militarily-speaking; you and I know that weakness invites attack. I shall never wilfully or knowingly take any step which would briefly, even in the interest of the agricultural welfare of the country, interfere with the increase on our military strength because I think it is wholly and entirely essential. I think that the agricultural economy is the very bottom, the very foundation upon which the welfare of the country is built. Without a strong capacity to produce for ourselves at home the things that we need--the foods, the fibers, and the rest of the things--we are not in too good a position to carry on any other segment of our economy.

Gentlemen, that has probably been a little rambling. I hope that it has left you with one or two concepts about your agricultural economy, which, if you will forgive me, I think is as important to you, not only as members of this school and of this class, but is as important to you as citizens as it is to any farmer.

The time has long since passed when the ownership of a farm in this country entitles that man to its exclusive control and to completely ignore

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the balance of the economy. The time is past when we can allow our natural resources in his possession to be destroyed. He, in effect, is trustee for the benefit of all the people because if he ceases to keep his land productive and in a capacity to be handed on to future generations in a better condition, we are beginning to undermine the strength of this great Nation of ours.

I wouldn't care if I were talking to an audience who were going to live in penthouses on Fifth Avenue and who would never see a farm again, I would say in all sincerity to them that what happens on the farms of this country is just as important to them as what happens to the farmer out there with the plants which we will look on with great pride as the harvest season rolls around at the end of this year.

Thank you very much.

(Note to the reader--the following paragraphs are extracted from Mr. Brannan's typed manuscript which he did not use in his actual address to the college. They have been added to the above presentation since they refer specifically to the Department of Agriculture's current experience in the mobilization field.)

Mobilization planning functions of the Department before Korea were carried on under the leadership of the National Security Resources Board. Various studies were made before the Korean hostilities broke out.

The mobilization activities of the Department which developed after the Korean invasion are, a matter of quite recent history. Before going into them, however, I want to say a few words about the agricultural situation at the time of the outbreak in Korea.

Conditions of oversupply in agricultural commodities were still a problem to agriculture. Price support programs were still operating on many commodities for months following the start of fighting. The Department's price support purchases of butter, for example, continued to grow until they reached a peak of nearly 200 million pounds in the early fall months of 1950.

Commodity surpluses have long since virtually disappeared. But just as in World War II, it has proved difficult for many people to conceive of the possibility that food shortages might develop. The lessons on the importance of food in World War II have been buried, to a certain extent, under the lingering memories of farm surpluses in recent years.

The Department, however, is striving to meet the new situation in its fullest implications. It serves in a variety of ways to help the Nation's agricultural producers meet defense requirements for food and essential materials produced on American farms and to bring about equitable distribution of such products.

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1. The Department determines over-all requirements of food and farm-produced raw materials for the civilian population, the armed forces, defense industries, essential reserves, and exports to friendly countries.

2. It sets production goals in line with these requirements designed to guide farmers and others responsible for farm production.

3. It helps farmers gear production plans to national needs and adjust farming practices to current conditions through agricultural mobilization committees organized in every state and country in the United States.

4. It allocates available supplies of food and fiber to meet requirements of military, foreign, industrial, and civilian users--implementing this function with defense food orders when necessary.

5. It acts as claimant agency for metals, chemicals, and other critical materials on behalf of food and fiber producers, distributors, and processors, and manufacturers of other agricultural materials and supplies.

6. It works with other agencies of the Government in promoting the expansion of plant capacity affecting materials and supplies for agricultural production, processing, and distribution.

7. It computes legal minimum prices for agricultural products necessary in connection with establishment of ceilings by the Office of Price Stabilization.

8. It cooperates with other agencies of the Government in meeting farm manpower problems.

9. It sets up import controls and, with the Department of Commerce, acts when necessary to conserve supplies by setting up export controls.

10. It carries out research in the fields of food and fiber production and agricultural economics specifically related to the Defense Production Act and other aspects of the Nation's defense mobilization program.

In the exercise of its responsibility as "claimant" for agriculture and related industries--the Department has worked closely with the Defense Production Administration and the National Production Authority. It has developed requirements for materials and facilities--including equipment and supplies--needed to produce, harvest, process, package, and distribute food and fiber. These requirements have been translated into such terms as tons of fertilizer, gallons of pesticides, and pounds of fiber needed for twine and packaging. Needs for farm machinery, electrical wiring materials, baling and fencing wire, food and fiber processing equipment,

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cans and other containers, have, in simular manner, been translated into tons of controlled materials--steel, copper, and aluminum--and presented as agriculture's requirements under the Controlled Materials Program.

Just as in World War II, some of the most important elements of agricultural strength in this mobilization period derive from the long-established programs for agriculture. These programs include those which provide for storage of safe reserves, improvement of the soil, rural electrification, credit, research and education, and other aids to efficient production and marketing.

We have not found it necessary or advisable to set up a new agency to handle the mobilization program. Rather, we have adapted our operations to meet current mobilization objectives and have integrated into a going concern the new functions arising from the Defense Production Act.

Our production goals for 1952 call for the greatest total volume in history--nearly a half more than the 1935-1939 average--and 6 percent more than last year's near-record output. We are emphasizing feed crops, especially corn, and urging all possible improvements in yields of grass and hay crops in order to meet the increasing demands for livestock products.

Our basic problem at present is that of getting greater output per unit of land and labor resources. The policies the Department is following to achieve this end are:

First, organizing agriculture according to a carefully balanced production pattern which makes the most efficient use of our agricultural resources and is closely geared to civilian and military requirements.

Second, working for more widespread adoption of better farming practice which increase production.

Third, insisting as forcefully as possible that adequate materials and facilities--the farmer's tools of production--be kept available.

Fourth, working to help agriculture retain sufficient skilled manpower on its farms.

QUESTION: Mr. Secretary, realizing that India and China are two of the sections of the world which have had a lot of trouble in providing enough food for their use and that the Department of Agriculture has had agents over there for some time, would you say a few words about whether progress has been made in getting those people to improve their farming conditions and to obtain greater production?

SECRETARY BRANNAN: Yes, sir. I don't think we have anything to boast about in the true sense of the term. We have not made any portion

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of India look like Iowa or even northern Alabama. There were places in Alabama, Tennessee, and Georgia which were in as bad shape as parts of India were and we do not have a great record to show. But there have been some very significant things done in terms of demonstrating to those people that they can get out of that soil a substantially greater increase in food supply.

The real problems, as I am sure you know--we all have a general knowledge of that--is the religious one and the caste system, the fact that the monkeys and the cows eat up everything in the country before the human beings get to it. The one good bit of humus that they can put back into the soil--the cow manure--they gather up carefully and dry it to burn for fuel. They have some tremendous problems but they have made some very grand demonstrations in that part of the world and other parts.

This Horace Holmes story, I think, is a very interesting one, in which he realized that these people would not shoo the cows out of certain fields-- I am not sure I understand the religious significance of it. Holmes wanted to get onto that ground some kind of a humus or green manure crop that he could turn into the ground to build up the humus, the nitrogen, and so forth, so that the following year they could plant the wheat. Apparently they protect their wheat against the cow but not grass.

He searched around until he found a highly nitrogenous legume which had a repulsive taste to the animals and he planted the fields with this ill-tasting plant. The cows came up, took a sniff, and walked away. In the fall the people turned it into the land and the next year they planted wheat, which increased the production twofold or threefold after this one year of green manure application.

That demonstration, I am told, now has been repeated over 1,000 villages in India. The students and people from the various villages came to this particular one, saw the experiment with their own eyes, and went back and they are duplicating it.

But there are so many problems. Let us say we started out to India, you and I, to try to teach these people something. First of all, we have the language difficulty; second, we are dealing with a group of people who can't read their own language. It wouldn't do you any good to write what you want to tell them because they can't even read their own language. Then, even if they could read Indian, in that phraseology there are words which they couldn't understand because they never saw those instruments which we talk about every day. They have tried to solve the problem by movies, but think of the amount of movies it would take to educate the Indian nation and other nations.

The problems are tremendous. The only thing you can say about it is-- if you believe it, and I believe it--that the objective of getting those

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people, where starvation is the rule rather than the exception, into a condition where they are above, or on their way from, utter starvation and toward a better standard of living is worth the effort in terms of our peace; starvation anywhere is a threat to our safety. You have a lot of fine human beings who are your neighbors in this country who were willing to go out and take a crack at it. Every time I talk to them when they come back, I am a little prouder of this country of ours.

QUESTION: I am thinking of farm price incentives and subsidies. Last year we had plenty of potatoes to eat and potatoes to export, literally potatoes to burn. This year we are importing potatoes and my wife can't buy good potatoes on the market. Would you care to discuss the fact of the present potato shortage?

SECRETARY BRANNAN: There are two phases to it. One is a strictly political phase which, if you will permit me, I will talk about in a minute. But let us talk about the facts first.

Under the laws which gave the Secretary of Agriculture the right to use loan funds and other funds to stabilize the price of given commodities, we could stop in and stabilize the price of any commodity which you can call food. We do not. We touch only about 30, I would say, in all. Most of them are fairly basic. But, as I said a while ago, if you could prove that butterfly wings were food, theoretically we could apply price support to them.

There is one commodity in this country which we can't touch in any way, shape, or form and that is potatoes. That was true last year and it is true this year. Why? Because Congress in its revulsion against its own created bad program wiped out the price support program for potatoes. Potatoes are the one agricultural commodity that the Secretary of Agriculture can't look at today. That is the fact.

Now I realize you couldn't read the newspapers--the "Times Herald," the "Star" last night, or any other newspaper over the country--without thinking the Secretary of Agriculture or the Government was in there monkeying with the price of potatoes. Let us take the cartoon last night--and don't look at me as an object of sympathy because it doesn't bother me a d--- bit--I am shown in the cartoon, as you will recall, with the old shell game. I show the consumer the potato; he reaches for it, and just as he reaches it, I am snatching it away. That plus the story would leave in your mind the impression that I had something to do with the price of potatoes or could control them in the market place. If it didn't leave that impression, then the editor of that paper isn't going to hold his job long. That is the purpose of the story. But I have no more right to handle the potatoes.

What has happened is simply this: During the period after the war we were operating under a law which said that, because we needed foods of

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various kinds, if we asked the American farmer to increase his production a given commodity, such as potatoes--and we did ask him to increase the production of potatoes--then we committed ourselves to support the price of that commodity--in this case potatoes--for two years after the declaration of the end of hostilities by the Congress or by the President, whichever took place first, at 90 percent of parity.

During the war we got a lot of farmers into the potato production business. It seems to me we learned a great deal about how to increase the production of potatoes. We increased the average yield of potatoes in this country from somewhere around 120 bushels to the acre to somewhere near 250 bushels to the acre on the average. In California, in the Imperial Valley, they were producing as much as 1,000 bushels to the acre of potatoes.

The total consumption of potatoes in this country in 1940 was about 375 million bushels. It has gone down every year since that time. The ladies think potatoes make them fat. There are other good foods to compete with them. Consumption of potatoes was going down, yet we had the mandatory obligation to support them. The only way we could support them was to buy them in the market place.

We had them on our hands. What to do with them? You can't store potatoes. Dehydrate them so you can store them? We paid 22 cents a pound to start with and got the price down to 9 and 10 cents a pound after we got competition in the field.

What to do after that? We gave them to alcohol plants. One plant took 40 cars a day. We delivered them for 1 cent a pound plus the sacks, and they got back out of the sacks more than they paid for the potatoes. They got the potatoes free and made a profit on the sacks.

Should we give them back to the farmers to feed to animals? We did that, but realizing how the American farmer operates, we knew that if we gave the potatoes to them to feed to the animals, the potatoes would come back up to us at \$2.50 a bushel. So what did we do? We dyed the potatoes blue with a vegetable dye--and you remember the hullabaloo over blue-dyed potatoes. I will never live potatoes down.

So that was our problem. We attacked it in every way we could. It seems to me we were just short of attacking Congress--which no smart guy ever does--for locking us in this position. My predecessor, Mr. Anderson, wrote to the vendors of the price support program saying we were going to get into this trouble. We did lose money. Following him, I wrote the similar letters, testified about it, suggested alternatives, but that is where politics came in. You Couldn't get the law changed until it became so repulsive to the American people that Congress in the final session just before the 1950 election took potatoes out of the price support mechanism. For two years now we have been totally unable to touch potatoes.

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The acreage is still being used, but in Maine, Aroostook County, it has gone into grass for livestock. In my state of Colorado, it has gone into sugar beets, soybeans, and other kinds of beans. The acres are being used productively, but the farmer now has no assurance that he will get any kind of price when he brings his potatoes to market so he takes his chances in other kinds of crops which require less labor. That is the reason we have a shortage.

Next year I suspect we will have a surplus because farmers will expect to get high prices. This year they are crying their eyes out because they can't afford to produce them. That is the actual fact.

Remember 1952 is divisible by 4 and we have the usual game. As I said to you, I don't complain about it. I am fair game for the newspapers and everybody else. But I say that if there has ever been any stories that were not quite accurate in the newspapers, there is one in which there is not the remotest shred of truth, in any way, shape, or form. You can consult your lawyer about the status of the law and I will pay off if he can find any way we can support potatoes. I wouldn't do it if he said we could.

QUESTION: In view of the fact that the farmers have the best protection under the parity program and large segments of labor have escalator protection under wage stabilization, would you favor escalator protection for other segments of the economy which do not have it at the present time and what effect would that have on the wage stabilization program?

SECRETARY BRANNAN: Well, sir, I must disagree with the premise that other segments of the economy do not have price assurance. Practically everything under our economy has price assurance in some form or other. We have it in the form of tariffs; in the form of direct payments, in the form of guaranteed contracts, in the form of tax amortization and arrangements, and in many other ways.

But let me get back to the fundamental point here. No piece of legislation on the books of this country can be justified and in one sense can it even be defended constitutionally if it does not serve all the people. Your question presumes that we have the economy divided up into classes and we are going to pass class legislation for farmers; for labor, and for everybody else.

We can't take the time this afternoon to justify the benefit to the economy of all these, but let me just say this: The objective of the price support mechanism is stability of supply in the market place. If the people in the cities are not interested in stability of supply in terms of price alone for next year, not to mention the stability of supply for the increasing population which is coming on down the line in the future, then I don't think the law is justified or supportable. But in my opinion it is supportable. It assures the American farmer that when he brings his commodity to

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the market place and he cannot collectively sell his commodity, as, for example, labor can or as the steel industry can, he will get a fair and reasonable price, and, as a result, he will get enough money back to maintain the fertility of his soil, to take care of it adequately so it will produce for many years, he can take care of his family decently and go on producing for years.

If he does not continue to bring his commodity in abundant supply to the market place, then the price of commodities will go up as is the case with potatoes. In times past we lost a million acres of land per year, abandoned in this country. We have cut out the abandonment of acreage because the farmer gets an adequate amount of money to take care of his soil today. We don't pay him any appreciable amount of money to take care of his soil. We say to him if he continues to produce well and brings his commodity to the market, we will see that he gets a fair price; that makes it possible for him to continue to produce.

Let me add this thought. We spent 1 billion, 400 million dollars for all purposes, taking care of forests, taking care of research, all of our educational work, all of our credit. That includes almost 350,000 dollars which we loaned on perfectly solid security and which is paid back. We will collect back for loans made for the same purposes as much as, or more than, we will loan this year. If you add up the value of all the food consumed by the people in one year, you will have more than 53 billion dollars.

Don't let us entertain too thoroughly the thought that the price support programs cost a lot of money. Of course, they did on potatoes. On the other hand we made almost 350 million dollars on cotton--250 million dollars to the farmers and 150 million to John Snyder. We have made money on tobacco. We will make money on corn and wheat this year. So your loss isn't a great sum as you are led to believe by the American press. As a matter of fact, we have lost 1 billion, 28 million dollars in 18 years in price support operations. Divide that by 18 and you can see how much price support mechanisms cost you each year. Again I say there is a lot on the front of the newspapers which is not always so.

QUESTION: I was worried about your program in 1975. Twenty years from now I can imagine a great increase in the development of synthetic foods. Wouldn't it be more advisable to work on this technological progress of synthetic foods rather than the bulk production of wheat and basic foods?

SECRETARY BRANNAN: I am certainly not against it, but I actually don't know of any appreciable work that is done in that field. We are synthesizing some of our vitamins, some of our minerals, and we introduce them into the foods now. I suppose somehow you could synthesize starch on a cheaper basis than you could produce it in the wheat field.

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Sure, you can synthesize starch but you have to start with something, some kind of raw material. After all, 40 percent of all raw material that goes into American industry comes off the farm. I am willing to take a look with you but in the meantime I would like to have 500 million bushels of wheat stored away in the bins around the country in the event you miss.

QUESTION: Mr. Secretary, would you care to tell us briefly a little bit of the status of the forests of the United States?

SECRETARY BRANNAN: Yes, and perhaps this is information you would like to have. I can't give you the exact proportion of board feet, but I think it is something like 1,600 billion board feet in the public and privately owned lands of the country. During the war we used our saw timber resources about 50 percent faster than it has been growing. We are still using it faster than it is growing today and in terms of the timber supplies alone, it is presenting, in the long run, a very serious problem.

That is not necessarily a problem because by reforestation or afforestation and through the replenishment of our timber resources and an intelligent cutting program, we believe that we can maintain, and we must, of course, maintain that resource indefinitely. We maintain it not only for timber but for flood control and for a lot of other resources.

QUESTION: Mr. Secretary, to what extent are we exchanging our surplus agricultural products abroad for critical and strategic materials for our stockpiling program?

SECRETARY BRANNAN: A sharp answer would be "Just enough to get me into a devil of a lot of trouble." I expect you have all been reading about the Egyptian cotton transactions in which we are buying Egyptian long-staple cotton for you folks for the stockpile. We have been bartering wheat for a part of that cotton, but that is practically all the barter arrangements we have. We have bartered wheat for industrial diamonds. I think I have signed about five contracts this year, two or three for wheat for cotton and about two for wheat for industrial diamonds.

We make a lot of money on each transaction and the fellow with whom we do business makes money on the transaction because somehow or other he can use the wheat and work his currency exchanges in such a way that he gets an advantage out of it. I am not quite sure how he does it, but the one criterion which must be present in every barter arrangement is that we have bought at less than the market for that commodity. Otherwise, we don't do it because we don't need to sell the wheat.

QUESTION: Mr. Secretary, I would like to go back into that parity support once more. I was from a rural area. My people wondered at the time it got started--they still wonder--what it is all about. It seems to me we have created a Frankenstein in this price support. Any time it

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takes 15 percent of the population of the country to feed the rest, who will get a living wage out of it? Look at my expense. Mine is food--not cars, not houses. It would seem to me that the farmer is assured of a living wage and the very high cost of food products is making all the industrial workers strike for more money and in turn driving up costs of other material which we say is causing the farmer great expense so he can buy another thrashing machine or another automobile. Would you please clear me up on that?

SECRETARY BRANNAN: Well, now, first of all, let us clear up the premise that the price support program is costly; this year it will cost you nothing. You will make money on the price support program this year. It is possible that because of a hang-over piece of legislation on peanuts that we will lose some money on peanuts. But in the aggregate we will make money on our wheat and on our corn because we have a statutory provision that we cannot sell any storable commodity back into the market place at less than the cost to us, plus the cost of handling and carrying charges, plus 5 percent. So any time you see us selling wheat or corn into the market place, you will know that we got for it the amount of money we put in it, plus the carrying charges, plus 5 percent. We start with that first.

Let us clear up another fact. You assume--and I am not arguing with you; I am just talking about it, too--that food has cost you more because of the price support system. Well, let me point to two things: First of all, you buy your 13 percent more food that an average family eats this year in the market place for only about 7 percent increase in your food budget. As a matter of fact, if you wanted to go back to the diet you and your family lived on before the war, you can buy it at a considerably cheaper percentage of your food budget than you spent before the war. So much for that. Set that over on this side.

Now let us go over in this food budget and see what are the food items. You pay about 40 percent of your food budget for beef, pork, and lamb--the red meats. I think I should add poultry to that. You pay 40 percent of your total outlay for your family for those commodities, not a single one of which is being supported and upon which we have not lost a single token cent. Therefore, you can't blame the price support system for whatever has happened to 40 percent of your budget.

Let us go to one that is supported. Let us take wheat, for example. I don't know what the average cost of a loaf of bread is. Let us say it is 18 cents. Do you know how much the American farmer got on that loaf of bread? He got 2.5 cents. The American farmer can take the wheat, drive up to the elevator, give it to us, and go home with a happy smile on his face as a great benefactor to mankind and not a dime in his pocket and you can't reduce the price of a loaf of bread by another 2.5 cents.

An item which you consider an essential part of your diet is citrus fruit. Citrus on the trees a month ago today in Florida was 26 cents a

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box. The box that held it cost from 44 to 50 cents; the freight from Florida to Washington, Philadelphia, and New York was \$1.55. So when your wife went to the store, she bought a grapefruit for your breakfast for what-- 10 or 12 cents? Some such price as that, but the farmer had waited five or six years for the trees to grow, sprayed them every year to keep the insects out, sprayed them to take on size and shape; the farmer got less than 1 cent for that grapefruit you ate this morning.

I think you have to get this whole thing in its honest perspective. First of all, the price support program isn't costing you very much money. Add to that the 1 cent on a pound of food for stability of supply in the market place and for the preservation of our basic resources without which this country cannot be strong, and you are paying practically nothing.

If we took that silly potato program that cost us 478 million dollars out of that price I talked about a minute ago, you would see how very, very little you are paying for the stability of prices of farm commodities in the market place. I don't think there is a dollar spent in our economy which serves a greater and wider group of the people in a more fundamental way than the amount of money you put into the price support mechanism.

Now let me take you back into history. Your family was on the farm in 1932 I assume. If they were in the western part of this country they may have been in that 12 to 15 percent who lived it out. But almost 80 percent of the people who were wheat farmers along the great railroads of the Midwest and West came back to swell the food lines in the big cities. They had been taken out there to colonize, let us say, the western part of the country, to find cheap land and raise grains. They went out there but there was no protection for their prices. When they got a good crop, everybody got a good crop in their neighborhood. When they hauled it to the elevator, they got very little for it. The prices kept going down and down and the farmers of this country were in dire circumstances in 1925, long before it was reflected in the stock market crash in 1929.

So we, the American people, your dad and mother, you, and the rest of us decided, by golly, we couldn't afford to allow the farms of this country to go out private ownership into the hands of a very few people. We decided we could not allow the rural pattern upon which this country has become so great to go by the board. We decided that we could not allow millions and millions of acres a year to be mined out because the poor guy who was trying to live on a farm couldn't get a decent return. So we provided the price support mechanism for him to do it. That is all we did and it has been a good program in spite of that potato program.

QUESTION: I wonder if you would enlighten us as to why the Farmers Union, I believe it is, is in such violent opposition to the so-called Brannan plan?

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SECRETARY BRANNAN: Let us keep the record straight. The Farmers Union is the only outfit that supports me. Let me take a minute and tell you, in two parts again, the facts and the politics, what is involved.

There are two kinds of commodities from the standpoint of how you handle them under the price support program or how you handle them at all. One is storables. On storables our price support system operates this way: We simply say to the American farmer, the producer of cotton, to take one example, we think a fair return by a long, complicated statute known as parity, for the production of cotton is 32 cents a pound. Some people grow cotton for 25 cents a pound, but in the aggregate probably a fair return, on an historical basis, set up by Congress not by us, is 32 cents a pound.

We say to our farmers, if you can't get 32 cents a pound in the market place, we will make you a loan of 32 cents. That loan will read that you can have control of it, you are the owner of it, until a date which approximates the date of the incoming of the new crop. During that period of time, if the market goes up, you may come and get your cotton and sell it in the market place by paying off the loan. We do that with corn, cotton, wheat, tobacco, rice, and a few commodities which are storable.

We have some very important commodities which are not storable. Hogs are one and some of the dairy products. Potatoes got on the train and that was another; vegetables and citrus fruits within limitations. To make them storable is a very expensive process. They can only be stored in the very best storage for about 30 days before they begin to lose their marketability.

On those commodities you wouldn't make the offer to the farmer that you would take them if he couldn't sell them in the market place because if you got them in your hands and they should spoil, people would say, "Look at that guy allowing food to spoil while people are starving in India." Of course, they wouldn't tell you how to get that food to India.

You had that alternative or you must find a way to support the commodity.

The third alternative was to come up with some kind of device which would permit you to support perishable commodities. I suggested a method now used for sugar. I simply said if there is too much of this commodity on the market, let us not hold it away from the consumer, but if it goes into the market at a market price less than he can afford to produce it for let us take this money that they have and give it to the farmer as a price between what he got at the market place and what he should get.

That is precisely what they did in sugar. That is why sugar is cheap to the consumer; we must keep it that way as a national protective measure.

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I don't know whether it makes sense to you or not. It made a lot of trouble for me. That is all I can say because the head of the major farm organization, known as the Farm Bureau, called that suggestion the "The Brannan Plan" and from then on he spent, according to some members of his staff, upwards of 600,000 dollars to the end of June last year, on smearing Brannan.

The actual fact is it didn't hurt me very much; I don't think it did. I think a few people sneer. I heard a guy at the table next to me sneering about potatoes and Brannan who was in that cartoon on the front of the "Star" last night. But in the aggregate that is part of this job. If you don't like that kind of thing, you had better get out of this kind of business.

Kline decided he would destroy this guy Brannan and force the President to fire him. As you know the President is a little stubborn. Kline didn't quite get it done. That is the reason for the attack. Nobody actually has come up and suggested another idea, but I have never told the Congress that I thought it was the only idea. I told Congressmen it was the best the economists and others of us could think of.

There are two sides to it, the actual facts and the politics. And it is part of this great game that we play in this country. For me it is a little bit of fun. I tell myself that I got into this job by a series of very unusual and peculiar circumstances and it wouldn't happen to very many people. I am not a colorful guy. I don't "whoop and holler" and raise Cain. I probably talked as loud here today as I ever did; you might never have heard who in the devil the Secretary of Agriculture is if Kline hadn't given me that advertising.

COLONEL BARNES: Mr. Brannan, we can't let you get away without formally thanking you for giving up your time to speak to us this afternoon. We thank you very much for your interesting and helpful discussion.

(23 July 1952--250)s/ss

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